

SENATE JOURNAL

STATE OF ILLINOIS

NINETY-SECOND GENERAL ASSEMBLY

39TH LEGISLATIVE DAY

FRIDAY, MAY 11, 2001

8:30 O'CLOCK A.M.

No. 39
[May 11, 2001]

The Senate met pursuant to adjournment.
 Honorable James "Pate" Philip, Wood Dale, Illinois, presiding.
 Prayer by Pastor John Standard, Springfield Bible Church,
 Springfield, Illinois.
 Senator Radogno led the Senate in the Pledge of Allegiance.

The Journal of Wednesday, May 9, 2001, was being read when on motion of Senator W. Jones further reading of same was dispensed with and unless some Senator had corrections to offer, the Journal would stand approved. No corrections being offered, the Journal was ordered to stand approved.

Senator W. Jones moved that reading and approval of the Journal of Thursday, May 10, 2001 be postponed pending arrival of the printed Journal.

The motion prevailed.

JOINT ACTION MOTIONS FILED

The following Joint Action Motions to the Senate Bills listed below have been filed with the Secretary and referred to the Committee on Rules:

Motion to Concur in House Amendment 1 to Senate Bill 216
 Motion to Concur in House Amendment 1 to Senate Bill 252
 Motion to Concur in House Amendment 1 to Senate Bill 390
 Motion to Concur in House Amendment 1 to Senate Bill 401
 Motion to Concur in House Amendment 1 to Senate Bill 487
 Motion to Concur in House Amendment 1 to Senate Bill 1152

LEGISLATIVE MEASURES FILED

The following floor amendments to the House Bills listed below have been filed with the Secretary, and referred to the Committee on Rules:

Senate Amendment No. 2 to House Bill 201
 Senate Amendment No. 3 to House Bill 2161

EXCUSED FROM ATTENDANCE

Senator Maitland was excused from attendance due to illness.

Senator Lightford was excused from attendance due to illness.

READING BILL FROM THE HOUSE OF REPRESENTATIVES A FIRST TIME

House Bill No. 1918, sponsored by Senator Clayborne was taken up, read by title a first time and referred to the Committee on Rules.

PRESENTATION OF RESOLUTION

Senator R. Madigan offered the following Senate Joint Resolution, which was referred to the Committee on Rules:

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SENATE JOINT RESOLUTION NO. 33

WHEREAS, Health care service contracts between insurers, health plans, businesses, unions, health care professionals and health care providers have become the primary method of arranging for the delivery of health care to the people of Illinois; and

WHEREAS, The Illinois General Assembly is currently debating the Fairness in Health Care Services Contracting Act which attempts to ensure that both parties to a contract for the provision of health care services understand the terms and conditions for the provision of those services; and

WHEREAS, The professional services contracts entered into between health care plans and health care professionals and health care providers have a significant impact on the delivery of health care services to the people of Illinois; and

WHEREAS, The relationship between the health care plan contract with the professionals and providers is akin to the insurance policy for coverage with the insureds or enrollees; therefore, be it

RESOLVED, BY SENATE OF THE NINETY-SECOND GENERAL ASSEMBLY OF THE STATE OF ILLINOIS, THE HOUSE OF REPRESENTATIVES CONCURRING HEREIN, that there is created the Illinois Legislative Task Force on Fairness in Health Care Services Contracting consisting of six voting members; two of whom shall be members of the Senate appointed by the President of the Senate, one of whom shall serve as Co-chairperson, one of whom shall be a member of the Senate appointed by the Minority Leader of the Senate, two of whom shall be members of the House of Representatives appointed by the Speaker of the House of Representatives, one of whom shall serve as Co-chairperson, one of whom shall be a member of the House of Representatives appointed by the Minority Leader of the House of Representatives; the Director of Insurance or his or her designee, the Director of Public Health or his or her designee, the Director of Public Aid or his or her designee, and the Director of Central Management Services or his or her designee shall serve as ex officio non-voting members of the Task Force; and be it further

RESOLVED, That the Task Force shall include the following non-voting members; including one representative of the following organizations; Illinois Hospital and HealthSystems Association, Illinois State Dental Society, Illinois Nurses Association, Illinois Pharmacists Association, Illinois State Medical Society, Illinois Podiatric Medical Society, Illinois Optometric Association, Illinois Association of Clinical Psychologists, Illinois Association of Freestanding Surgery Centers, Illinois Association of Health Plans, Managed Health Providers Association, Illinois Life Insurance Council, Blue Cross/Blue Shield of Illinois, Illinois Chamber of Commerce, Illinois Manufacturers Association, Illinois Retail Merchants Association, AFL/CIO, and the City of Chicago; and be it further

RESOLVED, That the meetings of the Task Force shall be held at the call of the Co-chairpersons and that the non-voting members of the Task Force shall serve without compensation; and be it further

RESOLVED, That the Task Force shall study the health plan professional and provider services contracting process; and be it further

RESOLVED, That the Task Force shall report its recommendations to the General Assembly and Governor on or before January 15, 2002.

READING BILLS FROM THE HOUSE OF REPRESENTATIVES A SECOND TIME

On motion of Senator Peterson, House Bill No. 183 having been

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printed, was taken up and read by title a second time.

The following amendment was offered in the Committee on Revenue, adopted and ordered printed:

AMENDMENT NO. 1

AMENDMENT NO. 1. Amend House Bill 183 on page 2, immediately below line 6, by inserting the following:

"Section 10. The School Code is amended by adding Section 17-3A as follows:

(105 ILCS 5/17-3A new)

Sec. 17-3A. Apportionment; tax objections; court decisions; adjustments of levies and refunds to tax objectors. Notwithstanding any other provision of this Code, if a court, in any tax objection based on the apportionment of an overlapping taxing district under Section 18-155 of the Property Tax Code, for any year prior to the year of the effective date of this amendatory Act of the 92nd General Assembly, enters a final judgment that there was an over extension or under extension of taxes for an overlapping taxing district based on the apportionment under Section 18-155 of the Property Tax Code for the year for which the objection was filed, the county clerks of each county in which there was an under extension of a levy of a school district shall proportionately increase the levy of that school district by an amount specified in the court order in that county in the subsequent year or in any subsequent year following the final judgment of the court. The increase in the levy of the school district, when extended, shall be set forth as a separate item on the tax bills of affected taxpayers. Notwithstanding any other provision of law, the increase in the levy and the extension thereof shall not be subject to any limitations on levies or extensions imposed by this Code or the Property Tax Code. The funds collected pursuant to a levy increase authorized by this Section and Section 18-155 of the Property Tax Code shall be delivered to the county collector of each county in which there was an over extension for distribution to the tax objectors in accordance with the court order."

There being no further amendments, the bill, as amended, was ordered to a third reading.

On motion of Senator Luechtefeld, House Bill No. 185 was taken up, read by title a second time and ordered to a third reading.

On motion of Senator Demuzio, House Bill No. 201 having been printed, was taken up and read by title a second time.

The following amendment was offered in the Committee on Executive, adopted and ordered printed:

AMENDMENT NO. 1

AMENDMENT NO. 1. Amend House Bill 201 by replacing everything after the enacting clause with the following:

"Section 5. The Illinois Public Labor Relations Act is amended by changing Section 15 as follows:

(5 ILCS 315/15) (from Ch. 48, par. 1615)

Sec. 15. Act Takes Precedence.

(a) In case of any conflict between the provisions of this Act and any other law, executive order or administrative regulation relating to wages, hours and conditions of employment and employment relations, the provisions of this Act or any collective bargaining agreement negotiated thereunder shall prevail and control. Nothing in this Act shall be construed to replace or diminish the rights of employees established by Sections 28 and 28a of the Metropolitan

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Transit Authority Act or, Sections 2.15 through 2.19 of the Regional Transportation Authority Act. Nothing in this Act shall affect the provisions of Section 14 of the Secretary of State Act.

(b) Except as provided in subsection (a) above, any collective bargaining contract between a public employer and a labor organization executed pursuant to this Act shall supersede any contrary statutes, charters, ordinances, rules or regulations relating to wages, hours and conditions of employment and employment relations adopted by the public employer or its agents. Any collective bargaining agreement entered into prior to the effective date of this Act shall remain in full force during its duration.

(c) It is the public policy of this State, pursuant to paragraphs (h) and (i) of Section 6 of Article VII of the Illinois Constitution, that the provisions of this Act are the exclusive exercise by the State of powers and functions which might otherwise be exercised by home rule units. Such powers and functions may not be exercised concurrently, either directly or indirectly, by any unit of local government, including any home rule unit, except as otherwise authorized by this Act.

(Source: P.A. 83-1012.)

Section 10. The Secretary of State Act is amended by adding Section 14 as follows:

(15 ILCS 305/14 new)

Sec. 14. Inspector General.

(a) The Secretary of State must, with the advice and consent of the Senate, appoint an Inspector General for the purpose of detection, deterrence, and prevention of fraud, waste, mismanagement, misconduct, and other abuses in the Office of the Secretary of State. The Inspector General shall serve a 2-year term. If no successor is appointed and qualified upon the expiration of the Inspector General's term, the office of Inspector General is deemed vacant and the powers and duties under this Section may be exercised only by an appointed and qualified interim Inspector General until a successor Inspector General is appointed and qualified. If the General Assembly is not in session when a vacancy in the office of Inspector General occurs, the Secretary of State may appoint an interim Inspector General whose term shall expire 2 weeks after the next regularly-scheduled session day of the Senate.

(b) The Inspector General shall have the following qualifications:

(1) has not been convicted of any felony under the laws of this State, another State, or the United States;

(2) has earned a baccalaureate degree from an institution of higher education; and

(3) has either (A) 5 or more years of service with a federal, State, or local law enforcement agency, at least 2 years of which have been in a progressive investigatory capacity; (B) 5 or more years of service as a federal, State, or local prosecutor; or (C) 5 or more years of service as a senior manager or executive of a federal, State, or local law enforcement agency.

(c) The Inspector General must review, coordinate, and institute methods and procedures to increase the integrity, productivity, and efficiency of the Office of the Secretary of State. The duties of the Inspector General shall supplement and not supplant the duties of the Chief Auditor for the Secretary of State's Office. The Inspector General must report directly to the Secretary of State.

(d) The Secretary of State may designate the Inspector General and inspectors who are members of the Inspector General's office as peace officers; however, the Inspector General and his or her

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inspectors may not be members of the Secretary of State's police force. These inspectors shall have all the powers possessed by police officers in municipalities and by sheriffs of counties, and the inspectors may exercise those powers anywhere in the State but only in the investigation of allegations of criminal behavior by the Secretary of State or employees of the Office of the Secretary of State.

No inspector may have peace officer status or exercise police powers unless he or she successfully completes the basic police training mandated and approved by the Illinois Law Enforcement Training Standards Board or the Board waives the training requirement by reason of the inspector's prior law enforcement experience or training, or both.

The Board may not waive the training requirement unless the inspector has had a minimum of 5 years of experience as a sworn officer of a local, State, or federal law enforcement agency, 2 of which must have been in an investigatory capacity.

(e) In addition to the authority otherwise provided by this Section, but only when investigating the Office of the Secretary of State, its employees, or their actions, the Inspector General is authorized:

(1) To have access to all records, reports, audits, reviews, documents, papers, recommendations, or other material available that relates to programs and operations with respect to which the Inspector General has responsibilities under this Section.

(2) To make any investigations and reports relating to the administration of the programs and operations of the Office of the Secretary of State that are, in the judgement of the Inspector General, necessary or desirable.

(3) To request any information or assistance that may be necessary for carrying out the duties and responsibilities provided by this Section from any local, State, or federal governmental agency or unit thereof.

(4) When investigating criminal behavior, to require by subpoena the appearance of witnesses and the production of all information, documents, reports, answers, records, accounts, papers, and other data and documentary evidence necessary in the performance of the functions assigned by this Section. A subpoena may be issued under this paragraph (4) only by the Inspector General and not by members of the Inspector General's staff. Any person subpoenaed by the Inspector General has the same rights as a person subpoenaed by a grand jury. Any person who knowingly (A) fails to appear in response to a subpoena; (B) fails to answer any question; (C) fails to produce any books or papers pertinent to an investigation under this Section; or (D) gives false testimony during an investigation under this Section is guilty of a Class A misdemeanor.

(5) To have direct and prompt access to the Secretary of State for any purpose pertaining to the performance of functions and responsibilities under this Section.

(f) The Inspector General may receive and investigate complaints or information from an employee of the Secretary of State concerning the possible existence of an activity constituting a violation of law, rules, or regulations; mismanagement; abuse of authority; or substantial and specific danger to the public health and safety. Any employee who knowingly files a false complaint or files a complaint with reckless disregard for the truth or the falsity of the facts underlying the complaint may be subject to discipline as set forth in the rules of the Department of Personnel of the Secretary of State.

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The Inspector General may not, after receipt of a complaint or information from an employee, disclose the identity of the employee without the consent of the employee.

Any employee who has the authority to take, direct others to take, recommend, or approve any personnel action may not, with respect to that authority, take or threaten to take any action against any employee as a reprisal for making a complaint or disclosing information to the Inspector General, unless the complaint was made or the information disclosed with the knowledge that it was false or with willful disregard for its truth or falsity.

(g) The Inspector General must adopt rules, in accordance with the provisions of the Illinois Administrative Procedure Act, establishing minimum requirements for initiating, conducting, and completing investigations. The rules must establish criteria for determining, based upon the nature of the allegation, the appropriate method of investigation, which may include, but is not limited to, site visits, telephone contacts, personal interviews, or requests for written responses. The rules must also clarify how the Office of the Inspector General shall interact with other local, State, and federal law enforcement investigations.

(h) Notwithstanding any other provision of law, this amendatory Act of the 92nd General Assembly and the powers and duties exercised by the Inspector General and members of the Inspector General's office pursuant to this Section supersede the provisions of any collective bargaining agreement entered into by the Office of the Secretary of State and a labor organization on, before, or after the effective date of this amendatory Act of the 92nd General Assembly.

(i) On or before January 1 of each year, the Inspector General shall report to the President of the Senate, the Minority Leader of the Senate, the Speaker of the House of Representatives, and the Minority Leader of the House of Representatives on the types of investigations and the activities undertaken by the Office of the Inspector General during the previous calendar year.

(j) This Section is repealed on December 31, 2003."

Floor Amendment No. 2 was filed earlier today and referred to the Committee on Rules.

There being no further amendments, the bill, as amended, was ordered to a third reading.

At the hour of 8:40 o'clock a.m., Senator Weaver presiding.

On motion of Senator O'Malley, House Bill No. 231 having been printed, was taken up and read by title a second time.

The following amendment was offered in the Committee on Judiciary, adopted and ordered printed:

AMENDMENT NO. 1

AMENDMENT NO. 1. Amend House Bill 231 as follows:
on page 1, line 19, after "Act," by inserting the following:
"all persons who have been convicted of a felony under the laws of this State or any other jurisdiction who possess any weapon prohibited under Section 24-1 of the Criminal Code of 1961 or any firearm or any firearm ammunition".

There being no further amendments, the bill, as amended, was ordered to a third reading.

On motion of Senator Rauschenberger, House Bill No. 505 having been printed, was taken up and read by title a second time.

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The following amendment was offered in the Committee on Executive, adopted and ordered printed:

AMENDMENT NO. 1

AMENDMENT NO. 1. Amend House Bill 505 by replacing everything after the enacting clause with the following:

"Section 1. Short title. This Act may be cited as the Local Planning Technical Assistance Act."

There being no further amendments, the bill, as amended, was ordered to a third reading.

On motion of Senator Roskam, House Bill No. 512 was taken up and read by title a second time.

Floor Amendment No. 1 was held in the Committee on Judiciary.

There being no further amendments the bill was ordered to a third reading.

On motion of Senator Peterson, House Bill No. 604 having been printed, was taken up and read by title a second time.

The following amendment was offered in the Committee on Executive, adopted and ordered printed:

AMENDMENT NO. 1

AMENDMENT NO. 1. Amend House Bill 604 by deleting lines 6 through 30 on page 1 and all of page 2.

There being no further amendments, the bill, as amended, was ordered to a third reading.

On motion of Senator Watson, House Bill No. 678 was taken up, read by title a second time and ordered to a third reading.

On motion of Senator Sieben, House Bill No. 700 was taken up, read by title a second time and ordered to a third reading.

On motion of Senator Radogno, House Bill No. 760 was taken up, read by title a second time and ordered to a third reading.

On motion of Senator Rauschenberger, House Bill No. 778 having been printed, was taken up and read by title a second time.

The following amendment was offered in the Committee on Executive, adopted and ordered printed:

AMENDMENT NO. 1

AMENDMENT NO. 1. Amend House Bill 778 by replacing everything after the enacting clause with the following:

"Section 5. The Illinois Procurement Code is amended by adding Article 33 as follows:

(30 ILCS 500/Art. 33 heading new)

ARTICLE 33. CONSTRUCTION MANAGEMENT SERVICES

(30 ILCS 500/33-5 new)

Sec. 33-5. Definitions. In this Article:

"Construction management services" includes:

(1) services provided in the planning and pre-construction phases of a construction project including, but not limited to, consulting with, advising, assisting, and making recommendations to the State agency and architect, engineer, or registered landscape architect on all aspects of planning for project construction; reviewing all plans and specifications as they are being developed

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and making recommendations with respect to construction feasibility, availability of material and labor, time requirements for procurement and construction, and projected costs; making, reviewing, and refining budget estimates based on the State agency's program and other available information; making recommendations to the State agency and the architect or engineer regarding the division of work in the plans and specifications to facilitate the bidding and awarding of contracts; soliciting the interest of capable contractors and assisting the owner in taking bids on the project; analyzing the bids received; and preparing and monitoring a progress schedule during the design phase of the project and preparation of a proposed construction schedule; and

(2) services provided in the construction phase of the project including, but not limited to, maintaining competent supervisory staff to coordinate and provide general direction of the work and progress of the contractors on the project; observing the work as it is being performed for general conformance with working drawings and specifications; establishing procedures for coordinating among the State agency, architect or engineer, contractors, and construction manager with respect to all aspects of the project and implementing those procedures; maintaining job site records and making appropriate progress reports; implementing labor policy in conformance with the requirements of the public owner; reviewing the safety and equal opportunity programs of each contractor for conformance with the public owner's policy and making recommendations; reviewing and processing all applications for payment by involved contractors and material suppliers in accordance with the terms of the contract; making recommendations for and processing requests for changes in the work and maintaining records of change orders; scheduling and conducting job meetings to ensure orderly progress of the work; developing and monitoring a project progress schedule, coordinating and expediting the work of all contractors and providing periodic status reports to the owner and the architect or engineer; and establishing and maintaining a cost control system and conducting meetings to review costs.

"Construction manager" means any person providing construction management services for a State agency.

(30 ILCS 500/33-10 new)

Sec. 33-10. Time for using construction management services. The appropriate State purchasing officer or chief procurement officer of a State agency may elect to engage the construction management services of a construction manager when planning, designing, and constructing a building or structure or when improving, altering, or repairing a building or structure. Construction management services may be used by the State agency in the pre-construction phase, the construction phase of public works project, or both phases of the project.

(30 ILCS 500/33-15 new)

Sec. 33-15. Evaluation procedure. A State agency shall evaluate the construction managers submitting letters of interest and other prequalified construction managers, taking into account qualifications; and the State agency may consider, but shall not be limited to considering, ability of professional personnel, past record and experience, performance data on file, willingness to meet time requirements, location, workload of the construction manager, and any other qualifications-based factors as the State agency may determine in writing are applicable. The State agency may conduct discussions with and require public presentations by construction managers deemed to be the most qualified regarding their qualifications, approach to the project, and ability to furnish the

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required services.

A State agency shall establish a committee to select construction managers to provide construction management services. A selection committee may include at least one public member nominated by a statewide association of construction managers. The public member may not be employed or associated with any firm holding a contract with the State agency nor may the public member's firm be considered for a contract with that State agency while he or she is serving as a public member of the committee.

In no case shall a State agency, prior to selecting a construction manager, seek formal or informal submission of verbal or written estimates of costs or proposals in terms of dollars, hours required, percentage of construction cost, or any other measure of compensation.

(30 ILCS 500/33-20 new)

Sec. 33-20. Duties of construction manager; additional requirements for persons performing construction work.

(a) Upon the award of a construction management services contract, a construction manager must contract with the State agency to furnish his or her skill and judgment in cooperation with, and reliance upon, the services of the project architect or engineer. The construction manager must furnish business administration, management of the construction process, and other specified services to the State agency and must perform his or her obligations in an expeditious and economical manner consistent with the interest of the State agency. If it is in the State's best interest, the construction manager may provide or perform basic services for which reimbursement is provided in the general conditions to the construction management services contract.

(b) The construction manager, or any entity that controls, is controlled by, or shares common ownership with the construction manager, is not permitted to bid on or perform any of the actual construction on a public works project in which he or she is acting as construction manager. The actual construction work on the project must be awarded by competitive bidding as provided in this Code. All successful bidders for actual construction work must contract directly with the State agency, but must perform his or her obligations at the direction of the construction manager unless otherwise provided in the construction manager's contract with the State agency. All successful bidders for actual construction work must enter into a trust agreement under Section 30-25 of this Code. This subsection is subject to the applicable provisions of the following Acts:

- (1) the Prevailing Wage Act;
- (2) the Public Construction Bond Act;
- (3) the Public Works Employment Discrimination Act;
- (4) the Public Works Preference Act;
- (5) the Employment of Illinois Workers on Public Works Act;
- (6) the Illinois Architecture Practice Act of 1989;
- (7) the Professional Engineering Practice Act of 1989;
- (8) the Illinois Professional Land Surveyor Act of 1989;
- (9) the Structural Engineering Practice Act of 1989;
- (10) the Public Contract Fraud Act; and
- (11) the Illinois Construction Evaluation Act.

(30 ILCS 500/33-25 new)

Sec. 33-25. Prohibited conduct. No construction management services contract may be awarded by a State agency on a negotiated basis as provided in this Article if the construction manager or an entity that controls, is controlled by, or shares common ownership or control with the construction manager (i) guarantees, warrants, or

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otherwise assumes financial responsibility for the work of others on the project; (ii) provides the State agency with a guaranteed maximum price for the work of others on the project; or (iii) furnishes or guarantees a performance or payment bond for other contractors on the project. In any such case, the contract for construction management services must be let by competitive bidding as in the case of contracts for construction work.

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

There being no further amendments, the bill, as amended, was ordered to a third reading.

On motion of Senator O'Malley, House Bill No. 789 having been printed, was taken up and read by title a second time.

The following amendment was offered in the Committee on Judiciary, adopted and ordered printed:

AMENDMENT NO. 1

AMENDMENT NO. 1. Amend House Bill 789 on page 1, by replacing line 5 with the following:
"changing Sections 2-1402, 12-901, 12-904, 12-906, 12-909, 12-910, 12-911, and 12-912 as follows:

(735 ILCS 5/2-1402) (from Ch. 110, par. 2-1402)

Sec. 2-1402. Supplementary proceedings.

(a) A judgment creditor, or his or her successor in interest when that interest is made to appear of record, is entitled to prosecute supplementary proceedings for the purposes of examining the judgment debtor or any other person to discover assets or income of the debtor not exempt from the enforcement of the judgment, a deduction order or garnishment, and of compelling the application of non-exempt assets or income discovered toward the payment of the amount due under the judgment. A supplementary proceeding shall be commenced by the service of a citation issued by the clerk. The procedure for conducting supplementary proceedings shall be prescribed by rules. It is not a prerequisite to the commencement of a supplementary proceeding that a certified copy of the judgment has been returned wholly or partly unsatisfied. All citations issued by the clerk shall have the following language, or language substantially similar thereto, stated prominently on the front, in capital letters: "YOUR FAILURE TO APPEAR IN COURT AS HEREIN DIRECTED MAY CAUSE YOU TO BE ARRESTED AND BROUGHT BEFORE THE COURT TO ANSWER TO A CHARGE OF CONTEMPT OF COURT, WHICH MAY BE PUNISHABLE BY IMPRISONMENT IN THE COUNTY JAIL." The court shall not grant a continuance of the supplementary proceeding except upon good cause shown.

(b) Any citation served upon a judgment debtor or any other person shall include a certification by the attorney for the judgment creditor or the judgment creditor setting forth the amount of the judgment, the date of the judgment, or its revival date, the balance due thereon, the name of the court, and the number of the case, and a copy of the citation notice required by this subsection. Whenever a citation is served upon a person or party other than the judgment debtor, the officer or person serving the citation shall send to the judgment debtor, within three business days of the service upon the cited party, a copy of the citation and the citation notice, which may be sent by regular first-class mail to the judgment debtor's last known address. In no event shall a citation hearing be held sooner than five business days after the mailing of the citation and citation notice to the judgment debtor, except by agreement of the

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parties. The citation notice need not be mailed to a corporation, partnership, or association. The citation notice shall be in substantially the following form:

"CITATION NOTICE

(Name and address of Court)
 Name of Case: (Name of Judgment Creditor),
 Judgment Creditor v.
 (Name of Judgment Debtor),
 Judgment Debtor.
 Address of Judgment Debtor: (Insert last known
 address)
 Name and address of Attorney for Judgment
 Creditor or of Judgment Creditor (If no
 attorney is listed): (Insert name and address)
 Amount of Judgment: \$ (Insert amount)
 Name of Person Receiving Citation: (Insert name)
 Court Date and Time: (Insert return date and time
 specified in citation)

NOTICE: The court has issued a citation against the person named above. The citation directs that person to appear in court to be examined for the purpose of allowing the judgment creditor to discover income and assets belonging to the judgment debtor or in which the judgment debtor has an interest. The citation was issued on the basis of a judgment against the judgment debtor in favor of the judgment creditor in the amount stated above. On or after the court date stated above, the court may compel the application of any discovered income or assets toward payment on the judgment.

The amount of income or assets that may be applied toward the judgment is limited by federal and Illinois law. The JUDGMENT DEBTOR HAS THE RIGHT TO ASSERT STATUTORY EXEMPTIONS AGAINST CERTAIN INCOME OR ASSETS OF THE JUDGMENT DEBTOR WHICH MAY NOT BE USED TO SATISFY THE JUDGMENT IN THE AMOUNT STATED ABOVE:

(1) Under Illinois or federal law, the exemptions of personal property owned by the debtor include the debtor's equity interest, not to exceed \$2,000 in value, in any personal property as chosen by the debtor; Social Security and SSI benefits; public assistance benefits; unemployment compensation benefits; worker's compensation benefits; veteran's benefits; circuit breaker property tax relief benefits; the debtor's equity interest, not to exceed \$1,200 in value, in any one motor vehicle, and the debtor's equity interest, not to exceed \$750 in value, in any implements, professional books, or tools of the trade of the debtor.

(2) Under Illinois law, every person is entitled to an estate in homestead, when it is owned and occupied as a residence, to the extent in value of ~~\$30,000~~ \$7,500, which homestead is exempt from judgment.

(3) Under Illinois law, the amount of wages that may be applied toward a judgment is limited to the lesser of (i) 15% of gross weekly wages or (ii) the amount by which disposable earnings for a week exceed the total of 45 times the federal minimum hourly wage.

(4) Under federal law, the amount of wages that may be applied toward a judgment is limited to the lesser of (i) 25% of disposable earnings for a week or (ii) the amount by which disposable earnings for a week exceed 30 times the federal minimum hourly wage.

(5) Pension and retirement benefits and refunds may be claimed as exempt under Illinois law.

The judgment debtor may have other possible exemptions under the

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law.

THE JUDGMENT DEBTOR HAS THE RIGHT AT THE CITATION HEARING TO DECLARE EXEMPT CERTAIN INCOME OR ASSETS OR BOTH. The judgment debtor also has the right to seek a declaration at an earlier date, by notifying the clerk in writing at (insert address of clerk). When so notified, the Clerk of the Court will obtain a prompt hearing date from the court and will provide the necessary forms that must be prepared by the judgment debtor or the attorney for the judgment debtor and sent to the judgment creditor and the judgment creditor's attorney regarding the time and location of the hearing. This notice may be sent by regular first class mail."

(c) When assets or income of the judgment debtor not exempt from the satisfaction of a judgment, a deduction order or garnishment are discovered, the court may, by appropriate order or judgment:

(1) Compel the judgment debtor to deliver up, to be applied in satisfaction of the judgment, in whole or in part, money, choses in action, property or effects in his or her possession or control, so discovered, capable of delivery and to which his or her title or right of possession is not substantially disputed.

(2) Compel the judgment debtor to pay to the judgment creditor or apply on the judgment, in installments, a portion of his or her income, however or whenever earned or acquired, as the court may deem proper, having due regard for the reasonable requirements of the judgment debtor and his or her family, if dependent upon him or her, as well as any payments required to be made by prior order of court or under wage assignments outstanding; provided that the judgment debtor shall not be compelled to pay income which would be considered exempt as wages under the Wage Deduction Statute. The court may modify an order for installment payments, from time to time, upon application of either party upon notice to the other.

(3) Compel any person cited, other than the judgment debtor, to deliver up any assets so discovered, to be applied in satisfaction of the judgment, in whole or in part, when those assets are held under such circumstances that in an action by the judgment debtor he or she could recover them in specie or obtain a judgment for the proceeds or value thereof as for conversion or embezzlement.

(4) Enter any order upon or judgment against the person cited that could be entered in any garnishment proceeding.

(5) Compel any person cited to execute an assignment of any chose in action or a conveyance of title to real or personal property, in the same manner and to the same extent as a court could do in any proceeding by a judgment creditor to enforce payment of a judgment or in aid of the enforcement of a judgment.

(6) Authorize the judgment creditor to maintain an action against any person or corporation that, it appears upon proof satisfactory to the court, is indebted to the judgment debtor, for the recovery of the debt, forbid the transfer or other disposition of the debt until an action can be commenced and prosecuted to judgment, direct that the papers or proof in the possession or control of the debtor and necessary in the prosecution of the action be delivered to the creditor or impounded in court, and provide for the disposition of any moneys in excess of the sum required to pay the judgment creditor's judgment and costs allowed by the court.

(d) No order or judgment shall be entered under subsection (c) in favor of the judgment creditor unless there appears of record a certification of mailing showing that a copy of the citation and a copy of the citation notice was mailed to the judgment debtor as

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required by subsection (b).

(e) All property ordered to be delivered up shall, except as otherwise provided in this Section, be delivered to the sheriff to be collected by the sheriff or sold at public sale and the proceeds thereof applied towards the payment of costs and the satisfaction of the judgment.

(f) (1) The citation may prohibit the party to whom it is directed from making or allowing any transfer or other disposition of, or interfering with, any property not exempt from the enforcement of a judgment therefrom, a deduction order or garnishment, belonging to the judgment debtor or to which he or she may be entitled or which may thereafter be acquired by or become due to him or her, and from paying over or otherwise disposing of any moneys not so exempt which are due or to become due to the judgment debtor, until the further order of the court or the termination of the proceeding, whichever occurs first. The third party may not be obliged to withhold the payment of any moneys beyond double the amount of the balance due sought to be enforced by the judgment creditor. The court may punish any party who violates the restraining provision of a citation as and for a contempt, or if the party is a third party may enter judgment against him or her in the amount of the unpaid portion of the judgment and costs allowable under this Section, or in the amount of the value of the property transferred, whichever is lesser.

(2) The court may enjoin any person, whether or not a party to the supplementary proceeding, from making or allowing any transfer or other disposition of, or interference with, the property of the judgment debtor not exempt from the enforcement of a judgment, a deduction order or garnishment, or the property or debt not so exempt concerning which any person is required to attend and be examined until further direction in the premises. The injunction order shall remain in effect until vacated by the court or until the proceeding is terminated, whichever first occurs.

(g) If it appears that any property, chose in action, credit or effect discovered, or any interest therein, is claimed by any person, the court shall, as in garnishment proceedings, permit or require the claimant to appear and maintain his or her right. The rights of the person cited and the rights of any adverse claimant shall be asserted and determined pursuant to the law relating to garnishment proceedings.

(h) Costs in proceedings authorized by this Section shall be allowed, assessed and paid in accordance with rules, provided that if the court determines, in its discretion, that costs incurred by the judgment creditor were improperly incurred, those costs shall be paid by the judgment creditor.

(i) This Section is in addition to and does not affect enforcement of judgments or proceedings supplementary thereto, by any other methods now or hereafter provided by law.

(j) This Section does not grant the power to any court to order installment or other payments from, or compel the sale, delivery, surrender, assignment or conveyance of any property exempt by statute from the enforcement of a judgment thereon, a deduction order, garnishment, attachment, sequestration, process or other levy or seizure.

(k) (Blank).

(l) At any citation hearing at which the judgment debtor appears and seeks a declaration that certain of his or her income or assets are exempt, the court shall proceed to determine whether the property

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which the judgment debtor declares to be exempt is exempt from judgment. At any time before the return date specified on the citation, the judgment debtor may request, in writing, a hearing to declare exempt certain income and assets by notifying the clerk of the court before that time, using forms as may be provided by the clerk of the court. The clerk of the court will obtain a prompt hearing date from the court and will provide the necessary forms that must be prepared by the judgment debtor or the attorney for the judgment debtor and sent to the judgment creditor, or the judgment creditor's attorney, regarding the time and location of the hearing. This notice may be sent by regular first class mail. At the hearing, the court shall immediately, unless for good cause shown that the hearing is to be continued, shall proceed to determine whether the property which the judgment debtor declares to be exempt is exempt from judgment. The restraining provisions of subsection (f) shall not apply to any property determined by the court to be exempt.

(m) The judgment or balance due on the judgment becomes a lien when a citation is served in accordance with subsection (a) of this Section. The lien binds nonexempt personal property, including money, choses in action, and effects of the judgment debtor as follows:

(1) When the citation is directed against the judgment debtor, upon all personal property belonging to the judgment debtor in the possession or control of the judgment debtor or which may thereafter be acquired or come due to the judgment debtor to the time of the disposition of the citation.

(2) When the citation is directed against a third party, upon all personal property belonging to the judgment debtor in the possession or control of the third party or which thereafter may be acquired or come due the judgment debtor and comes into the possession or control of the third party to the time of the disposition of the citation.

The lien established under this Section does not affect the rights of citation respondents in property prior to the service of the citation upon them and does not affect the rights of bona fide purchasers or lenders without notice of the citation. The lien is effective for the period specified by Supreme Court Rule.

This subsection (m), as added by Public Act 88-48, is a declaration of existing law.

(n) If any provision of this Act or its application to any person or circumstance is held invalid, the invalidity of that provision or application does not affect the provisions or applications of the Act that can be given effect without the invalid provision or application.

(Source: P.A. 88-48; 88-299; 88-667, eff. 9-16-94; 88-670, eff. 12-2-94; 89-364, eff. 1-1-96.)

(735 ILCS 5/12-901) (from Ch. 110, par. 12-901)

Sec. 12-901. Amount. Every individual is entitled to an estate of homestead to the extent in value of ~~\$30,000~~ \$7,500 of his or her interest in a farm or lot of land and buildings thereon, a condominium, or personal property, owned or rightly possessed by lease or otherwise and occupied by him or her as a residence, or in a cooperative that owns property that the individual uses as a residence. That homestead and all right in and title to that homestead is exempt from attachment, judgment, levy, or judgment sale for the payment of his or her debts or other purposes and from the laws of conveyance, descent, and legacy, except as provided in this Code or in Section 20-6 of the Probate Act of 1975. This Section is not applicable between joint tenants or tenants in common but it is applicable as to any creditors of those persons.

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If 2 or more individuals own property that is exempt as a homestead, the value of the exemption of each individual may not exceed his or her proportionate share of \$60,000 ~~\$15,000~~ based upon percentage of ownership.

(Source: P.A. 88-672, eff. 12-14-94.)

(735 ILCS 5/12-904) (from Ch. 110, par. 12-904)

Sec. 12-904. Release, waiver or conveyance. No release, waiver or conveyance of the estate so exempted shall be valid, unless the same is in writing, signed by the individual and his or her spouse, if he or she have one, or possession is abandoned or given pursuant to the conveyance; or if the exception is continued to a child or children without the order of a court directing a release thereof; but if a conveyance is made by an individual as grantor to his or her spouse, such conveyance shall be effectual to pass the title expressed therein to be conveyed thereby, whether or not the grantor in such conveyance is joined therein by his or her spouse. In any case where such release, waiver or conveyance is taken by way of mortgage or security, the same shall only be operative as to such specific release, waiver or conveyance; and when the same includes different pieces of land, or the homestead is of greater value than \$30,000 ~~\$7,500~~, the other lands shall first be sold before resorting to the homestead, and in case of the sale of such homestead, if any balance remains after the payment of the debt and costs, such balance shall, to the extent of \$30,000 ~~\$7,500~~ be exempt, and be applied upon such homestead exemption in the manner provided by law.

(Source: P.A. 82-783.)

(735 ILCS 5/12-906) (from Ch. 110, par. 12-906)

Sec. 12-906. Proceeds of sale. When a homestead is conveyed by the owner thereof, such conveyance shall not subject the premises to any lien or incumbrance to which it would not be subject in the possession of such owner; and the proceeds thereof, to the extent of the amount of \$30,000 ~~\$7,500~~, shall be exempt from judgment or other process, for one year after the receipt thereof, by the person entitled to the exemption, and if reinvested in a homestead the same shall be entitled to the same exemption as the original homestead.

(Source: P.A. 82-783.)

(735 ILCS 5/12-909) (from Ch. 110, par. 12-909)

Sec. 12-909. Bid for less than exempted amount. No sale shall be made of the premises on such judgment unless a greater sum than \$30,000 ~~\$7,500~~ is bid therefor. If a greater sum is not so bid, the judgment may be set aside or modified, or the enforcement of the judgment released, as for lack of property.

(Source: P.A. 82-783.)"; and

on page 1, lines 12 and 28 and on page 2, line 19 by changing "\$7,500" each time it appears to "\$30,000 ~~\$7,500~~"; and

on page 2, line 19 by changing "commissioners" to "State certified general real estate appraiser or State certified residential real estate appraiser ~~commissioners~~"; and

on page 3, by inserting after line 3 the following:

"(735 ILCS 5/12-912) (from Ch. 110, par. 12-912)

Sec. 12-912. Sale of premises - Distribution of proceeds. In case of such surplus, or the amount due on the judgment is not paid within the 60 days, the officer may advertise and sell the premises, and out of the proceeds of such sale pay to such judgment debtor the sum of \$30,000 ~~\$7,500~~, and apply the balance on the judgment.

(Source: P.A. 82-783.)".

There being no further amendments, the bill, as amended, was ordered to a third reading.

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On motion of Senator Sieben, House Bill No. 842 was taken up, read by title a second time and ordered to a third reading.

On motion of Senator Rauschenberger, House Bill No. 843 was taken up, read by title a second time and ordered to a third reading.

On motion of Senator Donahue, House Bill No. 854 having been printed, was taken up and read by title a second time.

The following amendment was offered in the Committee on State Government Operations, adopted and ordered printed:

AMENDMENT NO. 1

AMENDMENT NO. 1. Amend House Bill 854 by replacing everything after the enacting clause with the following:

"Section 5. The Department of Veterans Affairs Act is amended by changing Section 2.01 as follows:

(20 ILCS 2805/2.01) (from Ch. 126 1/2, par. 67.01)

Sec. 2.01. Any honorably discharged veteran is entitled to admission to an Illinois Veterans Home, if the applicant:

(a) (1) Has served in the armed forces of the United States at least 1 day in the Spanish American War, World War I, World War II, the Korean Conflict, the Viet Nam Campaign, or the Persian Gulf Conflict between the dates recognized by the U.S. Department of Veterans Affairs or between any other present or future dates recognized by the U.S. Department of Veterans Affairs as a war period, or has served in a hostile fire environment and has been awarded a campaign or expeditionary medal signifying his or her service, for purposes of eligibility for domiciliary or nursing home care; or

(2) Has (i) served on active duty in the armed forces for one year for purposes of eligibility for domiciliary care only or (ii) served in the National Guard or Reserve Forces of the United States and completed 20 years of satisfactory service, is otherwise eligible to receive reserve or active duty retirement benefits, and has been an Illinois resident for at least one year before applying for admission for purposes of eligibility for domiciliary care only; and

(b) Has service accredited to the State of Illinois or has been a resident of this State for one year immediately preceding the date of application; and

(c) For admission to the Illinois Veterans Homes at Anna and Quincy, is disabled by disease, wounds, or otherwise and because of the disability is incapable of earning a living; or

(d) For admission to the Illinois Veterans Homes at LaSalle and Manteno and for admission to the John Joseph Kelly Veteran's Home, is disabled by disease, wounds, or otherwise and, for purposes of eligibility for nursing home care, requires nursing care because of the disability.

(Source: P.A. 91-634, eff. 8-19-99.)

Section 99. Effective date. This Act takes effect on January 1, 2002."

There being no further amendments, the bill, as amended, was ordered to a third reading.

On motion of Senator Lauzen, House Bill No. 1029 was taken up, read by title a second time and ordered to a third reading.

On motion of Senator O'Malley, House Bill No. 1030 having been printed, was taken up and read by title a second time.

The following amendment was offered in the Committee on Financial

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Institutions, adopted and ordered printed:

AMENDMENT NO. 1

AMENDMENT NO. 1. Amend House Bill 1030 on page 1, line 5, by changing "9" to "16"; and on page 1 by replacing lines 6 through 31 with the following:

"(205 ILCS 5/16) (from Ch. 17, par. 323)

Sec. 16. Directors. The business and affairs of a State bank shall be managed by its board of directors that shall exercise its powers as follows:

(1) Directors shall be elected as provided in this Act. Any omission to elect a director or directors shall not impair any of the rights and privileges of the bank or of any person in any way interested. The existing directors shall hold office until their successors are elected and qualify.

(2) (a) Notwithstanding the provisions of any charter heretofore or hereafter issued, the number of directors, not fewer than 5 nor more than 25, may be fixed from time to time by the stockholders at any meeting of the stockholders called for the purpose of electing directors or changing the number thereof by the affirmative vote of at least two-thirds of the outstanding stock entitled to vote at the meeting, and the number so fixed shall be the board regardless of vacancies until the number of directors is thereafter changed by similar action.

(b) Notwithstanding the minimum number of directors specified in paragraph (a) of this subsection, a State bank that has been in existence for 10 years or more and has less than \$20,000,000 in assets, as of the December 31 immediately preceding the annual meeting of shareholders at which directors are elected, may, subject to the approval of the Commissioner, have a minimum of 3 directors; provided that if a State bank has fewer than 5 directors, at least one director shall not be an officer or employee of the bank. The Commissioner shall annually review the appropriateness of the grant of authority to have a reduced minimum number of directors pursuant to this paragraph (b).

(3) Except as otherwise provided in this paragraph (3), directors shall hold office until the next annual meeting of the stockholders succeeding their election or until their successors are elected and qualify. If the board of directors consists of 6 or more members, in lieu of electing the membership of the whole board of directors annually, the charter or by-laws of a State bank may provide that the directors shall be divided into either 2 or 3 classes, each class to be as nearly equal in number as is possible. The term of office of directors of the first class shall expire at the first annual meeting of the stockholders after their election, that of the second class shall expire at the second annual meeting after their election, and that of the third class, if any, shall expire at the third annual meeting after their election. At each annual meeting after classification, the number of directors equal to the number of the class whose terms expire at the time of the meeting shall be elected to hold office until the second succeeding annual meeting, if there be 2 classes, or until the third succeeding annual meeting, if there be 3 classes. Vacancies may be filled by stockholders at a special meeting called for the purpose.

If authorized by the bank's by-laws or an amendment thereto, the directors of a State bank may properly fill a vacancy or vacancies arising between shareholders' meetings, but at no time may the number of directors selected to fill a vacancy in this manner during any interim period between shareholders' meetings exceed 33 1/3% of the

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total membership of the board of directors.

(4) The board of directors shall hold regular meetings at least once each month, provided that, upon prior written approval by the Commissioner, the board of directors may hold regular meetings less frequently than once each month but at least once each calendar quarter. A special meeting of the board of directors may be held as provided by the by-laws. A special meeting of the board of directors may also be held upon call by the Commissioner or a bank examiner appointed under the provisions of this Act upon not less than 12 hours notice of the meeting by personal service of the notice or by mailing the notice to each of the directors at his residence as shown by the books of the bank. A majority of the board of directors shall constitute a quorum for the transaction of business unless a greater number is required by the charter or the by-laws. The act of the majority of the directors present at a meeting at which a quorum is present shall be the act of the board of directors unless the act of a greater number is required by the charter or by the by-laws.

(5) A member of the board of directors shall be elected president. The board of directors may appoint other officers, as the by-laws may provide, and fix their salaries to carry on the business of the bank. The board of directors may make and amend by-laws (not inconsistent with this Act) for the government of the bank and may, by the affirmative vote of a majority of the board of directors, establish reasonable compensation of all directors for services to the corporation as directors, officers, or otherwise. An officer, whether elected or appointed by the board of directors or appointed pursuant to the by-laws, may be removed by the board of directors at any time.

(6) The board of directors shall cause suitable books and records of all the bank's transactions to be kept.

(7) (a) In discharging the duties of their respective positions, the board of directors, committees of the board, and individual directors may, in considering the best long term and short term interests of the bank, consider the effects of any action (including, without limitation, action that may involve or relate to a merger or potential merger or to a change or potential change in control of the bank) upon employees, depositors, suppliers, and customers of the corporation or its subsidiaries, communities in which the main banking premises, branches, offices, or other establishments of the bank or its subsidiaries are located, and all pertinent factors.

(b) In discharging the duties of their respective positions, the board of directors, committees of the board, and individual directors shall be entitled to rely on advice, information, opinions, reports or statements, including financial statements and financial data, prepared or presented by: (i) one or more officers or employees of the bank whom the director believes to be reliable and competent in the matter presented; (ii) one or more counsels, accountants, or other consultants as to matters that the director believes to be within that person's professional or expert competence; or (iii) a committee of the board upon which the director does not serve, as to matters within that committee's designated authority; provided that the director's reliance under this paragraph (b) is placed in good faith, after reasonable inquiry if the need for such inquiry is apparent under the circumstances and without knowledge that would cause such reliance to be unreasonable.

(Source: P.A. 90-301, eff. 8-1-97; 91-452, eff. 1-1-00.)"; and on page 2 by deleting lines 1 through 4.

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There being no further amendments, the bill, as amended, was ordered to a third reading.

On motion of Senator O'Malley, House Bill No. 1089 was taken up, read by title a second time and ordered to a third reading.

On motion of Senator Myers, House Bill No. 1094 was taken up, read by title a second time and ordered to a third reading.

On motion of Senator O'Malley, House Bill No. 1125 having been printed, was taken up and read by title a second time.

The following amendment was offered in the Committee on Judiciary, adopted and ordered printed:

AMENDMENT NO. 1

AMENDMENT NO. 1. Amend House Bill 1125 as follows:
by replacing everything after the enacting clause with the following:
"Section 5. The Criminal Code of 1961 is amended by changing Sections 11-11 and 12-14 as follows:

(720 ILCS 5/11-11) (from Ch. 38, par. 11-11)

Sec. 11-11. Sexual Relations Within Families. (a) A person commits sexual relations within families if he or she:

(1) Commits an act of sexual penetration as defined in Section 12-12 of this Code; and

(2) The person knows that he or she is related to the other person as follows: (i) Brother or sister, either of the whole blood or the half blood; or (ii) Father or mother, when the child, regardless of legitimacy and regardless of whether the child was of the whole blood or half-blood or was adopted, was 18 years of age or over when the act was committed; or (iii) Stepfather or stepmother, when the stepchild was 18 years of age or over when the act was committed.

(b) Sentence. Sexual relations within families is a Class 2 3 felony.

(Source: P.A. 84-1280.)

(720 ILCS 5/12-14) (from Ch. 38, par. 12-14)

Sec. 12-14. Aggravated Criminal Sexual Assault.

(a) The accused commits aggravated criminal sexual assault if he or she commits criminal sexual assault and any of the following aggravating circumstances existed during, or for the purposes of paragraph (7) of this subsection (a) as part of the same course of conduct as, the commission of the offense:

(1) the accused displayed, threatened to use, or used a dangerous weapon, other than a firearm, or any object fashioned or utilized in such a manner as to lead the victim under the circumstances reasonably to believe it to be a dangerous weapon; or

(2) the accused caused bodily harm, except as provided in subsection (a)(10), to the victim; or

(3) the accused acted in such a manner as to threaten or endanger the life of the victim or any other person; or

(4) the criminal sexual assault was perpetrated during the course of the commission or attempted commission of any other felony by the accused; or

(5) the victim was 60 years of age or over when the offense was committed; or

(6) the victim was a physically handicapped person; or

(7) the accused delivered (by injection, inhalation, ingestion, transfer of possession, or any other means) to the victim without his or her consent, or by threat or deception, and

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for other than medical purposes, any controlled substance; or

(8) the accused was armed with a firearm; or

(9) the accused personally discharged a firearm during the commission of the offense; or

(10) the accused, during the commission of the offense, personally discharged a firearm that proximately caused great bodily harm, permanent disability, permanent disfigurement, or death to another person; or-

(11) the accused knew he or she was related to the victim as defined in paragraph (2) of subsection (a) of Section 11-11 of this Code.

(b) The accused commits aggravated criminal sexual assault if the accused was under 17 years of age and (i) commits an act of sexual penetration with a victim who was under 9 years of age when the act was committed; or (ii) commits an act of sexual penetration with a victim who was at least 9 years of age but under 13 years of age when the act was committed and the accused used force or threat of force to commit the act.

(c) The accused commits aggravated criminal sexual assault if he or she commits an act of sexual penetration with a victim who was an institutionalized severely or profoundly mentally retarded person at the time the act was committed.

(d) Sentence.

(1) Aggravated criminal sexual assault in violation of paragraph (1), (2), (3), (4), (5), (6), ~~or (7)~~, or (11) of subsection (a) is a Class X felony. A violation of subsection (a)(8) is a Class X felony for which 15 years shall be added to the term of imprisonment imposed by the court. A violation of subsection (a)(9) is a Class X felony for which 20 years shall be added to the term of imprisonment imposed by the court. A violation of subsection (a)(10) is a Class X felony for which 25 years or up to a term of natural life imprisonment shall be added to the term of imprisonment imposed by the court.

(2) A person who is convicted of a second or subsequent offense of aggravated criminal sexual assault, or who is convicted of the offense of aggravated criminal sexual assault after having previously been convicted of the offense of criminal sexual assault or the offense of predatory criminal sexual assault of a child, or who is convicted of the offense of aggravated criminal sexual assault after having previously been convicted under the laws of this or any other state of an offense that is substantially equivalent to the offense of criminal sexual assault, the offense of aggravated criminal sexual assault or the offense of predatory criminal sexual assault of a child, shall be sentenced to a term of natural life imprisonment. The commission of the second or subsequent offense is required to have been after the initial conviction for this paragraph (2) to apply.

(Source: P.A. 90-396, eff. 1-1-98; 90-735, eff. 8-11-98; 91-404, eff. 1-1-00.)"

There being no further amendments, the bill, as amended, was ordered to a third reading.

On motion of Senator Myers, House Bill No. 1356 was taken up, read by title a second time and ordered to a third reading.

On motion of Senator Petka, House Bill No. 1695 having been printed, was taken up and read by title a second time.

The following amendment was offered in the Committee on Licensed

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Activities, adopted and ordered printed:

AMENDMENT NO. 1

AMENDMENT NO. 1. Amend House Bill 1695 on page 1, in line 5, by changing "Section 19" to "Sections 11 and 19"; and on page 1, below line 5, by inserting the following:

"(225 ILCS 225/11) (from Ch. 111 1/2, par. 116.311)

Sec. 11. Notice of violation. Whenever the Department determines that there are reasonable grounds to believe that there has been violation of any provision of this Act or the rules and regulations issued under this Act, the Department shall give notice of such alleged violation ~~to the person to whom the license was issued,~~ as herein provided. Such notice shall:

(a) be in writing;

(b) include a statement of the reasons for the issuance of the notice;

(c) allow reasonable time as established by rule determined by the Department for the performance of any act it requires;

(d) be served upon the owner, operator or licensee as the case may require; provided that such notice or order shall be deemed to have been properly served upon such owner, operator or licensee when a copy thereof has been sent by registered or certified mail to his last known address as furnished to the Department; or, when he has been served with such notice by any other method authorized by the laws of this State; and

(e) contain an outline of remedial action, which is required to effect compliance with this Act and the rules and regulations issued under this Act.

(Source: P.A. 78-812.)".

There being no further amendments, the bill, as amended, was ordered to a third reading.

On motion of Senator Lauzen, House Bill No. 1813 was taken up, read by title a second time and ordered to a third reading.

On motion of Senator Peterson, House Bill No. 1970 having been printed, was taken up and read by title a second time.

The following amendment was offered in the Committee on Judiciary, adopted and ordered printed:

AMENDMENT NO. 1

AMENDMENT NO. 1. Amend House Bill 1970 on page 1, lines 8 and 24, after "conducts" each time it appears, by inserting "in a language other than English,"; and on page 1, lines 10 and 26, by deleting "in a language other than English" each time it appears.

Floor Amendment No. 2 was held in the Committee on Judiciary.

There being no further amendments, the bill, as amended, was ordered to a third reading.

On motion of Senator Lauzen, House Bill No. 2148 was taken up, read by title a second time and ordered to a third reading.

On motion of Senator Watson, House Bill No. 2255 was taken up, read by title a second time and ordered to a third reading.

On motion of Senator Sullivan, House Bill No. 2283 having been printed, was taken up and read by title a second time.

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The following amendment was offered in the Committee on Executive, adopted and ordered printed:

AMENDMENT NO. 1

AMENDMENT NO. 1. Amend House Bill 2283 on page 49, by inserting the following immediately after line 4:

"If an abandoned or neglected cemetery has been dedicated as an Illinois nature preserve under the Illinois Natural Areas Preservation Act, any action to cause the clean up of the cemetery under the provisions of this Section shall be consistent with the rules and master plan governing the dedicated nature preserve."; and on page 49, line 6, by replacing "Section 1" with "Sections 1, 9, 10, 12, 13, and 14 and adding Section 16"; and on page 52 by inserting the following immediately after line 3:

"(765 ILCS 835/9) (from Ch. 21, par. 21.2)

Sec. 9. When there is no memorial, monument, or marker installed on a cemetery lot; no interment in a cemetery lot; no transfer or assignment of a cemetery lot on the cemetery authority records; no contact by an owner recorded in the cemetery authority records; publication has been made in a local newspaper and no response was received; and 60 years have passed since the cemetery lot was sold, there is a presumption that the cemetery lot has been abandoned. Alternatively, where there is an obligation to pay a cemetery authority, annually or periodically, maintenance or care charges on a cemetery lot, or part thereof, and the owner of or claimant to a right or easement for burial in such cemetery lot, or part thereof, has failed to pay the required annual or periodic maintenance or care charges for a period of 30 years or more, such continuous failure to do so creates and establishes a presumption that the cemetery lot, or part thereof, has been abandoned.

Upon a court's determination of abandonment, the ownership of a right or easement for burial in a cemetery lot, or part thereof, shall be subject to sale in the manner hereinafter provided.
(Source: Laws 1961, p. 2908.)

(765 ILCS 835/10) (from Ch. 21, par. 21.3)

Sec. 10. A cemetery authority may file in the office of the clerk of the circuit court of the county in which the cemetery is located a verified petition praying for the entry of an order adjudging a cemetery lot, or part thereof, to have been abandoned. The petition shall describe the cemetery lot, or part thereof, alleged to have been abandoned, shall allege ownership by the petitioner of the cemetery, and, if known, the name of the owner of the right or easement for burial in such cemetery lot, or part thereof, as is alleged to have been abandoned, or, if the owner thereof is known to the petitioner to be deceased, then the names, if known to petitioner, of such claimants thereto as are the heirs-at-law and next-of-kin or the specific legatees under the will of the owner of the right or easement for burial in such lot, or part thereof, and such other facts as the petitioner may have with respect to ownership of the right or easement for burial in such cemetery lot, or part thereof.

The petition shall also allege the facts with respect to the abandonment of the cemetery lot or facts about the obligation of the owner to pay annual or periodic maintenance or care charges on such cemetery lot, or part thereof, the amount of such charges as are due and unpaid, and shall also allege the continuous failure by the owner or claimant to pay such charges for a period of 30 consecutive years or more.

Irrespective of diversity of ownership of the right or easement for burial therein, a cemetery authority may include in one petition

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as many cemetery lots, or parts thereof, as are alleged to have been abandoned.

(Source: P.A. 84-549.)

(765 ILCS 835/12) (from Ch. 21, par. 21.5)

Sec. 12. In the event the owner, the claimant, or the heirs-at-law and next-of-kin or the specific legatees under the will of either the owner or claimant submits proof of ownership to the court or, appears and answers the petition, the presumption of abandonment shall no longer exist and the court shall set the matter for hearing upon the petition and such answers thereto as may be filed.

In the event the defendant or defendants fails to appear and answer the petition, or in the event that upon the hearing the court determines from the evidence presented that there has been an abandonment of the cemetery lot for 60 years or a continuous failure to pay the annual or periodic maintenance or care charges on such lot, or part thereof, for a period of 30 years or more preceding the filing of the petition, then, in either such event, an order shall be entered adjudicating such lot, or part thereof, to have been abandoned and adjudging the right or easement for burial therein to be subject to sale by the cemetery authority at the expiration of one year from the date of the entry of such order. Upon entry of an order adjudicating abandonment of a cemetery lot, or part thereof, the court shall fix such sum as is deemed a reasonable fee for the services of petitioner's attorney.

(Source: P.A. 84-549.)

(765 ILCS 835/13) (from Ch. 21, par. 21.6)

Sec. 13. In the event that, at any time within one year after adjudication of abandonment, the owner or claimant of a lot, or part thereof, which has been adjudged abandoned, shall contact the court or the cemetery authority and pay all maintenance or care charges that are due and unpaid, shall reimburse the cemetery authority for the costs of suit and necessary expenses incurred in the proceeding with respect to such lot, or part thereof, and shall contract for its future care and maintenance, then such lot, or part thereof, shall not be sold as herein provided and, upon petition of the owner or claimant, the order or judgment adjudging the same to have been abandoned shall be vacated as to such lot, or part thereof.

(Source: P.A. 79-1365.)

(765 ILCS 835/14) (from Ch. 21, par. 21.7)

Sec. 14. After the expiration of one year from the date of entry of an order adjudging a lot, or part thereof, to have been abandoned, a cemetery authority shall have the right to do so and may sell such lot, or part thereof, at public sale and grant an easement therein for burial purposes to the purchaser at such sale, subject to the interment of any human remains theretofore placed therein and the right to maintain memorials placed thereon. A cemetery authority may bid at and purchase such lot, or part thereof, at such sale.

Notice of the time and place of any sale held pursuant to an order adjudicating abandonment of a cemetery, or part thereof, shall be published once in a newspaper of general circulation in the county in which the cemetery is located, such publication to be not less than 30 days prior to the date of sale.

The proceeds derived from any sale shall be used to reimburse the petitioner for the costs of suit and necessary expenses, including attorney's fees, incurred by petitioner in the proceeding, and the balance, if any, shall be deposited into the cemetery authority's care fund or, if there is no care fund, used by the cemetery authority for the care of its cemetery and for no other purpose.

(Source: P.A. 79-1365.)

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(765 ILCS 835/16 new)

Sec. 16. When a multiple interment right owner becomes deceased, the ownership of any unused rights of interment shall pass in accordance with the specific bequest in the decedent's will. If there is no will or specific bequest then the use of the unused rights of interment shall be determined by a cemetery authority in accordance with the information set out on a standard affidavit for cemetery interment rights use form if such a form has been prepared. The unused right of interment shall be used for the interment of the first deceased heir listed on the standard affidavit and continue in sequence until all listed heirs are deceased. In the event that an interment right is not used, the interment right shall pass to the heirs of the heirs of the deceased interment right owner in perpetuity. This shall not preclude the ability of the heirs to sell said interment rights, in the event that all listed living heirs are in agreement. If the standard affidavit for cemetery interment rights use, showing heirship of decedent interment right owner's living heirs is provided to and followed by a cemetery authority, the cemetery authority shall be released of any liability in relying on that affidavit.

The following is the form of the standard affidavit:

STATE OF ILLINOIS)
) SS
COUNTY OF)

AFFIDAVIT FOR CEMETERY INTERMENT RIGHTS USE

I,, being first duly sworn on oath depose and say that:

- 1. A. My place of residence is
- B. My post office address is
- C. I understand that I am providing the information contained in this affidavit to the ("Cemetery") and the Cemetery shall, in the absence of directions to the contrary in my will, rely on this information to allow the listed individuals to be interred in any unused interment rights in the order of their death.
- D. I understand that, if I am an out-of-state resident, I submit myself to the jurisdiction of Illinois courts for all matters related to the preparation and use of this affidavit. My agent for service of process in Illinois is:

Name Address
City Telephone

Items 2 through 6 must be completed by the executor of the decedent's estate, a personal representative, owner's surviving spouse, or surviving heir.

- 2. The decedent's name is
- 3. The date of decedent's death was
- 4. The decedent's place of residence immediately before his or her death was
- 5. My relationship to the decedent is
- 6. At the time of death, the decedent (had no) (had a) surviving spouse. The name of the surviving spouse, if any, is, and he or she (has) (has not) remarried.

7. The following is a list of the cemetery interment rights that may be used by the heirs if the owner is deceased:

.....
.....

8. The following persons have a right to use the cemetery interment rights in the order of their death:

..... Address
..... Address

..... Address
..... Address
..... Address
..... Address
..... Address

9. This affidavit is made for the purpose of obtaining the consent of the undersigned to transfer the right of interment at the above mentioned cemetery property to the listed heirs. Affiants agree that they will save, hold harmless, and indemnify Cemetery, its heirs, successors, employees, and assigns, from all claims, loss, or damage whatsoever that may result from relying on this affidavit to record said transfer in its records and allow interments on the basis of the information contained in this affidavit.

WHEREFORE affiant requests Cemetery to recognize the above named heirs-at-law as those rightfully entitled to the use of said interment (spaces) (space).

THE FOREGOING STATEMENT IS MADE UNDER THE PENALTIES OF PERJURY. (A FRAUDULENT STATEMENT MADE UNDER THE PENALTIES OF PERJURY IS PERJURY AS DEFINED IN THE CRIMINAL CODE OF 1961.)

Dated this day of,

..... (Seal) (To be signed by the owner or the individual who completes items 2 through 6 above.)

Subscribed and sworn to before me, a Notary Public in and for the County and State of aforesaid this day of,

..... Notary Public."

There being no further amendments, the bill, as amended, was ordered to a third reading.

On motion of Senator Mahar, House Bill No. 2376 was taken up, read by title a second time and ordered to a third reading.

On motion of Senator Rauschenberger, House Bill No. 2428 was taken up, read by title a second time and ordered to a third reading.

On motion of Senator Munoz, House Bill No. 2432 having been printed, was taken up and read by title a second time.

The following amendment was offered in the Committee on Executive, adopted and ordered printed:

AMENDMENT NO. 1

AMENDMENT NO. 1. Amend House Bill 2432 as follows:
on page 1, line 8, after "Authority", by inserting the following:
"for a municipality having a population in excess of 1,000,000"; and
on page 1, line 10, by deleting "acquisition,"; and
on page 1, line 13, before the period, by inserting the following:
"located within the municipality having a population in excess of 1,000,000"; and
on page 1, line 15, by deleting "acquisition,"; and
on page 1, line 16, before the period, by inserting the following:
"located within the municipality having a population in excess of 1,000,000"; and
on page 1, line 21, by deleting "acquisition,"; and
on page 1, line 22, by replacing "rehabilitation," with "rehabilitation"; and
on page 1, line 22, after "housing" by inserting the following:
"located within the municipality having a population in excess of 1,000,000"; and
on page 1, line 28, by deleting "acquisition,"; and

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on page 1, line 29, before the period, by inserting the following:
"located within the municipality having a population in excess of 1,000,000"; and

on page 2, line 3, by replacing "acquisition," with "acquisition,";
 and

on page 2, line 13, after "agreement", by inserting the following:
"with respect to a project located within the municipality having a population in excess of 1,000,000"; and

on page 2, by replacing line 23 with the following:

"An Authority for a municipality having a population in excess of 1,000,000 may grant a specific pledge or assignment"; and

on page 10, by replacing line 18 with the following:

"(i) In the case of an Authority for a municipality having a population in excess of 1,000,000, to enter into loan agreements, regulatory".

There being no further amendments, the bill, as amended, was ordered to a third reading.

On motion of Senator Radogno, House Bill No. 2440 having been printed, was taken up and read by title a second time.

Senator Radogno offered the following amendment and moved its adoption:

AMENDMENT NO. 1

AMENDMENT NO. 1. Amend House Bill 2440 as follows:
 by replacing everything after the enacting clause with the following:

"Section 5. The Humane Care for Animals Act is amended by changing Sections 4.01, 4.02, and 16 as follows:
 (510 ILCS 70/4.01) (from Ch. 8, par. 704.01)

Sec. 4.01. (a) No person may own, capture, breed, train, or lease any animal which he or she knows ~~or should know~~ is intended for use in any show, exhibition, program, or other activity featuring or otherwise involving a fight between such animal and any other animal or human, or the intentional killing of any animal for the purpose of sport, wagering, or entertainment.

(b) No person shall promote, conduct, carry on, advertise, collect money for or in any other manner assist or aid in the presentation for purposes of sport, wagering, or entertainment, any show, exhibition, program, or other activity involving a fight between 2 or more animals or any animal and human, or the intentional killing of any animal.

(c) No person shall sell or offer for sale, ship, transport, or otherwise move, or deliver or receive any animal which he or she knows ~~or should know~~ has been captured, bred, or trained, or will be used, to fight another animal or human or be intentionally killed, for the purpose of sport, wagering, or entertainment.

(d) No person shall manufacture for sale, shipment, transportation or delivery any device or equipment which that person knows or should know is intended for use in any show, exhibition, program, or other activity featuring or otherwise involving a fight between 2 or more animals, or any human and animal, or the intentional killing of any animal for purposes of sport, wagering or entertainment.

(e) No person shall own, possess, sell or offer for sale, ship, transport, or otherwise move any equipment or device which such person knows or should know is intended for use in connection with any show, exhibition, program, or activity featuring or otherwise involving a fight between 2 or more animals, or any animal and human, or the intentional killing of any animal for purposes of sport,

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wagering or entertainment.

(f) No person shall make available any site, structure, or facility, whether enclosed or not, which he or she knows or ~~should~~ ~~knew~~ is intended to be used for the purpose of conducting any show, exhibition, program, or other activity involving a fight between 2 or more animals, or any animal and human, or the intentional killing of any animal or knowingly manufacture, distribute, or deliver fittings to be used in a fight between 2 or more dogs or a dog and a human.

(g) No person shall attend or otherwise patronize any show, exhibition, program, or other activity featuring or otherwise involving a fight between 2 or more animals, or any animal and human, or the intentional killing of any animal for the purposes of sport, wagering or entertainment.

(h) No person shall tie or attach or fasten any live animal to any machine or device propelled by any power for the purpose of causing such animal to be pursued by a dog or dogs. This subsection (h) shall apply only when such dog is intended to be used in a dog fight.

(Source: P.A. 87-819.)

(510 ILCS 70/4.02) (from Ch. 8, par. 704.02)

Sec. 4.02. (a) Any law enforcement officer making an arrest for an offense involving one or more animals dogs under Section 4.01 of this Act shall lawfully take possession of all animals dogs and all paraphernalia, implements, or other property or things used or employed, or about to be employed in the violation of any of the provisions of Section 4.01 of this Act. Such officer, after taking possession of such animals dogs, paraphernalia, implements or other property or things, shall file with the court before whom the complaint is made against any person so arrested an affidavit stating therein the name of the person charged in such complaint, a description of the property so taken and the time and place of the taking thereof together with the name of the person from whom the same was taken and name of the person who claims to own such property, if known, and that the affiant has reason to believe and does believe, stating the ground of such belief, that the property so taken was used or employed, or was about to be used or employed, in such violation of Section 4.01 of this Act. He shall thereupon deliver the property so taken to the court, which shall, by order, place the same in custody of an officer or other proper person named and designated in such order, to be kept by him until the conviction or final discharge of such person complained against, and shall send a copy of such order without delay to the State's attorney of the county and the Department. The officer or person so named and designated in such order shall immediately thereupon assume the custody of such property and shall retain the same, subject to the order of the court before which such person so complained against may be required to appear for trial. Upon the conviction of the person so charged, all property so seized shall be adjudged by the court to be forfeited and shall thereupon be destroyed or otherwise disposed of as the court may order. In the event of the acquittal or final discharge without conviction of the person so charged such court shall, on demand, direct the delivery of such property so held in custody to the owner thereof.

(b) Any veterinarian in this State who is presented with an animal for treatment of injuries or wounds resulting from fighting where there is a reasonable possibility that the animal was engaged in or utilized for a fighting event shall file a report with the Department and cooperate by furnishing the owners' names, dates and descriptions of the animal or animals involved. Any veterinarian who in good faith makes a report, as required by this subsection (b),

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shall have immunity from any liability, civil, criminal or that otherwise might result by reason of such actions. For the purposes of any proceedings, civil or criminal, the good faith of any such veterinarian shall be presumed.

(Source: P.A. 84-723.)

(510 ILCS 70/16) (from Ch. 8, par. 716)

Sec. 16. Violations; punishment; injunctions.

(a) Any person convicted of violating Sections 5, 5.01, or 6 of this Act or any rule, regulation, or order of the Department pursuant thereto, is guilty of a Class C misdemeanor.

(b)(1) This subsection (b) does not apply where the only animals involved in the violation are dogs.

(2) Any person convicted of violating subsection (a), (b), (c) or (h) of Section 4.01 of this Act or any rule, regulation, or order of the Department pursuant thereto, is guilty of a Class A misdemeanor.

(3) A second or subsequent offense involving the violation of subsection (a), (b) or (c) of Section 4.01 of this Act or any rule, regulation, or order of the Department pursuant thereto is a Class 4 felony.

(4) Any person convicted of violating subsection (d), (e) or (f) of Section 4.01 of this Act or any rule, regulation, or order of the Department pursuant thereto, is guilty of a Class B misdemeanor.

(5) Any person convicted of violating subsection (g) of Section 4.01 of this Act or any rule, regulation, or order of the Department pursuant thereto is guilty of a Class C misdemeanor.

(c)(1) This subsection (c) applies exclusively where the only animals involved in the violation are dogs.

(2) Any person convicted of violating subsection (a), (b) or (c) of Section 4.01 of this Act or any rule, regulation or order of the Department pursuant thereto is guilty of a Class 4 felony and may be fined an amount not to exceed \$50,000. A person who knowingly owns a dog for fighting purposes or for producing a fight between 2 or more dogs or a dog and human or who knowingly offers for sale or sells a dog bred for fighting is guilty of a Class 3 felony if any of the following factors is present:

(i) the dogfight is performed in the presence of a person under 18 years of age;

(ii) the dogfight is performed for the purpose of or in the presence of illegal wagering activity; or

(iii) the dogfight is performed in furtherance of streetgang related activity as defined in Section 10 of the Illinois Streetgang Terrorism Omnibus Prevention Act.

(3) Any person convicted of violating subsection (d), or (e) or ~~(f)~~ of Section 4.01 of this Act or any rule, regulation or order of the Department pursuant thereto is guilty of Class A misdemeanor, if such person knew or should have known that the device or equipment under subsection (d) or (e) of that Section ~~or the site, structure or facility under subsection (f) of that Section~~ was to be used to carry out a violation where the only animals involved were dogs. Where such person did not know or should not reasonably have been expected to know that the only animals involved in the violation were dogs, the penalty shall be same as that provided for in paragraph (4) of subsection (b).

(3.5) Any person convicted of violating subsection (f) of Section 4.01 is guilty of a Class 4 felony.

(4) Any person convicted of violating subsection (g) of Section 4.01 of this Act or any rule, regulation or order of the

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Department pursuant thereto is guilty of a Class C misdemeanor.

(5) A second or subsequent violation of subsection (a), (b) or (c) of Section 4.01 of this Act or any rule, regulation or order of the Department pursuant thereto is a Class 3 felony. A second or subsequent violation of subsection (d), ~~or~~ (e) ~~or~~ (f) of Section 4.01 of this Act or any rule, regulation or order of the Department adopted pursuant thereto is a Class 3 felony, if in each violation the person knew or should have known that the device or equipment under subsection (d) or (e) of that Section ~~or the site, structure or facility under subsection (f) of that Section~~ was to be used to carry out a violation where the only animals involved were dogs. Where such person did not know or should not reasonably have been expected to know that the only animals involved in the violation were dogs, a second or subsequent violation of subsection (d), ~~or~~ (e) ~~or~~ (f) of Section 4.01 of this Act or any rule, regulation or order of the Department adopted pursuant thereto is a Class A misdemeanor. A second or subsequent violation of subsection (g) is a Class B misdemeanor.

(6) Any person convicted of violating Section 3.01 of this Act is guilty of a Class C misdemeanor. A second conviction for a violation of Section 3.01 is a Class B misdemeanor. A third or subsequent conviction for a violation of Section 3.01 is a Class A misdemeanor.

(7) Any person convicted of violating Section 4.03 is guilty of a Class B misdemeanor.

(8) Any person convicted of violating Section 4.04 is guilty of a Class A misdemeanor where the animal is not killed or totally disabled, but if the animal is killed or totally disabled such person shall be guilty of a Class 4 felony.

(8.5) A person convicted of violating subsection (a) of Section 7.15 is guilty of a Class B misdemeanor. A person convicted of violating subsection (b) or (c) of Section 7.15 is (i) guilty of a Class A misdemeanor if the dog is not killed or totally disabled and (ii) if the dog is killed or totally disabled, guilty of a Class 4 felony and may be ordered by the court to make restitution to the disabled person having custody or ownership of the dog for veterinary bills and replacement costs of the dog.

(9) Any person convicted of violating any other provision of this Act, or any rule, regulation, or order of the Department pursuant thereto, is guilty of a Class C misdemeanor with every day that a violation continues constituting a separate offense.

(d) Any person convicted of violating Section 7.1 is guilty of a petty offense. A second or subsequent conviction for a violation of Section 7.1 is a Class C misdemeanor.

(e) Any person convicted of violating Section 3.02 is guilty of a Class A misdemeanor. A second or subsequent violation is a Class 4 felony.

(f) The Department may enjoin a person from a continuing violation of this Act.

(g) Any person convicted of violating Section 3.03 is guilty of a Class 4 felony. A second or subsequent offense is a Class 3 felony. As a condition of the sentence imposed under this Section, the court shall order the offender to undergo a psychological or psychiatric evaluation and to undergo treatment that the court determines to be appropriate after due consideration of the evaluation.

(Source: P.A. 90-14, eff. 7-1-97; 90-80, eff. 7-10-97; 91-291, eff. 1-1-00; 91-351, eff. 7-29-99; 91-357, eff. 7-29-99; revised 8-30-99.)

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Section 10. The Criminal Code of 1961 is amended by adding Section 26-5 as follows:

(720 ILCS 5/26-5 new)

Sec. 26-5. Dog fighting.

(a) No person may own, capture, breed, train, or lease any dog which he or she knows is intended for use in any show, exhibition, program, or other activity featuring or otherwise involving a fight between the dog and any other animal or human, or the intentional killing of any dog for the purpose of sport, wagering, or entertainment.

(b) No person may promote, conduct, carry on, advertise, collect money for or in any other manner assist or aid in the presentation for purposes of sport, wagering, or entertainment of any show, exhibition, program, or other activity involving a fight between 2 or more dogs or any dog and human, or the intentional killing of any dog.

(c) No person may sell or offer for sale, ship, transport, or otherwise move, or deliver or receive any dog which he or she knows has been captured, bred, or trained, or will be used, to fight another dog or human or be intentionally killed for purposes of sport, wagering, or entertainment.

(d) No person may manufacture for sale, shipment, transportation, or delivery any device or equipment which he or she knows or should know is intended for use in any show, exhibition, program, or other activity featuring or otherwise involving a fight between 2 or more dogs, or any human and dog, or the intentional killing of any dog for purposes of sport, wagering, or entertainment.

(e) No person may own, possess, sell or offer for sale, ship, transport, or otherwise move any equipment or device which he or she knows or should know is intended for use in connection with any show, exhibition, program, or activity featuring or otherwise involving a fight between 2 or more dogs, or any dog and human, or the intentional killing of any dog for purposes of sport, wagering or entertainment.

(f) No person may knowingly make available any site, structure, or facility, whether enclosed or not, that he or she knows is intended to be used for the purpose of conducting any show, exhibition, program, or other activity involving a fight between 2 or more dogs, or any dog and human, or the intentional killing of any dog or knowingly manufacture, distribute, or deliver fittings to be used in a fight between 2 or more dogs or a dog and human.

(g) No person may attend or otherwise patronize any show, exhibition, program, or other activity featuring or otherwise involving a fight between 2 or more dogs, or any dog and human, or the intentional killing of any dog for purposes of sport, wagering, or entertainment.

(h) No person may tie or attach or fasten any live animal to any machine or device propelled by any power for the purpose of causing the animal to be pursued by a dog or dogs. This subsection (h) applies only when the dog is intended to be used in a dog fight.

(i)(1) Any person convicted of violating subsection (a), (b) or (c) of this Section is guilty of a Class 4 felony and may be fined an amount not to exceed \$50,000. A person who knowingly owns a dog for fighting purposes or for producing a fight between 2 or more dogs or a dog and human or who knowingly offers for sale or sells a dog bred for fighting is guilty of a Class 3 felony if any of the following factors is present:

(i) the dogfight is performed in the presence of a person under 18 years of age;

(ii) the dogfight is performed for the purpose of or in the

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presence of illegal wagering activity; or
(iii) the dogfight is performed in furtherance of
streetgang related activity as defined in Section 10 of the
Illinois Streetgang Terrorism Omnibus Prevention Act.

(2) Any person convicted of violating subsection (d) of (e) of
this Section is guilty of Class A misdemeanor if he or she knew or
should have known that the device or equipment under subsection (d)
or (e) of this Section was to be used to carry out a violation where
the only animals involved were dogs. If the person did not know or
should not reasonably have been expected to know that the only
animals involved in the violation were dogs, the penalty is a Class B
misdemeanor.

(2.5) Any person convicted of violating subsection (f) of this
Section is guilty of a Class 4 felony.

(3) Any person convicted of violating subsection (g) of this
Section is guilty of a Class C misdemeanor.

(4) A second or subsequent violation of subsection (a), (b), or
(c) of this Section is a Class 3 felony. A second or subsequent
violation of subsection (d) or (e) of this Section is a Class 3
felony, if in each violation the person knew or should have known
that the device or equipment under subsection (d) or (e) of this
Section was to be used to carry out a violation where the only
animals involved were dogs. If the person did not know or should not
reasonably have been expected to know that the only animals involved
in the violation were dogs, a second or subsequent violation of
subsection (d) or (e) of this Section is a Class A misdemeanor. A
second or subsequent violation of subsection (g) of this Section is a
Class B misdemeanor."

The motion prevailed and the amendment was adopted and ordered printed.

There being no further amendments, the bill, as amended, was ordered to a third reading.

On motion of Senator Rauschenberger, House Bill No. 2602 having been printed, was taken up and read by title a second time.

The following amendment was offered in the Committee on Executive, adopted and ordered printed:

AMENDMENT NO. 1

AMENDMENT NO. 1. Amend House Bill 2602 as follows:
 by replacing everything after the enacting clause with the following:
 "Section 5. The Illinois Vehicle Code is amended by changing
 Section 6-305 as follows:

(625 ILCS 5/6-305) (from Ch. 95 1/2, par. 6-305)

Sec. 6-305. Renting motor vehicle to another.

(a) No person shall rent a motor vehicle to any other person unless the latter person, or a driver designated by a nondriver with disabilities and meeting any minimum age and driver's record requirements that are uniformly applied by the person renting a motor vehicle, is then duly licensed hereunder or, in the case of a nonresident, then duly licensed under the laws of the State or country of his residence unless the State or country of his residence does not require that a driver be licensed.

(b) No person shall rent a motor vehicle to another until he has inspected the drivers license of the person to whom the vehicle is to be rented, or by whom it is to be driven, and compared and verified the signature thereon with the signature of such person written in his presence unless, in the case of a nonresident, the State or country wherein the nonresident resides does not require that a

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driver be licensed.

(c) No person shall rent a motorcycle to another unless the latter person is then duly licensed hereunder as a motorcycle operator, and in the case of a nonresident, then duly licensed under the laws of the State or country of his residence, unless the State or country of his residence does not require that a driver be licensed.

(d) (Blank).

(e) (Blank).

(f) Any person who rents a motor vehicle to another shall only advertise, quote, and charge a rental rate that includes the entire amount except taxes and a mileage charge, if any, which a renter must pay to hire or lease the vehicle for the period of time to which the rental rate applies. Such person shall not charge in addition to the rental rate, taxes, and mileage charge, if any, any fee which must be paid by the renter as a condition of hiring or leasing the vehicle, such as, but not limited to, required fuel or airport surcharges, nor any fee for transporting the renter to the location where the rented vehicle will be delivered to the renter. In addition to the rental rate, taxes, and mileage charge, if any, such person may charge for an item or service provided in connection with a particular rental transaction if the renter can avoid incurring the charge by choosing not to obtain or utilize the optional item or service. Items and services for which such person may impose an additional charge include, but are not limited to, optional insurance and accessories requested by the renter, service charges incident to the renter's optional return of the vehicle to a location other than the location where the vehicle was hired or leased, and charges for refueling the vehicle at the conclusion of the rental transaction in the event the renter did not return the vehicle with as much fuel as was in the fuel tank at the beginning of the rental.

(g) Every person renting a motor vehicle to another shall keep a record of the registration number of the motor vehicle so rented, the name and address of the person to whom the vehicle is rented, the number of the license, if any, of said latter person, and the date and place when and where the license, if any, was issued. Such record shall be open to inspection by any police officer or designated agent of the Secretary of State.

(h) A person licensed as a new car dealer under Section 5-101 of this Code shall not be subject to the provisions of this Section regarding the rental of private passenger motor vehicles when providing, free of charge, temporary substitute vehicles for customers to operate during a period when a customer's vehicle, which is either leased or owned by that customer, is being repaired, serviced, replaced or otherwise made unavailable to the customer in accordance with an agreement with the licensed new car dealer or vehicle manufacturer, so long as the customer orally or in writing is made aware that the temporary substitute vehicle will be covered by his or her insurance policy and the customer shall only be liable to the extent of any amount deductible from such insurance coverage in accordance with the terms of the policy.

(i) This Section, except the requirements of subsection (g), also applies to rental agreements of 30 continuous days or less involving a motor vehicle that was delivered by an out of State person or business to a renter in this State.

(j) A public airport may, if approved by its local government corporate authorities or its airport authority, impose a customer facility charge upon customers of rental car companies for the purposes of financing, designing, constructing, operating, and maintaining consolidated car rental facilities and common use

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transportation equipment and facilities, which are used to transport the customer, connecting consolidated car rental facilities with other airport facilities.

Notwithstanding subsection (f) of this Section, the customer facility charge shall be collected by the rental car company as a separate charge, and clearly indicated as a separate charge on the rental agreement and invoice. Facility charges shall be immediately deposited into a trust account for the benefit of the airport and remitted at the direction of the airport, but not more often than once per month. The charge shall be uniformly calculated on a per-contract or per-day basis. Facility charges imposed by the airport may not exceed the reasonable costs of financing, designing, constructing, operating, and maintaining the consolidated car rental facilities and common use transportation equipment and facilities and may not be used for any other purpose.

Notwithstanding any other provision of law, the charges collected under this Section are not subject to retailer occupation, sales, use, or transaction taxes.

(k) When a rental car company states a rental rate in any of its rate advertisements, its proprietary computer reservation systems, or its in-person quotations intended to apply to an airport rental, a company that collects from its customers a customer facility charge for that rental under subsection (j) shall do all of the following:

(1) Clearly and conspicuously disclose in any radio, television, or other electronic media advertisements the existence and amount of the charge if the advertisement is intended for rentals at an airport imposing the charge or, if the advertisement covers an area with multiple airports with different charges, a range of amounts of customer facility charges if the advertisement is intended for rentals at an airport imposing the charge.

(2) Clearly and conspicuously disclose in any print rate advertising the existence and amount of the charge if the advertisement is intended for rentals at an airport imposing the charge or, if the print rate advertisement covers an area with multiple airports with different charges, a range of amounts of customer facility charges if the advertisement is intended for rentals at an airport imposing the charge.

(3) Clearly and conspicuously disclose the existence and amount of the charge in any telephonic, in-person, or computer-transmitted quotation from the rental car company's proprietary computer reservation system at the time of making an initial quotation of a rental rate if the quotation is made by a rental car company location at an airport imposing the charge and at the time of making a reservation of a rental car if the reservation is made by a rental car company location at an airport imposing the charge.

(4) Clearly and conspicuously display the charge in any proprietary computer-assisted reservation or transaction directly between the rental car company and the customer, shown or referenced on the same page on the computer screen viewed by the customer as the displayed rental rate and in a print size not smaller than the print size of the rental rate.

(5) Clearly and conspicuously disclose and separately identify the existence and amount of the charge on its rental agreement.

(6) A rental car company that collects from its customers a customer facility charge under subsection (j) and engages in a practice which does not comply with subsections (f), (j), and (k) commits an unlawful practice within the meaning of the Consumer

Fraud and Deceptive Business Practices Act.

(Source: P.A. 89-248, eff. 8-4-95; 90-113, eff. 7-14-97.)

Section 10. The Consumer Fraud and Deceptive Business Practices Act is amended by changing Section 2Z as follows:

(815 ILCS 505/2Z) (from Ch. 121 1/2, par. 262Z)

Sec. 2Z. Violations of other Acts. Any person who knowingly violates the Automotive Repair Act, the Home Repair and Remodeling Act, the Dance Studio Act, the Physical Fitness Services Act, the Hearing Instrument Consumer Protection Act, the Illinois Union Label Act, the Job Referral and Job Listing Services Consumer Protection Act, the Travel Promotion Consumer Protection Act, the Credit Services Organizations Act, the Automatic Telephone Dialers Act, the Pay-Per-Call Services Consumer Protection Act, the Telephone Solicitations Act, the Illinois Funeral or Burial Funds Act, the Cemetery Care Act, the Safe and Hygienic Bed Act, the Pre-Need Cemetery Sales Act, subsection (a) or (b) of Section 3-10 of the Cigarette Tax Act, subsection (a) or (b) of Section 3-10 of the Cigarette Use Tax Act, or the Electronic Mail Act, or paragraph (6) of subsection (k) of Section 6-305 of the Illinois Vehicle Code commits an unlawful practice within the meaning of this Act.

(Source: P.A. 90-426, eff. 1-1-98; 91-164, eff. 7-16-99; 91-230, eff. 1-1-00; 91-233, eff. 1-1-00; 91-810, eff. 6-13-00.)".

There being no further amendments, the bill, as amended, was ordered to a third reading.

On motion of Senator Rauschenberger, House Bill No. 2641 was taken up, read by title a second time and ordered to a third reading.

On motion of Senator Dillard, House Bill No. 2646 was taken up, read by title a second time and ordered to a third reading.

On motion of Senator Dillard, House Bill No. 2807 having been printed, was taken up and read by title a second time.

The following amendment was offered in the Committee on Executive, adopted and ordered printed:

AMENDMENT NO. 1

AMENDMENT NO. 1. Amend House Bill 2807 as follows:
on page 1, line 26, by inserting "less than \$50,000" after "awards".

There being no further amendments, the bill, as amended, was ordered to a third reading.

On motion of Senator Rauschenberger, House Bill No. 2844 having been printed, was taken up and read by title a second time.

The following amendment was offered in the Committee on Judiciary, adopted and ordered printed:

AMENDMENT NO. 1

AMENDMENT NO. 1. Amend House Bill 2844 as follows:
by replacing everything after the enacting clause with the following:
"Section 5. The Unified Code of Corrections is amended by changing Sections 3-3-7 and 3-3-9 as follows:

(730 ILCS 5/3-3-7) (from Ch. 38, par. 1003-3-7)

Sec. 3-3-7. Conditions of Parole or Mandatory Supervised Release.

(a) The conditions of parole or mandatory supervised release shall be such as the Prisoner Review Board deems necessary to assist the subject in leading a law-abiding life. The conditions of every

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parole and mandatory supervised release are that the subject:

(1) not violate any criminal statute of any jurisdiction during the parole or release term; and

(2) refrain from possessing a firearm or other dangerous weapon;

(3) report to an agent of the Department of Corrections;

(4) permit the agent to visit him or her at his or her home, employment, or elsewhere to the extent necessary for the agent to discharge his or her duties;

(5) attend or reside in a facility established for the instruction or residence of persons on parole or mandatory supervised release;

(6) secure permission before visiting or writing a committed person in an Illinois Department of Corrections facility;

(7) report all arrests to an agent of the Department of Corrections as soon as permitted by the arresting authority but in no event later than 24 hours after release from custody;

(8) obtain permission of an agent of the Department of Corrections before leaving the State of Illinois;

(9) obtain permission of an agent of the Department of Corrections before changing his or her residence or employment;

(10) consent to a search of his or her person, property, or residence under his or her control;

(11) refrain from the use or possession of narcotics or other controlled substances in any form, or both, or any paraphernalia related to those substances and submit to a urinalysis test as instructed by a parole agent of the Department of Corrections;

(12) not frequent places where controlled substances are illegally sold, used, distributed, or administered;

(13) not knowingly associate with other persons on parole or mandatory supervised release without prior written permission of his or her parole agent and not associate with persons who are members of an organized gang as that term is defined in the Illinois Streetgang Terrorism Omnibus Prevention Act;

(14) provide true and accurate information, as it relates to his or her adjustment in the community while on parole or mandatory supervised release or to his or her conduct while incarcerated, in response to inquiries by his or her parole agent or of the Department of Corrections; and

(15) follow any specific instructions provided by the parole agent that are consistent with furthering conditions set and approved by the Prisoner Review Board or by law, exclusive of placement on electronic detention, to achieve the goals and objectives of his or her parole or mandatory supervised release or to protect the public. These instructions by the parole agent may be modified at any time, as the agent deems appropriate.

(b) The Board may in addition to other conditions require that the subject:

(1) work or pursue a course of study or vocational training;

(2) undergo medical or psychiatric treatment, or treatment for drug addiction or alcoholism;

(3) attend or reside in a facility established for the instruction or residence of persons on probation or parole;

(4) support his dependents;

(5) (blank); report--to--an--agent--of--the--Department--of--Corrections;

(6) (blank); permit--the-agent-to-visit-him-at-his-home-or

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~~elsewhere to the extent necessary to discharge his duties;~~

(7) comply with the terms and conditions of an order of protection issued pursuant to the Illinois Domestic Violence Act of 1986, enacted by the 84th General Assembly, or an order of protection issued by the court of another state, tribe, or United States territory; ~~and~~

(8) ~~and~~, in addition, if a minor:

- (i) reside with his parents or in a foster home;
- (ii) attend school;
- (iii) attend a non-residential program for youth; or
- (iv) contribute to his own support at home or in a foster home.

(c) The conditions under which the parole or mandatory supervised release is to be served shall be communicated to the person in writing prior to his release, and he shall sign the same before release. A signed copy of these conditions, including a copy of an order of protection where one had been issued by the criminal court, shall be retained by the person and another copy forwarded to the officer in charge of his supervision.

(d) After a hearing under Section 3-3-9, the Prisoner Review Board may modify or enlarge the conditions of parole or mandatory supervised release.

(e) The Department shall inform all offenders committed to the Department of the optional services available to them upon release and shall assist inmates in availing themselves of such optional services upon their release on a voluntary basis.

(Source: P.A. 91-903, eff. 1-1-01.)

(730 ILCS 5/3-3-9) (from Ch. 38, par. 1003-3-9)

Sec. 3-3-9. Violations; changes of conditions; preliminary hearing; revocation of parole or mandatory supervised release; revocation hearing.

(a) If prior to expiration or termination of the term of parole or mandatory supervised release, a person violates a condition set by the Prisoner Review Board or a condition of parole or mandatory supervised release under Section 3-3-7 of this Code to govern that term, the Board may:

(1) continue the existing term, with or without modifying or enlarging the conditions; or

(2) parole or release the person to a half-way house; or

(3) revoke the parole or mandatory supervised release and reconfine the person for a term computed in the following manner:

(i) (A) For those sentenced under the law in effect prior to this amendatory Act of 1977, the recommitment shall be for any portion of the imposed maximum term of imprisonment or confinement which had not been served at the time of parole and the parole term, less the time elapsed between the parole of the person and the commission of the violation for which parole was revoked;

(B) For those subject to mandatory supervised release under paragraph (d) of Section 5-8-1 of this Code, the recommitment shall be for the total mandatory supervised release term, less the time elapsed between the release of the person and the commission of the violation for which mandatory supervised release is revoked. The Board may also order that a prisoner serve up to one year of the sentence imposed by the court which was not served due to the accumulation of good conduct credit.

(ii) the person shall be given credit against the term of reimprisonment or reconfinement for time spent in custody since he was paroled or released which has not been credited

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against another sentence or period of confinement;

(iii) persons committed under the Juvenile Court Act or the Juvenile Court Act of 1987 shall be recommitted until the age of 21;

(iv) this Section is subject to the release under supervision and the reparole and rerelease provisions of Section 3-3-10.

(b) The Board may revoke parole or mandatory supervised release for violation of a condition for the duration of the term and for any further period which is reasonably necessary for the adjudication of matters arising before its expiration. The issuance of a warrant of arrest for an alleged violation of the conditions of parole or mandatory supervised release shall toll the running of the term until the final determination of the charge, but where parole or mandatory supervised release is not revoked that period shall be credited to the term.

(c) A person charged with violating a condition of parole or mandatory supervised release shall have a preliminary hearing before a hearing officer designated by the Board to determine if there is cause to hold the person for a revocation hearing. However, no preliminary hearing need be held when revocation is based upon new criminal charges and a court finds probable cause on the new criminal charges or when the revocation is based upon a new criminal conviction and a certified copy of that conviction is available.

(d) Parole or mandatory supervised release shall not be revoked without written notice to the offender setting forth the violation of parole or mandatory supervised release charged against him.

(e) A hearing on revocation shall be conducted before at least one member of the Prisoner Review Board. The Board may meet and order its actions in panels of 3 or more members. The action of a majority of the panel shall be the action of the Board. In consideration of persons committed to the Juvenile Division, the member hearing the matter and at least a majority of the panel shall be experienced in juvenile matters. A record of the hearing shall be made. At the hearing the offender shall be permitted to:

- (1) appear and answer the charge; and
- (2) bring witnesses on his behalf.

(f) The Board shall either revoke parole or mandatory supervised release or order the person's term continued with or without modification or enlargement of the conditions.

(g) Parole or mandatory supervised release shall not be revoked for failure to make payments under the conditions of parole or release unless the Board determines that such failure is due to the offender's willful refusal to pay.
(Source: P.A. 85-1209.)".

There being no further amendments, the bill, as amended, was ordered to a third reading.

On motion of Senator Rauschenberger, House Bill No. 3078 was taken up, read by title a second time and ordered to a third reading.

On motion of Senator Cullerton, House Bill No. 3262 was taken up, read by title a second time and ordered to a third reading.

On motion of Senator Peterson, House Bill No. 3288 having been printed, was taken up and read by title a second time.

The following amendment was offered in the Committee on Revenue, adopted and ordered printed:

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AMENDMENT NO. 1

AMENDMENT NO. 1. Amend House Bill 3288 by replacing everything after the enacting clause with the following:

"Section 5. The Illinois Income Tax Act is amended by changing Sections 201, 202, 203, 209, 303, 502, 506, 701, 710, 905, 911, and 1501 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 year.

(2) 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, an amount equal to 3% of the taxpayer's net income for the taxable year.

(4) (Blank).

(5) (Blank).

(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, an amount equal to 4.8% of the taxpayer's net income for the taxable year.

(c) 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

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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% 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 as complying with the requirements specified in clause (i) and (ii) by July 1, 1986. The Department of Commerce and Community Affairs 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;

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(D) is used in Illinois by a taxpayer who is primarily engaged in manufacturing, or in mining coal or fluorite, or in retailing; 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 or services rendered in conjunction with the sale of tangible consumer goods or commodities.

(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, 2003, except for costs incurred pursuant to a binding contract entered into on or before December 31, 2003.

(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.

(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. 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 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 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

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service in the Enterprise 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 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.

(g) Jobs Tax Credit; Enterprise Zone and Foreign Trade Zone or Sub-Zone.

(1) A taxpayer conducting a trade or business in an enterprise zone or a High Impact Business designated by the Department of Commerce and Community Affairs conducting a trade or business in a federally designated Foreign Trade Zone or Sub-Zone shall be allowed a credit against the tax imposed by subsections (a) and (b) of this Section in the amount of \$500 per eligible employee hired to work in the zone during the taxable year.

(2) To qualify for the credit:

(A) the taxpayer must hire 5 or more eligible employees to work in an enterprise zone or federally designated Foreign Trade Zone or Sub-Zone during the taxable year;

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

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

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

(A) Certified by the Department of Commerce and Community Affairs as "eligible for services" pursuant to regulations promulgated in accordance with Title II of the Job Training Partnership Act, Training Services for the Disadvantaged or Title III of the Job Training Partnership Act, Employment and Training Assistance for Dislocated Workers Program.

(B) Hired after the enterprise zone or federally designated Foreign Trade Zone or Sub-Zone was designated or the trade or business was located in that zone, whichever is later.

(C) Employed in the enterprise zone or Foreign Trade Zone or Sub-Zone. An employee is employed in an enterprise

zone or federally designated Foreign Trade Zone or Sub-Zone if his services are rendered there or it is the base of operations for the services performed.

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

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

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

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

(h) Investment credit; High Impact Business.

(1) Subject to subsection (b) 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 Community Affairs designated High Impact Business. The credit shall be .5% of the basis for such property. The credit shall not be available until the minimum investments in qualified property set forth in Section 5.5 of the Illinois Enterprise Zone Act have been satisfied 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 minimum investments shall be taken in the taxable year in which such minimum investments have been completed. The credit for additional investments beyond the minimum investment by a designated high impact business 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

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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) 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

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following the excess credit year. 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 subsection (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, a taxpayer shall be allowed a credit against the tax imposed by subsection (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.

(k) Research and development credit.

Beginning with tax years ending after July 1, 1990, 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

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base period, "qualifying expenditures for the base period" means 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 5 taxable years or until it has been fully used, whichever occurs first.

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.

Unless extended by law, the credit shall not include costs incurred after December 31, 2004, except for costs incurred pursuant to a binding contract entered into on or before December 31, 2004.

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.

(1) 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 those 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

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any site contained in an enterprise zone as determined by the Department of Commerce and Community Affairs. 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 of 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

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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.

(Source: P.A. 90-123, eff. 7-21-97; 90-458, eff. 8-17-97; 90-605, eff. 6-30-98; 90-655, eff. 7-30-98; 90-717, eff. 8-7-98; 90-792, eff. 1-1-99; 91-9, eff. 1-1-00; 91-357, eff. 7-29-99; 91-643, eff. 8-20-99; 91-644, eff. 8-20-99; 91-860, eff. 6-22-00; 91-913, eff. 1-1-01; revised 10-24-00.)

(35 ILCS 5/202) (from Ch. 120, par. 2-202)

Sec. 202. Net Income Defined. In general. For purposes of this Act, a taxpayer's net income for a taxable year shall be that portion of his base income for such year ~~except money and other benefits, other than salary, received by a driver in a ridesharing arrangement using a motor vehicle,~~ which is allocable to this State under the provisions of Article 3, less the standard exemption allowed by Section 204 and the deduction allowed by Section 207.

(Source: P.A. 85-731.)

(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; and

(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;

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

(E) 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 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 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;

(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 an Enterprise Zone or zones created under the Illinois Enterprise Zone Act, and conducts substantially all of its operations in an Enterprise Zone or zones;

(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

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265(2) of the Internal Revenue Code of 1954, as now or hereafter amended, and all amounts of expenses allocable to interest and disallowed as deductions by Section 265(1) of the Internal Revenue Code of 1954, as now or hereafter amended; 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; 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 of 1986;

(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 of 1986, 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; and

(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; and

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

(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

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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 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; and

(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;

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, as now or hereafter amended, and all amounts of expenses allocable to interest and disallowed as deductions by Section 265(a)(1) of the Internal Revenue Code, as now or hereafter amended; 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; 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 an Enterprise Zone or zones created under the Illinois Enterprise Zone Act and conducts substantially all of its operations in an Enterprise Zone or zones;

(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 Enterprise Zone Investment Credit. To determine the portion of a loan or loans that is secured by property eligible for a Section ~~201(f)~~ ~~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(f)~~ ~~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 the Enterprise 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

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loan attributable to the eligible property as calculated under the previous sentence;

(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) 201(i) 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) 201(i) 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 Community Affairs under Section 11 of the Illinois Enterprise Zone Act;

(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 964 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; 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, 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;

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

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(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 of 1986;

(R) 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; and

(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.

(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, shall mean the gross investment income for the taxable year.

(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:

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(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; and

(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;

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, as now or hereafter amended, and all amounts of expenses allocable to interest and disallowed as deductions by Section 265(1) of the Internal Revenue Code of 1954, as now or hereafter amended; 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; 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 an Enterprise Zone or zones created under the Illinois Enterprise Zone Act and conducts substantially all of its operations in an Enterprise Zone or Zones;

(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 of 1986; and

(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

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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.

(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; and

(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;

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;

(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;

(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 of 1954, as now or hereafter amended, and all amounts of expenses allocable to interest and disallowed as deductions by Section 265(1) of the Internal Revenue Code, as now or hereafter amended; 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; 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 an Enterprise Zone or zones created under the Illinois Enterprise Zone Act, enacted by the 82nd General Assembly, and conducts substantially all of its operations which does not conduct such operations other than in an Enterprise Zone or Zones;

(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); and

(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 of 1986.

(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

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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;

(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.

(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. 90-491, eff. 1-1-98; 90-717, eff. 8-7-98; 90-770, eff. 8-14-98; 91-192, eff. 7-20-99; 91-205, eff. 7-20-99; 91-357, eff. 7-29-99; 91-541, eff. 8-13-99; 91-676, eff. 12-23-99; 91-845, eff. 6-22-00; 91-913, eff. 1-1-01; revised 1-15-01.)

(35 ILCS 5/209)

Sec. 209. Tax Credit for "TECH-PREP" youth vocational programs.

(a) Beginning with tax years ending on or after June 30, 1995,

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every taxpayer who is primarily engaged in manufacturing is allowed a credit against the tax imposed by subsections (a) and (b) of Section 201 in an amount equal to 20% of the taxpayer's direct payroll expenditures for which a credit has not already been claimed under subsection (j) of Section 201 of this Act, in the tax year for which the credit is claimed, for cooperative secondary school youth vocational programs in Illinois which are certified as qualifying TECH-PREP programs by the State Board of Education and the Department of Revenue because the programs prepare students to be technically skilled workers and meet the performance standards of business and industry and the admission standards of higher education. The credit may also be claimed for personal services rendered to the taxpayer by a TECH-PREP student or instructor (i) which would be subject to the provisions of Article 7 of this Act if the student or instructor was an employee of the taxpayer and (ii) for which no credit under this Section is claimed by another taxpayer.

(b) 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 2 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.

(c) A taxpayer claiming the credit provided by this Section shall maintain and record such information regarding its participation in a qualifying TECH-PREP program as the Department may require by regulation. When claiming the credit provided by this Section, the taxpayer shall provide such information regarding the taxpayer's participation in a qualifying TECH-PREP program as the Department of Revenue may require by regulation.

(d) This Section does not apply to those programs with national standards that have been or in the future are approved by the U.S. Department of Labor, Bureau of Apprenticeship Training or any federal agency succeeding to the responsibilities of that Bureau.

(Source: P.A. 88-505; 89-399, eff. 8-20-95.)

(35 ILCS 5/303) (from Ch. 120, par. 3-303)

Sec. 303. Nonbusiness income of persons other than residents.

(a) In general. Any item of capital gain or loss, and any item of income from rents or royalties from real or tangible personal property, interest, dividends, and patent or copyright royalties, and prizes awarded under the Illinois Lottery Law, to the extent such item constitutes nonbusiness income, together with any item of deduction directly allocable thereto, shall be allocated by any person other than a resident as provided in this Section.

(b) Capital gains and losses. (1) Real property. Capital gains and losses from sales or exchanges of real property are allocable to this State if the property is located in this State.

(2) Tangible personal property. Capital gains and losses from sales or exchanges of tangible personal property are allocable to this State if, at the time of such sale or exchange:

(A) The property had its situs in this State; or

(B) The taxpayer had its commercial domicile in this State and was not taxable in the state in which the property had its situs.

(3) Intangibles. Capital gains and losses from sales or exchanges of intangible personal property are allocable to this State if the taxpayer had its commercial domicile in this State at the time of such sale or exchange.

(c) Rents and royalties. (1) Real property. Rents and royalties from real property are allocable to this State if the property is located in this State.

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(2) Tangible personal property. Rents and royalties from tangible personal property are allocable to this State:

(A) If and to the extent that the property is utilized in this State; or

(B) In their entirety if, at the time such rents or royalties were paid or accrued, the taxpayer had its commercial domicile in this State and was not organized under the laws of or taxable with respect to such rents or royalties in the state in which the property was utilized. The extent of utilization of tangible personal property in a state is determined by multiplying the rents or royalties derived from such property by a fraction, the numerator of which is the number of days of physical location of the property in the state during the rental or royalty period in the taxable year and the denominator of which is the number of days of physical location of the property everywhere during all rental or royalty periods in the taxable year. If the physical location of the property during the rental or royalty period is unknown or unascertainable by the taxpayer, tangible personal property is utilized in the state in which the property was located at the time the rental or royalty payer obtained possession.

(d) Patent and copyright royalties.

(1) Allocation. Patent and copyright royalties are allocable to this State:

(A) If and to the extent that the patent or copyright is utilized by the payer in this State; or

(B) If and to the extent that the patent or copyright is utilized by the payer in a state in which the taxpayer is not taxable with respect to such royalties and, at the time such royalties were paid or accrued, the taxpayer had its commercial domicile in this State.

(2) Utilization.

(A) 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 the basis of receipts from patent royalties does not permit allocation to states or if the accounting procedures do not reflect states of utilization, the patent is utilized in this State if the taxpayer has its commercial domicile in this State.

(B) A copyright is utilized in a state to the extent that printing or other publication originates in the state. If the basis of receipts from copyright royalties does not permit allocation to states or if the accounting procedures do not reflect states of utilization, the copyright is utilized in this State if the taxpayer has its commercial domicile in this State.

(e) Illinois lottery, wagering, and gambling winnings prizes. Prizes awarded under the "Illinois Lottery Law"~~7--approved--December 14,--1973,~~ are allocable to this State. Payments made after December 31, 2001, of winnings from pari-mutuel wagering conducted at a wagering facility licensed under the Illinois Horse Racing Act of 1975 or from gambling games conducted on a riverboat licensed under the Riverboat Gambling Act are allocable to this State.

(f) Taxability in other state. For purposes of allocation of income pursuant to this Section, a taxpayer is taxable in another state if:

(1) In that state he is subject to a net income tax, a franchise tax measured by net income, a franchise tax for the privilege of doing business, or a corporate stock tax; or

(2) That state has jurisdiction to subject the taxpayer to a net income tax regardless of whether, in fact, the state does or does

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not.

(g) Cross references. (1) For allocation of interest and dividends by persons other than residents, see Section 301(c)(2).

(2) For allocation of nonbusiness income by residents, see Section 301(a).

(Source: P.A. 79-743.)

(35 ILCS 5/502) (from Ch. 120, par. 5-502)

Sec. 502. Returns and notices.

(a) In general. A return with respect to the taxes imposed by this Act shall be made by every person for any taxable year:

(1) For which such person is liable for a tax imposed by this Act, or

(2) In the case of a resident or in the case of a corporation which is qualified to do business in this State, for which such person is required to make a federal income tax return, regardless of whether such person is liable for a tax imposed by this Act. However, this paragraph shall not require a resident to make a return if such person has an Illinois base income of the basic amount in Section 204(b) or less and is either claimed as a dependent on another person's tax return under the Internal Revenue Code of 1986, or is claimed as a dependent on another person's tax return under this Act.

(b) Fiduciaries and receivers.

(1) Decedents. If an individual is deceased, any return or notice required of such individual under this Act shall be made by his executor, administrator, or other person charged with the property of such decedent.

(2) Individuals under a disability. If an individual is unable to make a return or notice required under this Act, the return or notice required of such individual shall be made by his duly authorized agent, guardian, fiduciary or other person charged with the care of the person or property of such individual.

(3) Estates and trusts. Returns or notices required of an estate or a trust shall be made by the fiduciary thereof.

(4) Receivers, trustees and assignees for corporations. In a case where a receiver, trustee in bankruptcy, or assignee, by order of a court of competent jurisdiction, by operation of law, or otherwise, has possession of or holds title to all or substantially all the property or business of a corporation, whether or not such property or business is being operated, such receiver, trustee, or assignee shall make the returns and notices required of such corporation in the same manner and form as corporations are required to make such returns and notices.

(c) Joint returns by husband and wife.

(1) Except as provided in paragraph (3), if a husband and wife file a joint federal income tax return for a taxable year they shall file a joint return under this Act for such taxable year and their liabilities shall be joint and several, but if the federal income tax liability of either spouse is determined on a separate federal income tax return, they shall file separate returns under this Act.

(2) If neither spouse is required to file a federal income tax return and either or both are required to file a return under this Act, they may elect to file separate or joint returns and pursuant to such election their liabilities shall be separate or joint and several.

(3) If either husband or wife is a resident and the other is a nonresident, they shall file separate returns in this State on such forms as may be required by the Department in which event

their tax liabilities shall be separate; but they may elect to determine their joint net income and file a joint return as if both were residents and in such case, their liabilities shall be joint and several.

(4) Innocent spouses.

(A) However, for tax liabilities arising and paid prior to ~~August 13, 1999 the effective date of this amendatory Act of the 91st General Assembly~~, an innocent spouse shall be relieved of liability for tax (including interest and penalties) for any taxable year for which a joint return has been made, upon submission of proof that the Internal Revenue Service has made a determination under Section 6013(e) of the Internal Revenue Code, for the same taxable year, which determination relieved the spouse from liability for federal income taxes. If there is no federal income tax liability at issue for the same taxable year, the Department shall rely on the provisions of Section 6013(e) to determine whether the person requesting innocent spouse abatement of tax, penalty, and interest is entitled to that relief.

(B) For tax liabilities arising on and after August 13, 1999 ~~the effective date of this amendatory Act of the 91st General Assembly~~ or which arose prior to that effective date, but remain unpaid as of that ~~the effective date~~, if an individual who filed a joint return for any taxable year has made an election under this paragraph, the individual's liability for any tax shown on the joint return shall not exceed the individual's separate return amount and the individual's liability for any deficiency assessed for that taxable year shall not exceed the portion of the deficiency properly allocable to the individual. For purposes of this paragraph:

(i) An election properly made pursuant to Section 6015 of the Internal Revenue Code shall constitute an election under this paragraph, provided that the election shall not be effective until the individual has notified the Department of the election in the form and manner prescribed by the Department.

(ii) If no election has been made under Section 6015, the individual may make an election under this paragraph in the form and manner prescribed by the Department, provided that no election may be made if the Department finds that assets were transferred between individuals filing a joint return as part of a scheme by such individuals to avoid payment of Illinois income tax and the election shall not eliminate the individual's liability for any portion of a deficiency attributable to an error on the return of which the individual had actual knowledge as of the date of filing.

(iii) In determining the separate return amount or portion of any deficiency attributable to an individual, the Department shall follow the provisions in subsections (c) and (d) of Section 6015 ~~6015(b) and (e)~~ of the Internal Revenue Code.

(iv) In determining the validity of an individual's election under subparagraph (ii) and in determining an electing individual's separate return amount or portion of any deficiency under subparagraph (iii), any determination made by the Secretary of the Treasury, by the United States Tax Court on petition

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for review of a determination by the Secretary of the Treasury, or on appeal from the United States Tax Court under Section 6015 6015(a) of the Internal Revenue Code regarding criteria for eligibility or under subsection (d) of Section 6015 6015(b)--or-(e) of the Internal Revenue Code regarding the allocation of any item of income, deduction, payment, or credit between an individual making the federal election and that individual's spouse shall be conclusively presumed to be correct. With respect to any item that is not the subject of a determination by the Secretary of the Treasury or the federal courts, in any proceeding involving this subsection, the individual making the election shall have the burden of proof with respect to any item except that the Department shall have the burden of proof with respect to items in subdivision (ii).

(v) Any election made by an individual under this subsection shall apply to all years for which that individual and the spouse named in the election have filed a joint return.

(vi) After receiving a notice that the federal election has been made or after receiving an election under subdivision (ii), the Department shall take no collection action against the electing individual for any liability arising from a joint return covered by the election until the Department has notified the electing individual in writing that the election is invalid or of the portion of the liability the Department has allocated to the electing individual. Within 60 days (150 days if the individual is outside the United States) after the issuance of such notification, the individual may file a written protest of the denial of the election or of the Department's determination of the liability allocated to him or her and shall be granted a hearing within the Department under the provisions of Section 908. If a protest is filed, the Department shall take no collection action against the electing individual until the decision regarding the protest has become final under subsection (d) of Section 908 or, if administrative review of the Department's decision is requested under Section 1201, until the decision of the court becomes final.

(d) Partnerships. Every partnership having any base income allocable to this State in accordance with section 305(c) shall retain information concerning all items of income, gain, loss and deduction; the names and addresses of all of the partners, or names and addresses of members of a limited liability company, or other persons who would be entitled to share in the base income of the partnership if distributed; the amount of the distributive share of each; and such other pertinent information as the Department may by forms or regulations prescribe. The partnership shall make that information available to the Department when requested by the Department.

(e) For taxable years ending on or after December 31, 1985, and before December 31, 1993, taxpayers that are corporations (other than Subchapter S corporations) having the same taxable year and that are members of the same unitary business group may elect to be treated as one taxpayer for purposes of any original return, amended return which includes the same taxpayers of the unitary group which joined

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in the election to file the original return, extension, claim for refund, assessment, collection and payment and determination of the group's tax liability under this Act. This subsection (e) does not permit the election to be made for some, but not all, of the purposes enumerated above. For taxable years ending on or after December 31, 1987, corporate members (other than Subchapter S corporations) of the same unitary business group making this subsection (e) election are not required to have the same taxable year.

For taxable years ending on or after December 31, 1993, taxpayers that are corporations (other than Subchapter S corporations) and that are members of the same unitary business group shall be treated as one taxpayer for purposes of any original return, amended return which includes the same taxpayers of the unitary group which joined in filing the original return, extension, claim for refund, assessment, collection and payment and determination of the group's tax liability under this Act.

(f) The Department may promulgate regulations to permit nonresident individual partners of the same partnership, nonresident Subchapter S corporation shareholders of the same Subchapter S corporation, and nonresident individuals transacting an insurance business in Illinois under a Lloyds plan of operation, and nonresident individual members of the same limited liability company that is treated as a partnership under Section 1501 (a)(16) of this Act, to file composite individual income tax returns reflecting the composite income of such individuals allocable to Illinois and to make composite individual income tax payments. The Department may by regulation also permit such composite returns to include the income tax owed by Illinois residents attributable to their income from partnerships, Subchapter S corporations, insurance businesses organized under a Lloyds plan of operation, or limited liability companies that are treated as partnership under Section 1501 (a)(16) of this Act, in which case such Illinois residents will be permitted to claim credits on their individual returns for their shares of the composite tax payments. This paragraph of subsection (f) applies to taxable years ending on or after December 31, 1987.

For taxable years ending on or after December 31, 1999, the Department may, by regulation, also permit any persons transacting an insurance business organized under a Lloyds plan of operation to file composite returns reflecting the income of such persons allocable to Illinois and the tax rates applicable to such persons under Section 201 and to make composite tax payments and shall, by regulation, also provide that the income and apportionment factors attributable to the transaction of an insurance business organized under a Lloyds plan of operation by any person joining in the filing of a composite return shall, for purposes of allocating and apportioning income under Article 3 of this Act and computing net income under Section 202 of this Act, be excluded from any other income and apportionment factors of that person or of any unitary business group, as defined in subdivision (a)(27) of Section 1501, to which that person may belong.

(g) The Department may adopt rules to authorize the electronic filing of any return required to be filed under this Section. (Source: P.A. 90-613, eff. 7-9-98; 91-541, eff. 8-13-99; 91-913, eff. 1-1-01.)

(35 ILCS 5/506) (from Ch. 120, par. 5-506)
Sec. 506. Federal Returns.

(a) In general. Any person required to make a return for a taxable year under this Act may, at any time that a deficiency could be assessed or a refund claimed under this Act in respect of any item reported or properly reportable on such return or any amendment thereof, be required to furnish to the Department a true and correct

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copy of any return which may pertain to such item and which was filed by such person under the provisions of the Internal Revenue Code.

(b) Changes affecting federal income tax. A person shall notify the Department if: In-the-event

(1) the taxable income, any item of income or deduction, the income tax liability, or any tax credit reported in a federal income tax return of that any person for any year is altered by amendment of such return or as a result of any other recomputation or redetermination of federal taxable income or loss, and such alteration reflects a change or settlement with respect to any item or items, affecting the computation of such person's net income, net loss, or of any credit provided by Article 2 of this Act for any year under this Act, or in the number of personal exemptions allowable to such person under Section 151 of the Internal Revenue Code, or

(2) the amount of tax required to be withheld by that person from compensation paid to employees and required to be reported by that person on a federal return is altered by amendment of the return or by any other recomputation or redetermination that is agreed to or finally determined on or after January 1, 2002, and the alteration affects the amount of compensation subject to withholding by that person under Section 701 of this Act such-person-shall-notify-the-Department--of--such alteration.

Such notification shall be in the form of an amended return or such other form as the Department may by regulations prescribe, shall contain the person's name and address and such other information as the Department may by regulations prescribe, shall be signed by such person or his duly authorized representative, and shall be filed not later than 120 days after such alteration has been agreed to or finally determined for federal income tax purposes or any federal income tax deficiency or refund, tentative carryback adjustment, abatement or credit resulting therefrom has been assessed or paid, whichever shall first occur.

(Source: P.A. 90-491, eff. 1-1-98.)

(35 ILCS 5/701) (from Ch. 120, par. 7-701)

Sec. 701. Requirement and Amount of Withholding.

(a) In General. Every employer maintaining an office or transacting business within this State and required under the provisions of the Internal Revenue Code to withhold a tax on:

(1) compensation paid in this State (as determined under Section 304 (a) (2) (B) to an individual; or

(2) payments described in subsection (b) shall deduct and withhold from such compensation for each payroll period (as defined in Section 3401 of the Internal Revenue Code) an amount equal to the amount by which such individual's compensation exceeds the proportionate part of this withholding exemption (computed as provided in Section 702) attributable to the payroll period for which such compensation is payable multiplied by a percentage equal to the percentage tax rate for individuals provided in subsection (b) of Section 201.

(b) Payment to Residents.

Any payment (including compensation) to a resident by a payor maintaining an office or transacting business within this State (including any agency, officer, or employee of this State or of any political subdivision of this State) and on which withholding of tax is required under the provisions of the Internal Revenue Code shall be deemed to be compensation paid in this State by an employer to an employee for the purposes of Article 7 and Section 601 (b) (1) to the extent such payment is included in the recipient's base income and

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not subjected to withholding by another state.

(c) Special Definitions.

Withholding shall be considered required under the provisions of the Internal Revenue Code to the extent the Internal Revenue Code either requires withholding or allows for voluntary withholding the payor and recipient have entered into such a voluntary withholding agreement. For the purposes of Article 7 and Section 1002 (c) the term "employer" includes any payor who is required to withhold tax pursuant to this Section.

(d) Reciprocal Exemption.

The Director may enter into an agreement with the taxing authorities of any state which imposes a tax on or measured by income to provide that compensation paid in such state to residents of this State shall be exempt from withholding of such tax; in such case, any compensation paid in this State to residents of such state shall be exempt from withholding. All reciprocal agreements shall be subject to the requirements of Section 2505-575 of the Department of Revenue Law (20 ILCS 2505/2505-575).

(e) Notwithstanding subsection (a) (2) of this Section, no withholding is required on payments for which withholding is required under Section 3405 or 3406 of the Internal Revenue Code of 1954.

(Source: P.A. 90-491, eff. 1-1-98; 91-239, eff. 1-1-00.)

(35 ILCS 5/710) (from Ch. 120, par. 7-710)

Sec. 710. Withholding from lottery, wagering, and gambling winnings.

(a) In General.

(1) Any person making a payment to a resident or nonresident of winnings under the Illinois Lottery Law and not required to withhold Illinois income tax from such payment under Subsection (b) of Section 701 of this Act because those winnings are not subject to federal income tax withholding, must withhold Illinois income tax from such payment at a rate equal to the percentage tax rate for individuals provided in subsection (b) of Section 201, provided that withholding is not required if such payment of winnings is less than \$2,000 (\$1,000, for payments made before January 1, 2002).

(2) Any person making a payment after December 31, 2001 to a resident or nonresident of winnings from pari-mutuel wagering conducted at a wagering facility licensed under the Illinois Horse Racing Act of 1975 or from gambling games conducted on a riverboat licensed under the Riverboat Gambling Act, and not required to withhold Illinois income tax from such payment under subsection (b) of Section 701 of this Act because those winnings are not subject to federal income tax withholding, must withhold Illinois income tax from such payment at a rate equal to the percentage tax rate for individuals provided in subsection (b) of Section 201, provided that withholding is not required if such payment of winnings is less than \$2,000.

(b) Credit for taxes withheld. Any amount withheld under Subsection (a) shall be a credit against the Illinois income tax liability of the person to whom the payment of winnings was made for the taxable year in which that person incurred an Illinois income tax liability with respect to those winnings.

(Source: P.A. 85-731.)

(35 ILCS 5/905) (from Ch. 120, par. 9-905)

Sec. 905. Limitations on Notices of Deficiency.

(a) In general. Except as otherwise provided in this Act:

(1) A notice of deficiency shall be issued not later than 3 years after the date the return was filed, and

(2) No deficiency shall be assessed or collected with

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respect to the year for which the return was filed unless such notice is issued within such period.

(b) Omission of more than 25% of income. If the taxpayer omits from base income an amount properly includible therein which is in excess of 25% of the amount of base income stated in the return, a notice of deficiency may be issued not later than 6 years after the return was filed. For purposes of this paragraph, there shall not be taken into account any amount which is omitted in the return if such amount is disclosed in the return, or in a statement attached to the return, in a manner adequate to apprise the Department of the nature and the amount of such item.

(c) No return or fraudulent return. If no return is filed or a false and fraudulent return is filed with intent to evade the tax imposed by this Act, a notice of deficiency may be issued at any time.

(d) Failure to report federal change. If a taxpayer fails to notify the Department in any case where notification is required by Section 304(c) or 506(b), or fails to report a change or correction which is treated in the same manner as if it were a deficiency for federal income tax purposes, a notice of deficiency may be issued (i) at any time or (ii) on or after August 13, 1999 ~~the effective date of this amendatory Act of the 91st General Assembly~~, at any time for the taxable year for which the notification is required or for any taxable year to which the taxpayer may carry an Article 2 credit, or a Section 207 loss, earned, incurred, or used in the year for which the notification is required; provided, however, that the amount of any proposed assessment set forth in the notice shall be limited to the amount of any deficiency resulting under this Act from the recomputation of the taxpayer's net income, Article 2 credits, or Section 207 loss earned, incurred, or used in the taxable year for which the notification is required after giving effect to the item or items required to be reported.

(e) Report of federal change.

(1) ~~Before August 13, 1999 the effective date of this amendatory Act of the 91st General Assembly~~, in any case where notification of an alteration is given as required by Section 506(b), a notice of deficiency may be issued at any time within 2 years after the date such notification is given, provided, however, that the amount of any proposed assessment set forth in such notice shall be limited to the amount of any deficiency resulting under this Act from recomputation of the taxpayer's net income, net loss, or Article 2 credits for the taxable year after giving effect to the item or items reflected in the reported alteration.

(2) On and after August 13, 1999 ~~the effective date of this amendatory Act of the 91st General Assembly~~, in any case where notification of an alteration is given as required by Section 506(b), a notice of deficiency may be issued at any time within 2 years after the date such notification is given for the taxable year for which the notification is given or for any taxable year to which the taxpayer may carry an Article 2 credit, or a Section 207 loss, earned, incurred, or used in the year for which the notification is given, provided, however, that the amount of any proposed assessment set forth in such notice shall be limited to the amount of any deficiency resulting under this Act from recomputation of the taxpayer's net income, Article 2 credits, or Section 207 loss earned, incurred, or used in the taxable year for which the notification is given after giving effect to the item or items reflected in the reported alteration.

(f) Extension by agreement. Where, before the expiration of the

time prescribed in this section for the issuance of a notice of deficiency, both the Department and the taxpayer shall have consented in writing to its issuance after such time, such notice may be issued at any time prior to the expiration of the period agreed upon. In the case of a taxpayer who is a partnership, Subchapter S corporation, or trust and who enters into an agreement with the Department pursuant to this subsection on or after January 1, 2002, a notice of deficiency may be issued to the partners, shareholders, or beneficiaries of the taxpayer at any time prior to the expiration of the period agreed upon. Any proposed assessment set forth in the notice, however, shall be limited to the amount of any deficiency resulting under this Act from recomputation of items of income, deduction, credits, or other amounts of the taxpayer that are taken into account by the partner, shareholder, or beneficiary in computing its liability under this Act. The period so agreed upon may be extended by subsequent agreements in writing made before the expiration of the period previously agreed upon.

(g) Erroneous refunds. In any case in which there has been an erroneous refund of tax payable under this Act, a notice of deficiency may be issued at any time within 2 years from the making of such refund, or within 5 years from the making of such refund if it appears that any part of the refund was induced by fraud or the misrepresentation of a material fact, provided, however, that the amount of any proposed assessment set forth in such notice shall be limited to the amount of such erroneous refund.

Beginning July 1, 1993, in any case in which there has been a refund of tax payable under this Act attributable to a net loss carryback as provided for in Section 207, and that refund is subsequently determined to be an erroneous refund due to a reduction in the amount of the net loss which was originally carried back, a notice of deficiency for the erroneous refund amount may be issued at any time during the same time period in which a notice of deficiency can be issued on the loss year creating the carryback amount and subsequent erroneous refund. The amount of any proposed assessment set forth in the notice shall be limited to the amount of such erroneous refund.

(h) Time return deemed filed. For purposes of this Section a tax return filed before the last day prescribed by law (including any extension thereof) shall be deemed to have been filed on such last day.

(i) Request for prompt determination of liability. For purposes of Subsection (a)(1), in the case of a tax return required under this Act in respect of a decedent, or by his estate during the period of administration, or by a corporation, the period referred to in such Subsection shall be 18 months after a written request for prompt determination of liability is filed with the Department (at such time and in such form and manner as the Department shall by regulations prescribe) by the executor, administrator, or other fiduciary representing the estate of such decedent, or by such corporation, but not more than 3 years after the date the return was filed. This Subsection shall not apply in the case of a corporation unless:

(1) (A) Such written request notifies the Department that the corporation contemplates dissolution at or before the expiration of such 18-month period, (B) the dissolution is begun in good faith before the expiration of such 18-month period, and (C) the dissolution is completed;

(2) (A) Such written request notifies the Department that a dissolution has in good faith been begun, and (B) the dissolution is completed; or

(3) A dissolution has been completed at the time such

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written request is made.

(j) Withholding tax. In the case of returns required under Article 7 of this Act (with respect to any amounts withheld as tax or any amounts required to have been withheld as tax) a notice of deficiency shall be issued not later than 3 years after the 15th day of the 4th month following the close of the calendar year in which such withholding was required.

(k) Penalties for failure to make information reports. A notice of deficiency for the penalties provided by Subsection 1405.1(c) of this Act may not be issued more than 3 years after the due date of the reports with respect to which the penalties are asserted.

(l) Penalty for failure to file withholding returns. A notice of deficiency for penalties provided by Section 1004 of this Act for taxpayer's failure to file withholding returns may not be issued more than three years after the 15th day of the 4th month following the close of the calendar year in which the withholding giving rise to taxpayer's obligation to file those returns occurred.

(m) Transferee liability. A notice of deficiency may be issued to a transferee relative to a liability asserted under Section 1405 during time periods defined as follows:

1) Initial Transferee. In the case of the liability of an initial transferee, up to 2 years after the expiration of the period of limitation for assessment against the transferor, except that if a court proceeding for review of the assessment against the transferor has begun, then up to 2 years after the return of the certified copy of the judgment in the court proceeding.

2) Transferee of Transferee. In the case of the liability of a transferee, up to 2 years after the expiration of the period of limitation for assessment against the preceding transferee, but not more than 3 years after the expiration of the period of limitation for assessment against the initial transferor; except that if, before the expiration of the period of limitation for the assessment of the liability of the transferee, a court proceeding for the collection of the tax or liability in respect thereof has been begun against the initial transferor or the last preceding transferee, as the case may be, then the period of limitation for assessment of the liability of the transferee shall expire 2 years after the return of the certified copy of the judgment in the court proceeding.

(n) Notice of decrease in net loss. On and after the effective date of this amendatory Act of the 92nd General Assembly, no notice of deficiency shall be issued as the result of a decrease determined by the Department in the net loss incurred by a taxpayer under Section 207 of this Act unless the Department has notified the taxpayer of the proposed decrease within 3 years after the return reporting the loss was filed or within one year after an amended return reporting an increase in the loss was filed, provided that in the case of an amended return, a decrease proposed by the Department more than 3 years after the original return was filed may not exceed the increase claimed by the taxpayer on the original return.

(Source: P.A. 90-491, eff. 1-1-98; 91-541, eff. 8-13-99.)

(35 ILCS 5/911) (from Ch. 120, par. 9-911)

Sec. 911. Limitations on Claims for Refund.

(a) In general. Except as otherwise provided in this Act:

(1) A claim for refund shall be filed not later than 3 years after the date the return was filed (in the case of returns required under Article 7 of this Act respecting any amounts withheld as tax, not later than 3 years after the 15th day of the 4th month following the close of the calendar year in which such

withholding was made), or one year after the date the tax was paid, whichever is the later; and

(2) No credit or refund shall be allowed or made with respect to the year for which the claim was filed unless such claim is filed within such period.

(b) Federal changes.

(1) In general. In any case where notification of an alteration is required by Section 506 (b), a claim for refund may be filed within 2 years after the date on which such notification was due (regardless of whether such notice was given), but the amount recoverable pursuant to a claim filed under this Section shall be limited to the amount of any overpayment resulting under this Act from recomputation of the taxpayer's net income, net loss, or Article 2 credits for the taxable year after giving effect to the item or items reflected in the alteration required to be reported.

(2) Tentative carryback adjustments paid before January 1, 1974. If, as the result of the payment before January 1, 1974 of a federal tentative carryback adjustment, a notification of an alteration is required under Section 506 (b), a claim for refund may be filed at any time before January 1, 1976, but the amount recoverable pursuant to a claim filed under this Section shall be limited to the amount of any overpayment resulting under this Act from recomputation of the taxpayer's base income for the taxable year after giving effect to the federal alteration resulting from the tentative carryback adjustment irrespective of any limitation imposed in paragraph (1) of this subsection.

(c) Extension by agreement. Where, before the expiration of the time prescribed in this section for the filing of a claim for refund, both the Department and the claimant shall have consented in writing to its filing after such time, such claim may be filed at any time prior to the expiration of the period agreed upon. The period so agreed upon may be extended by subsequent agreements in writing made before the expiration of the period previously agreed upon. In the case of a taxpayer who is a partnership, Subchapter S corporation, or trust and who enters into an agreement with the Department pursuant to this subsection on or after January 1, 2002, a claim for refund may be issued to the partners, shareholders, or beneficiaries of the taxpayer at any time prior to the expiration of the period agreed upon. Any refund allowed pursuant to the claim, however, shall be limited to the amount of any overpayment of tax due under this Act that results from recomputation of items of income, deduction, credits, or other amounts of the taxpayer that are taken into account by the partner, shareholder, or beneficiary in computing its liability under this Act.

(d) Limit on amount of credit or refund.

(1) Limit where claim filed within 3-year period. If the claim was filed by the claimant during the 3-year period prescribed in subsection (a), the amount of the credit or refund shall not exceed the portion of the tax paid within the period, immediately preceding the filing of the claim, equal to 3 years plus the period of any extension of time for filing the return.

(2) Limit where claim not filed within 3-year period. If the claim was not filed within such 3-year period, the amount of the credit or refund shall not exceed the portion of the tax paid during the one year immediately preceding the filing of the claim.

(e) Time return deemed filed. For purposes of this section a tax return filed before the last day prescribed by law for the filing of such return (including any extensions thereof) shall be deemed to

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have been filed on such last day.

(f) No claim for refund based on the taxpayer's taking a credit for estimated tax payments as provided by Section 601 (b) (2) or for any amount paid by a taxpayer pursuant to Section 602(a) or for any amount of credit for tax withheld pursuant to Section 701 may be filed more than 3 years after the due date, as provided by Section 505, of the return which was required to be filed relative to the taxable year for which the payments were made or for which the tax was withheld. The changes in this subsection (f) made by this amendatory Act of 1987 shall apply to all taxable years ending on or after December 31, 1969.

(g) Special Period of Limitation with Respect to Net Loss Carrybacks. If the claim for refund relates to an overpayment attributable to a net loss carryback as provided by Section 207, in lieu of the 3 year period of limitation prescribed in subsection (a), the period shall be that period which ends 3 years after the time prescribed by law for filing the return (including extensions thereof) for the taxable year of the net loss which results in such carryback (or, on and after August 13, 1999 ~~the effective date of this amendatory Act of the 91st General Assembly~~, with respect to a change in the carryover of an Article 2 credit to a taxable year resulting from the carryback of a Section 207 loss incurred in a taxable year beginning on or after January 1, 2000, the period shall be that period that ends 3 years after the time prescribed by law for filing the return (including extensions of that time) for that subsequent taxable year), or the period prescribed in subsection (c) in respect of such taxable year, whichever expires later. In the case of such a claim, the amount of the refund may exceed the portion of the tax paid within the period provided in subsection (d) to the extent of the amount of the overpayment attributable to such carryback. On and after August 13, 1999 ~~the effective date of this amendatory Act of the 91st General Assembly~~, if the claim for refund relates to an overpayment attributable to the carryover of an Article 2 credit, or of a Section 207 loss, earned, incurred (in a taxable year beginning on or after January 1, 2000), or used in a year for which a notification of a change affecting federal taxable income must be filed under subsection (b) of Section 506, the claim may be filed within the period prescribed in paragraph (1) of subsection (b) in respect of the year for which the notification is required. In the case of such a claim, the amount of the refund may exceed the portion of the tax paid within the period provided in subsection (d) to the extent of the amount of the overpayment attributable to the recomputation of the taxpayer's Article 2 credits, or Section 207 loss, earned, incurred, or used in the taxable year for which the notification is given.

(h) Claim for refund based on net loss. On and after the effective date of this amendatory Act of the 92nd General Assembly, no claim for refund shall be allowed to the extent the refund is the result of an amount of net loss incurred under Section 207 of this Act that was not reported to the Department within 3 years of the due date (including extensions) of the return for the loss year on either the original return filed by the taxpayer or on amended return.

(Source: P.A. 90-491, eff. 1-1-98; 91-541, eff. 8-13-99.)

(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 income arising from transactions and activity in the regular

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course of the taxpayer's trade or business, net of the deductions allocable thereto, and includes income from tangible and intangible property if the acquisition, management, and disposition of the property constitute integral parts of the taxpayer's regular trade or business operations. Such term does not include compensation or the deductions allocable thereto. For each taxable year beginning on or after January 1, 2002, 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.

(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 Company Act of 1956 (12 U.S.C. 1841, et seq.), except 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

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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.

(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.

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(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

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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. 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). In no event, however, will 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 unitary business group composed of one or more taxpayers all of which apportion business income pursuant to subsection (b) of Section 304, or all of which apportion business income pursuant to subsection (d) of Section 304, and a holding company of such single-factor taxpayers (see definition of "financial organization" for rule regarding holding companies of financial organizations). 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. 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.

(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. 90-613, eff. 7-9-98; 91-535, eff. 1-1-00; 91-913, eff. 1-1-01.)".

There being no further amendments, the bill, as amended, was ordered to a third reading.

On motion of Senator Burzynski, House Bill No. 3289 having been printed, was taken up and read by title a second time.

The following amendment was offered in the Committee on Revenue, adopted and ordered printed:

AMENDMENT NO. 1

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AMENDMENT NO. 1. Amend House Bill 3289 by replacing everything after the enacting clause with the following:

"Section 5. The Use Tax Act is amended by changing Sections 3-45 and 3-50 and adding Section 3-10.5 as follows:

(35 ILCS 105/3-10.5 new)

Sec. 3-10.5 Direct payment of retailers' occupation tax and applicable local retailers' occupation tax by purchaser; purchaser relieved of paying use tax and local retailers' occupation tax reimbursement liabilities to retailer.

(a) A retailer who makes a retail sale of tangible personal property to a purchaser who provides the retailer with a copy of the purchaser's valid Direct Pay Permit issued under Section 2-10.5 of the Retailers' Occupation Tax Act is not required under Section 3-45 of this Act to collect the tax imposed by this Act on that sale.

(b) A purchaser who makes a purchase from a retailer who would otherwise incur retailers' occupation tax liability on the transaction and who provides the retailer with a copy of a valid Direct Pay Permit issued under Section 2-10.5 of the Retailers' Occupation Tax Act does not incur the tax imposed by this Act on the purchase. The purchaser assumes the retailer's obligation to pay the retailers' occupation tax directly to the Department, including all local retailers' occupation tax liabilities applicable to that retail sale.

(c) A purchaser who makes a purchase from a retailer who would not incur retailers' occupation tax liability on the transaction and who provides the retailer with a copy of a valid Direct Pay Permit issued under Section 2-10.5 of the Retailers' Occupation Tax Act incurs the tax imposed by this Act on the purchase. If, on any transaction, the retailer is entitled under this Act to a discount for collecting and remitting the tax imposed under this Act to the Department, the right to the discount provided in Section 9 of this Act shall be transferred to the Permit holder. If the retailer would not be entitled to a discount as provided in Section 9 of this Act, then the Permit holder is not entitled to a discount.

(35 ILCS 105/3-45) (from Ch. 120, par. 439.3-45)

Sec. 3-45. Collection. The tax imposed by this Act shall be collected from the purchaser by a retailer maintaining a place of business in this State or a retailer authorized by the Department under Section 6 of this Act, and shall be remitted to the Department as provided in Section 9 of this Act, except as provided in Section 3-10.5 of this Act.

The tax imposed by this Act that is not paid to a retailer under this Section shall be paid to the Department directly by any person using the property within this State as provided in Section 10 of this Act.

Retailers shall collect the tax from users by adding the tax to the selling price of tangible personal property, when sold for use, in the manner prescribed by the Department. The Department may adopt and promulgate reasonable rules and regulations for the adding of the tax by retailers to selling prices by prescribing bracket systems for the purpose of enabling the retailers to add and collect, as far as practicable, the amount of the tax.

If a seller collects use tax measured by receipts that are not subject to use tax, or if a seller, in collecting use tax measured by receipts that are subject to tax under this Act, collects more from the purchaser than the required amount of the use tax on the transaction, the purchaser shall have a legal right to claim a refund of that amount from the seller. If, however, that amount is not refunded to the purchaser for any reason, the seller is liable to pay that amount to the Department. This paragraph does not apply to an

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amount collected by the seller as use tax on receipts that are subject to tax under this Act as long as the collection is made in compliance with the tax collection brackets prescribed by the Department in its rules and regulations.

(Source: P.A. 91-51, eff. 6-30-99.)

(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. 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 operating--exempt--machinery--and equipment--in--a~~ 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.

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

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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. 91-51, eff. 6-30-99.)

Section 10. The Service Use Tax Act is amended by changing Section 3-5 as follows:

(35 ILCS 110/3-5) (from Ch. 120, par. 439.33-5)

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 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.

(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) 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.

(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

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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) 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.

(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) 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 exploration, mining, offhighway hauling, processing, maintenance, and reclamation equipment, including replacement parts and equipment, and including equipment purchased for lease, but

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excluding motor vehicles required to be registered under the Illinois Vehicle Code.

(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.

(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

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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" or an "exotic game hunting area" as those terms are used in the Wildlife Code or at a hunting enclosure approved through rules adopted by the Department of Natural Resources. This paragraph is exempt from the provisions of Section 3-75.

(20) (19) 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) (20) 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) (19) Beginning January 1, 2000, 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. This paragraph is exempt from the provisions of Section 3-75.

(23) 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 5 of the Illinois Public Aid Code who resides in a licensed long-term care facility, as defined in the Nursing Home Care Act.

(Source: P.A. 90-14, eff. 7-1-97; 90-552, eff. 12-12-97; 90-605, eff.

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6-30-98; 91-51, eff. 6-30-99; 91-200, eff. 7-20-99; 91-439, eff. 8-6-99; 91-637, eff. 8-20-99; 91-644, eff. 8-20-99; revised 9-29-99.)

Section 15. The Retailers' Occupation Tax Act is amended by changing Sections 2-5, 2-45, 3, and 5k and by adding Section 2-10.5 as follows:

(35 ILCS 120/2-5) (from Ch. 120, par. 441-5)

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 (7) is exempt from the provisions of Section 2-70.

(3) 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) 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.

(5) A motor vehicle of the first division, a motor vehicle of the second division that 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, or a motor vehicle of the second division that is of the van configuration designed for the transportation of not less than 7 nor more than 16 passengers, as defined in Section 1-146 of the Illinois Vehicle Code, that is used for automobile renting, as defined in the Automobile Renting Occupation and Use Tax Act.

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(6) Personal property sold by a teacher-sponsored student organization affiliated with an elementary or secondary school located in Illinois.

(7) 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 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.

(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) 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.

(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

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producing machines, tools, dies, jigs, patterns, gauges, or other similar items of no commercial value on special order for a particular purchaser.

(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) 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 exploration, mining, offhighway 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.

(22) 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.

(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) 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 driveaway decal 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 driveway decal 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.

(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.

(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" or an "exotic game hunting area" as those terms are used in the Wildlife Code or at a hunting enclosure approved through rules adopted by the Department of Natural Resources. This paragraph is exempt from the provisions of Section 2-70.

(33) ~~(32)~~ 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

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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) ~~(33)~~ 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) ~~(32)~~ Beginning January 1, 2000, 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. This paragraph is exempt from the provisions of Section 2-70.

(36) 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 5 of the Illinois Public Aid Code who resides in a licensed long-term care facility, as defined in the Nursing Home Care Act.

(Source: P.A. 90-14, eff. 7-1-97; 90-519, eff. 6-1-98; 90-552, eff. 12-12-97; 90-605, eff. 6-30-98; 91-51, eff. 6-30-99; 91-200, eff. 7-20-99; 91-439, eff. 8-6-99; 91-533, eff. 8-13-99; 91-637, eff. 8-20-99; 91-644, eff. 8-20-99; revised 9-28-99.)

(35 ILCS 120/2-10.5 new)

Sec. 2-10.5. Direct payment program; purchaser's providing of permit to retailer; retailer relieved of collecting use tax and local retailers' occupation tax reimbursements from purchaser; direct payment of retailers' occupation tax and local retailers' occupation tax by purchaser.

(a) Beginning on July 1, 2001 there is established in this State a Direct Payment Program to be administered by the Department. The Department shall issue a Direct Pay Permit to applicants who have been approved to participate in the Direct Payment Program. Each person applying to participate in the Direct Payment Program must demonstrate (1) the applicant's ability to comply with the retailers' occupation tax laws and the use tax laws in effect in this State and that the applicant's accounting system will reflect the proper amount of tax due, (2) that the applicant has a valid business purpose for participating in the Direct Payment Program, and (3) how the applicant's participation in the Direct Payment Program will benefit tax compliance. Application shall be made on forms provided by the Department and shall contain information as the Department may reasonably require. The Department shall approve or deny an applicant within 90 days after the Department's receipt of the

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application, unless the Department makes a written request for additional information from the applicant.

(b) A person who has been approved for the Direct Payment Program and who has been issued a Direct Pay Permit by the Department is relieved of paying tax to a retailer when purchasing tangible personal property for use or consumption, except as provided in subsection (d), by providing that retailer a copy of that Direct Pay Permit. A retailer who accepts a copy of a customer's Direct Pay Permit is relieved of the obligation to remit the tax imposed by this Act on the transaction. References in this Section to "the tax imposed by this Act" include any local occupation taxes administered by the Department that would be incurred on the retail sale.

(c) Once the holder of a Direct Pay Permit uses that Permit to relieve the Permit holder from paying tax to a particular retailer, the holder must use its Permit for all purchases, except as provided in subsection (d), from that retailer for so long as the Permit is valid.

(d) Direct Pay Permits are not valid and shall not be used for sales or purchases of:

- (1) food or beverage;
- (2) tangible personal property required to be titled or registered with an agency of government; or
- (3) any transactions subject to the Service Occupation Tax Act or Service Use Tax Act.

(e) Direct Pay Permits are not assignable and are not transferable. As an illustration, a construction contractor shall not make purchases using a customer's Direct Pay Permit.

(f) A Direct Pay Permit is valid until it is revoked by the Department or until the holder notifies the Department in writing that the holder is withdrawing from the Direct Payment Program. A Direct Pay Permit can be revoked by the Department, after notice and hearing, if the holder violates any provision of this Act, any provision of the Illinois Use Tax Act, or any provision of any Act imposing a local retailers' occupation tax administered by the Department.

(g) The holder of a Direct Pay Permit who has been relieved of paying tax to a retailer on a purchase for use or consumption by representing to that retailer that it would pay all applicable taxes directly to the Department shall pay those taxes to the Department not later than the 20th day of the month following the month in which the purchase was made. Permit holders making such purchases are subject to all provisions of this Act, and the tax must be reported and paid as retailers' occupation tax in the same manner that the retailer from whom the purchases were made would have reported and paid it, including any local retailers' occupation taxes applicable to that retail sale. Notwithstanding any other provision of this Act, Permit holders shall make all payments to the Department through the use of electronic funds transfer.

(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. For the purposes of this exemption, terms have the following meanings:

- (1) "Manufacturing process" means the production of an

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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 operating--exempt-machinery-and equipment--in--a~~ 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.

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

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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. 91-51, eff. 6-30-99.)

(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.

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 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.

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;

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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.

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.

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

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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

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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

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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 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, 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.

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

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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

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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

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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% 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 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

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motor fuel and gasohol.

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:

Fiscal Year	Annual Specified Amount
1986	\$54,800,000
1987	\$76,650,000
1988	\$80,480,000
1989	\$88,510,000
1990	\$115,330,000
1991	\$145,470,000
1992	\$182,730,000
1993	\$206,520,000;

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. 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

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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.

Fiscal Year	Total Deposit
1993	\$0
1994	53,000,000
1995	58,000,000
1996	61,000,000
1997	64,000,000
1998	68,000,000
1999	71,000,000
2000	75,000,000
2001	80,000,000
2002	84,000,000
2003	89,000,000
2004	93,000,000
2005	97,000,000
2006	102,000,000
2007	108,000,000
2008	115,000,000
2009	120,000,000
2010	126,000,000
2011	132,000,000
2012	138,000,000
2013 and	145,000,000

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 2029.

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,

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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 amendment thereto hereafter enacted, each month the Department shall pay into the Local Government Distributive Fund 0.4% of the net revenue realized for the preceding month from the 5% general rate or 0.4% of 80% of the net revenue realized for the preceding month from the 6.25% general rate, as the case may be, on the selling price of tangible personal property which amount shall, subject to appropriation, be distributed as provided in Section 2 of the State Revenue Sharing Act. No payments or distributions pursuant to this paragraph shall be made if the tax imposed by this Act on photoprocessing products is declared unconstitutional, or if the proceeds from such tax are unavailable for distribution because of litigation.

Subject to payment of amounts into the Build Illinois Fund, the McCormick Place Expansion Project Fund, and the Local Government Distributive Fund pursuant to the preceding paragraphs or in any amendments thereto hereafter enacted, beginning July 1, 1993, 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.

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.

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(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

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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. 90-491, eff. 1-1-99; 90-612, eff. 7-8-98; 91-37, eff. 7-1-99; 91-51, eff. 6-30-99; 91-101, eff. 7-12-99; 91-541, eff. 8-13-99; 91-872, eff. 7-1-00; 91-901, eff. 1-1-01; revised 1-15-01.)

(35 ILCS 120/5k) (from Ch. 120, par. 444k)

(Text of Section before amendment by P.A. 91-954)

Sec. 5k. Each retailer whose place a business is within a county or municipality which has established an Enterprise Zone pursuant to the "Illinois Enterprise Zone Act" and who makes a sale of building materials to be incorporated into real estate in such enterprise zone by remodeling, rehabilitation or new construction, may deduct receipts from such sales when calculating the tax imposed by this Act. The deduction allowed by this Section for the sale of building materials may be limited, to the extent authorized by ordinance, adopted after the effective date of this amendatory Act of 1992, by the municipality or county that created the enterprise zone. The corporate authorities of any municipality or county that adopts an ordinance or resolution imposing or changing any limitation on the enterprise zone exemption for building materials shall transmit to the Department of Revenue on or not later than 5 days after publication, as provided by law, a certified copy of the ordinance or resolution imposing or changing those limitations, whereupon the Department of Revenue shall proceed to administer and enforce those limitations effective the first day of the second calendar month next following date of receipt by the Department of the certified ordinance or resolution.

(Source: P.A. 91-51, eff. 6-30-99.)

(Text of Section after amendment by P.A. 91-954)

Sec. 5k. Each retailer in Illinois who makes a sale of building materials to be incorporated into real estate in an enterprise zone established by a county or municipality under the Illinois Enterprise Zone Act by remodeling, rehabilitation or new construction, may deduct receipts from such sales when calculating the tax imposed by this Act. The deduction allowed by this Section for the sale of building materials may be limited, to the extent authorized by ordinance, adopted after the effective date of this amendatory Act of 1992, by the municipality or county that created the enterprise zone in which the retailer's place of business is located. The corporate authorities of any municipality or county that adopts an ordinance or resolution imposing or changing any limitation on the enterprise zone exemption for building materials shall transmit to the Department of Revenue on or not later than 5 days after publication, as provided by law, a certified copy of the ordinance or resolution imposing or changing those limitations, whereupon the Department of Revenue shall proceed to administer and enforce those limitations effective the first day of the second calendar month next following date of receipt by the Department of the certified ordinance or resolution. The provisions of this Section are exempt from Section 2-70.

(Source: P.A. 91-51, eff. 6-30-99; 91-954, eff. 1-1-02.)

Section 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.

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

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There being no further amendments, the bill, as amended, was ordered to a third reading.

On motion of Senator Peterson, House Bill No. 3292 was taken up, read by title a second time and ordered to a third reading.

On motion of Senator Donahue, House Bill No. 3307 having been printed, was taken up and read by title a second time.

The following amendment was offered in the Committee on State Government Operations, adopted and ordered printed:

AMENDMENT NO. 1

AMENDMENT NO. 1. Amend House Bill 3307 on page 8, by deleting lines 15 through 32; and by deleting all of page 9; and on page 10, by deleting lines 1 through 14.

There being no further amendments, the bill, as amended, was ordered to a third reading.

On motion of Senator Rauschenberger, House Bill No. 3347 was taken up, read by title a second time and ordered to a third reading.

On motion of Senator Rauschenberger, House Bill No. 3426 was taken up, read by title a second time and ordered to a third reading.

On motion of Senator Rauschenberger, House Bill No. 3439 was taken up, read by title a second time and ordered to a third reading.

On motion of Senator Rauschenberger, House Bill No. 3440 was taken up, read by title a second time and ordered to a third reading.

On motion of Senator Rauschenberger, House Bill No. 3463 was taken up, read by title a second time and ordered to a third reading.

On motion of Senator Peterson, House Bill No. 3574 was taken up, read by title a second time and ordered to a third reading.

EXCUSED FROM ATTENDANCE

On motion of Senator Demuzio, Senators Ronen and Viverito were excused from attendance due to legislative business.

READING BILLS FROM THE HOUSE OF REPRESENTATIVES A SECOND TIME

On motion of Senator O'Malley, House Bill No. 2538 having been printed, was taken up and read by title a second time.

The following amendments were offered in the Committee on Financial Institutions, adopted and ordered printed:

AMENDMENT NO. 1

AMENDMENT NO. 1. Amend House Bill 2538 on page 5, line 2, by deleting ", and adding Section 48.7"; and on page 89 by deleting lines 21 through 31; and on page 97, line 31, by changing "Sections 7-3.2 and 7-3.3" to "Section 7-3.2"; and on page 112 by deleting lines 16 through 28; and on page 113, line 2, by deleting "1006,"; and

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on page 113 by deleting lines 5 through 33; and
on page 114 by deleting lines 1 through 27.

AMENDMENT NO. 2

AMENDMENT NO. 2. Amend House Bill 2538, AS AMENDED, on page 113, line 3, by changing "Sections 5010 and" to "Section"; and on page 127 by deleting lines 20 through 29.

There being no further amendments, the bill, as amended, was ordered to a third reading.

On motion of Senator Obama, House Bill No. 1887 having been printed, was taken up and read by title a second time.

The following amendment was offered in the Committee on Environment and Energy, adopted and ordered printed:

AMENDMENT NO. 1

AMENDMENT NO. 1. Amend House Bill 1887 by replacing everything after the enacting clause with the following:

"Section 5. The Lead Poisoning Prevention Act is amended by changing Section 12 as follows:

(410 ILCS 45/12) (from Ch. 111 1/2, par. 1312)

Sec. 12. Violations of Act.

(a) Violation of any Section of this Act other than Section 7 shall be punishable as a Class A misdemeanor.

(b) In cases where a person is found to have mislabeled, possessed, offered for sale or transfer, sold or transferred, or given away lead-bearing substances, a representative of the Department shall confiscate the lead-bearing substances and retain the substances until they are shown to be in compliance with this Act.

(c) In addition to any other penalty provided under this Act, the court in an action brought under subsection (d) may impose upon any person who violates or does not comply with a notice of deficiency and a mitigation order issued under subsection (7) of Section 9 of this Act a civil penalty not exceeding \$2,500 for each violation, plus \$250 for each day that the violation continues.

Any civil penalties collected in a court proceeding shall be deposited into a delegated county lead poisoning screening, prevention, and abatement fund or, if no delegated county exists, into the Lead Poisoning Screening, Prevention, and Abatement Fund.

(d) The State's Attorney of the county in which a violation occurs or the Attorney General may bring an action for the enforcement of this Act and the rules adopted and orders issued under this Act, in the name of the People of the State of Illinois, and may, in addition to other remedies provided in this Act, bring an action for an injunction to restrain any actual or threatened violation or to impose or collect a civil penalty for any violation.

(Source: P.A. 87-175.)

Section 10. The Environmental Protection Act is amended by adding Section 22.28a as follows:

(415 ILCS 5/22.28a new)

Sec. 22.28a. White goods handled by scrap dealership or junkyard.

(a) No owner, operator, agent, or employee of a junkyard or scrap dealership may knowingly shred, scrap, dismantle, recycle, incinerate, handle, store, or otherwise manage any white good that contains any white good components in violation of this Act or any other applicable State or federal law.

(b) For the purposes of this Section, the terms "white goods" and "white goods components" have the same meaning as in Section

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22.28.

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

There being no further amendments, the bill, as amended, was ordered to a third reading.

On motion of Senator Jacobs, House Bill No. 269 having been printed, was taken up and read by title a second time.

The following amendments were offered in the Committee on Executive, adopted and ordered printed:

AMENDMENT NO. 1

AMENDMENT NO. 1. Amend House Bill 269 by replacing everything after the enacting clause with the following:

"Section 5. The Liquor Control Act of 1934 is amended by changing Sections 1-3.12, 3-12, 5-1, and 5-3 as follows:

(235 ILCS 5/1-3.12) (from Ch. 43, par. 95.12)

Sec. 1-3.12. "Wine-maker" means a person engaged in the making of less than 50,000 gallons of wine annually other than a person issued a Second Class wine-maker's license.

(Source: P.A. 89-218, eff. 1-1-96.)

(235 ILCS 5/3-12) (from Ch. 43, par. 108)

Sec. 3-12. Powers and duties of State Commission.

(a) The State commission shall have the following powers, functions and duties:

(1) To receive applications and to issue licenses to manufacturers, foreign importers, importing distributors, distributors, non-resident dealers, on premise consumption retailers, off premise sale retailers, special event retailer licensees, special use permit licenses, auction liquor licenses, brew pubs, caterer retailers, non-beverage users, railroads, including owners and lessees of sleeping, dining and cafe cars, airplanes, boats, brokers, and wine maker's premises retail licensees in accordance with the provisions of this Act, and to suspend or revoke such licenses upon the State commission's determination, upon notice after hearing, that a licensee has violated any provision of this Act or any rule or regulation issued pursuant thereto and in effect for 30 days prior to such violation.

In lieu of suspending or revoking a license, the commission may impose a fine, upon the State commission's determination and notice after hearing, that a licensee has violated any provision of this Act or any rule or regulation issued pursuant thereto and in effect for 30 days prior to such violation. The fine imposed under this paragraph may not exceed \$500 for each violation. Each day that the activity, which gave rise to the original fine, continues is a separate violation. The maximum fine that may be levied against any licensee, for the period of the license, shall not exceed \$20,000. The maximum penalty that may be imposed on a licensee for selling a bottle of alcoholic liquor with a foreign object in it or serving from a bottle of alcoholic liquor with a foreign object in it shall be the destruction of that bottle of alcoholic liquor for the first 10 bottles so sold or served from by the licensee. For the eleventh bottle of alcoholic liquor and for each third bottle thereafter sold or served from by the licensee with a foreign object in it, the maximum penalty that may be imposed on the licensee is the destruction of the bottle of alcoholic liquor and a fine of up to \$50.

(2) To adopt such rules and regulations consistent with the

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provisions of this Act which shall be necessary to carry on its functions and duties to the end that the health, safety and welfare of the People of the State of Illinois shall be protected and temperance in the consumption of alcoholic liquors shall be fostered and promoted and to distribute copies of such rules and regulations to all licensees affected thereby.

(3) To call upon other administrative departments of the State, county and municipal governments, county and city police departments and upon prosecuting officers for such information and assistance as it deems necessary in the performance of its duties.

(4) To recommend to local commissioners rules and regulations, not inconsistent with the law, for the distribution and sale of alcoholic liquors throughout the State.

(5) To inspect, or cause to be inspected, any premises in this State where alcoholic liquors are manufactured, distributed, warehoused, or sold.

(5.1) Upon receipt of a complaint or upon having knowledge that any person is engaged in business as a manufacturer, importing distributor, distributor, or retailer without a license or valid license, to notify the local liquor authority, file a complaint with the State's Attorney's Office of the county where the incident occurred, or initiate an investigation with the appropriate law enforcement officials.

(5.2) To issue a cease and desist notice to persons shipping alcoholic liquor into this State from a point outside of this State if the shipment is in violation of this Act.

(5.3) To receive complaints from licensees, local officials, law enforcement agencies, organizations, and persons stating that any licensee has been or is violating any provision of this Act or the rules and regulations issued pursuant to this Act. Such complaints shall be in writing, signed and sworn to by the person making the complaint, and shall state with specificity the facts in relation to the alleged violation. If the Commission has reasonable grounds to believe that the complaint substantially alleges a violation of this Act or rules and regulations adopted pursuant to this Act, it shall conduct an investigation. If, after conducting an investigation, the Commission is satisfied that the alleged violation did occur, it shall proceed with disciplinary action against the licensee as provided in this Act.

(6) To hear and determine appeals from orders of a local commission in accordance with the provisions of this Act, as hereinafter set forth. Hearings under this subsection shall be held in Springfield or Chicago, at whichever location is the more convenient for the majority of persons who are parties to the hearing.

(7) The commission shall establish uniform systems of accounts to be kept by all retail licensees having more than 4 employees, and for this purpose the commission may classify all retail licensees having more than 4 employees and establish a uniform system of accounts for each class and prescribe the manner in which such accounts shall be kept. The commission may also prescribe the forms of accounts to be kept by all retail licensees having more than 4 employees, including but not limited to accounts of earnings and expenses and any distribution, payment, or other distribution of earnings or assets, and any other forms, records and memoranda which in the judgment of the commission may be necessary or appropriate to carry out any of the provisions of this Act, including but not limited to such

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forms, records and memoranda as will readily and accurately disclose at all times the beneficial ownership of such retail licensed business. The accounts, forms, records and memoranda shall be available at all reasonable times for inspection by authorized representatives of the State commission or by any local liquor control commissioner or his or her authorized representative. The commission, may, from time to time, alter, amend or repeal, in whole or in part, any uniform system of accounts, or the form and manner of keeping accounts.

(8) In the conduct of any hearing authorized to be held by the commission, to examine, or cause to be examined, under oath, any licensee, and to examine or cause to be examined the books and records of such licensee; to hear testimony and take proof material for its information in the discharge of its duties hereunder; to administer or cause to be administered oaths; and for any such purpose to issue subpoena or subpoenas to require the attendance of witnesses and the production of books, which shall be effective in any part of this State.

Any Circuit Court may by order duly entered, require the attendance of witnesses and the production of relevant books subpoenaed by the State commission and the court may compel obedience to its order by proceedings for contempt.

(9) To investigate the administration of laws in relation to alcoholic liquors in this and other states and any foreign countries, and to recommend from time to time to the Governor and through him or her to the legislature of this State, such amendments to this Act, if any, as it may think desirable and as will serve to further the general broad purposes contained in Section 1-2 hereof.

(10) To adopt such rules and regulations consistent with the provisions of this Act which shall be necessary for the control, sale or disposition of alcoholic liquor damaged as a result of an accident, wreck, flood, fire or other similar occurrence.

(11) To develop industry educational programs related to responsible serving and selling, particularly in the areas of overserving consumers and illegal underage purchasing and consumption of alcoholic beverages.

(11.1) To license persons providing education and training to alcohol beverage sellers and servers under the Beverage Alcohol Sellers and Servers Education and Training (BASSET) programs and to develop and administer a public awareness program in Illinois to reduce or eliminate the illegal purchase and consumption of alcoholic beverage products by persons under the age of 21. Application for a license shall be made on forms provided by the State Commission.

(12) To develop and maintain a repository of license and regulatory information.

(13) On or before January 15, 1994, the Commission shall issue a written report to the Governor and General Assembly that is to be based on a comprehensive study of the impact on and implications for the State of Illinois of Section 1926 of the Federal ADAMHA Reorganization Act of 1992 (Public Law 102-321). This study shall address the extent to which Illinois currently complies with the provisions of P.L. 102-321 and the rules promulgated pursuant thereto.

As part of its report, the Commission shall provide the following essential information:

- (i) the number of retail distributors of tobacco products, by type and geographic area, in the State;

(ii) the number of reported citations and successful convictions, categorized by type and location of retail distributor, for violation of the Sale of Tobacco to Minors Act and the Smokeless Tobacco Limitation Act;

(iii) the extent and nature of organized educational and governmental activities that are intended to promote, encourage or otherwise secure compliance with any Illinois laws that prohibit the sale or distribution of tobacco products to minors; and

(iv) the level of access and availability of tobacco products to individuals under the age of 18.

To obtain the data necessary to comply with the provisions of P.L. 102-321 and the requirements of this report, the Commission shall conduct random, unannounced inspections of a geographically and scientifically representative sample of the State's retail tobacco distributors.

The Commission shall consult with the Department of Public Health, the Department of Human Services, the Illinois State Police and any other executive branch agency, and private organizations that may have information relevant to this report.

The Commission may contract with the Food and Drug Administration of the U.S. Department of Health and Human Services to conduct unannounced investigations of Illinois tobacco vendors to determine compliance with federal laws relating to the illegal sale of cigarettes and smokeless tobacco products to persons under the age of 18.

(b) On or before April 30, 1999, the Commission shall present a written report to the Governor and the General Assembly that shall be based on a study of the impact of this amendatory Act of 1998 on the business of soliciting, selling, and shipping alcoholic liquor from outside of this State directly to residents of this State.

As part of its report, the Commission shall provide the following information:

(i) the amount of State excise and sales tax revenues generated as a result of this amendatory Act of 1998;

(ii) the amount of licensing fees received as a result of this amendatory Act of 1998;

(iii) the number of reported violations, the number of cease and desist notices issued by the Commission, the number of notices of violations issued to the Department of Revenue, and the number of notices and complaints of violations to law enforcement officials.

(Source: P.A. 90-9, eff. 7-1-97; 90-432, eff. 1-1-98; 90-655, eff. 7-30-98; 90-739, eff. 8-13-98; 91-553, eff. 8-14-99; 91-922, eff. 7-7-00.)

(235 ILCS 5/5-1) (from Ch. 43, par. 115)

Sec. 5-1. Licenses issued by the Illinois Liquor Control Commission shall be of the following classes:

(a) Manufacturer's license - Class 1. Distiller, Class 2. Rectifier, Class 3. Brewer, Class 4. First Class Wine Manufacturer, Class 5. Second Class Wine Manufacturer, Class 6. First Class Winemaker, Class 7. Second Class Winemaker, Class 8. Limited Wine Manufacturer,

(b) Distributor's license,

(c) Importing Distributor's license,

(d) Retailer's license,

(e) Special Event Retailer's license (not-for-profit),

(f) Railroad license,

(g) Boat license,

(h) Non-Beverage User's license,

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- (i) Wine-maker's premises retail license,
- (j) Airplane license,
- (k) Foreign importer's license,
- (l) Broker's license,
- (m) Non-resident dealer's license,
- (n) Brew Pub license,
- (o) Auction liquor license,
- (p) Caterer retailer license,
- (q) Special use permit license.

No person, firm, partnership, corporation, or other legal business entity that is engaged in the manufacturing of wine may concurrently obtain and hold a wine-maker's license and a wine manufacturer's license. Nothing in this provision, nor in any subsequent provision of this Act shall be interpreted as forbidding an individual or firm from concurrently obtaining and holding a Winemaker's and a Wine manufacturer's license.

(a) A manufacturer's license shall allow the manufacture, importation in bulk, storage, distribution and sale of alcoholic liquor to persons without the State, as may be permitted by law and to licensees in this State as follows:

Class 1. A Distiller may make sales and deliveries of alcoholic liquor to distillers, rectifiers, importing distributors, distributors and non-beverage users and to no other licensees.

Class 2. A Rectifier, who is not a distiller, as defined herein, may make sales and deliveries of alcoholic liquor to rectifiers, importing distributors, distributors, retailers and non-beverage users and to no other licensees.

Class 3. A Brewer may make sales and deliveries of beer to importing distributors, distributors, and to non-licensees, and to retailers provided the brewer obtains an importing distributor's license or distributor's license in accordance with the provisions of this Act.

Class 4. A first class wine-manufacturer may make sales and deliveries up to ~~of between 40,000 and~~ 50,000 gallons of wine to manufacturers, importing distributors and distributors, and to no other licensees.

Class 5. A second class Wine manufacturer may make sales and deliveries of more than 50,000 gallons of wine to manufacturers, importing distributors and distributors and to no other licensees.

Class 6. A first-class wine-maker's license shall allow the manufacture of up to 50,000 less than ~~20,000~~ gallons of wine per year, and the storage and sale of such wine to distributors and retailers in the State and to persons without the State, as may be permitted by law. A first-class wine-maker's license shall allow the sale of no more than 5,000 gallons of the licensee's wine to retailers. The State Commission shall issue only one first-class wine-maker's license to any person, firm, partnership, corporation, or other legal business entity that is engaged in the making of less than 50,000 gallons of wine annually that applies for a first-class wine-maker's license. No subsidiary or affiliate thereof, nor any officer, associate, member, partner, representative, employee, agent, or shareholder may be issued an additional wine-maker's license by the State Commission.

Class 7. A second-class wine-maker's license shall allow the manufacture of between up to 50,000 and 100,000 gallons of wine per year, and the storage and sale of such wine to distributors in this State and to persons without the State, as may be permitted by law. A second-class wine-maker's license shall allow the sale of no more than 10,000 gallons of the licensee's wine directly to retailers. The State Commission shall issue only one second-class wine-maker's

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license to any person, firm partnership, corporation, or other legal business entity that is engaged in the making of less than 100,000 gallons of wine annually that applies for a second-class wine-maker's license. No subsidiary or affiliate thereof, or any officer, associate, member, partner, representative, employee, agent, or shareholder may be issued an additional wine-maker's license by the State Commission.

Class 8. A limited wine-manufacturer may make sales and deliveries not to exceed 40,000 gallons of wine per year to distributors, and to non-licensees in accordance with the provisions of this Act.

(a-1) A manufacturer which is licensed in this State to make sales or deliveries of alcoholic liquor and which enlists agents, representatives, or individuals acting on its behalf who contact licensed retailers on a regular and continual basis in this State must register those agents, representatives, or persons acting on its behalf with the State Commission.

Registration of agents, representatives, or persons acting on behalf of a manufacturer is fulfilled by submitting a form to the Commission. The form shall be developed by the Commission and shall include the name and address of the applicant, the name and address of the manufacturer he or she represents, the territory or areas assigned to sell to or discuss pricing terms of alcoholic liquor, and any other questions deemed appropriate and necessary. All statements in the forms required to be made by law or by rule shall be deemed material, and any person who knowingly misstates any material fact under oath in an application is guilty of a Class B misdemeanor. Fraud, misrepresentation, false statements, misleading statements, evasions, or suppression of material facts in the securing of a registration are grounds for suspension or revocation of the registration.

(b) A distributor's license shall allow the wholesale purchase and storage of alcoholic liquors and sale of alcoholic liquors to licensees in this State and to persons without the State, as may be permitted by law.

(c) An importing distributor's license may be issued to and held by those only who are duly licensed distributors, upon the filing of an application by a duly licensed distributor, with the Commission and the Commission shall, without the payment of any fee, immediately issue such importing distributor's license to the applicant, which shall allow the importation of alcoholic liquor by the licensee into this State from any point in the United States outside this State, and the purchase of alcoholic liquor in barrels, casks or other bulk containers and the bottling of such alcoholic liquors before resale thereof, but all bottles or containers so filled shall be sealed, labeled, stamped and otherwise made to comply with all provisions, rules and regulations governing manufacturers in the preparation and bottling of alcoholic liquors. The importing distributor's license shall permit such licensee to purchase alcoholic liquor from Illinois licensed non-resident dealers and foreign importers only.

(d) A retailer's license shall allow the licensee to sell and offer for sale at retail, only in the premises specified in such license, alcoholic liquor for use or consumption, but not for resale in any form: Provided that any retail license issued to a manufacturer shall only permit such manufacturer to sell beer at retail on the premises actually occupied by such manufacturer.

After January 1, 1995 there shall be 2 classes of licenses issued under a retailers license.

(1) A "retailers on premise consumption license" shall allow the licensee to sell and offer for sale at retail, only on

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the premises specified in the license, alcoholic liquor for use or consumption on the premises or on and off the premises, but not for resale in any form.

(2) An "off premise sale license" shall allow the licensee to sell, or offer for sale at retail, alcoholic liquor intended only for off premise consumption and not for resale in any form.

Notwithstanding any other provision of this subsection (d), a retail licensee may sell alcoholic liquors to a special event retailer licensee for resale to the extent permitted under subsection (e).

(e) A special event retailer's license (not-for-profit) shall permit the licensee to purchase alcoholic liquors from an Illinois licensed distributor (unless the licensee purchases less than \$500 of alcoholic liquors for the special event, in which case the licensee may purchase the alcoholic liquors from a licensed retailer) and shall allow the licensee to sell and offer for sale, at retail, alcoholic liquors for use or consumption, but not for resale in any form and only at the location and on the specific dates designated for the special event in the license. An applicant for a special event retailer license must (i) furnish with the application: (A) a resale number issued under Section 2c of the Retailers' Occupation Tax Act or evidence that the applicant is registered under Section 2a of the Retailers' Occupation Tax Act, (B) a current, valid exemption identification number issued under Section 1g of the Retailers' Occupation Tax Act, and a certification to the Commission that the purchase of alcoholic liquors will be a tax-exempt purchase, or (C) a statement that the applicant is not registered under Section 2a of the Retailers' Occupation Tax Act, does not hold a resale number under Section 2c of the Retailers' Occupation Tax Act, and does not hold an exemption number under Section 1g of the Retailers' Occupation Tax Act, in which event the Commission shall set forth on the special event retailer's license a statement to that effect; (ii) submit with the application proof satisfactory to the State Commission that the applicant will provide dram shop liability insurance in the maximum limits; and (iii) show proof satisfactory to the State Commission that the applicant has obtained local authority approval.

(f) A railroad license shall permit the licensee to import alcoholic liquors into this State from any point in the United States outside this State and to store such alcoholic liquors in this State; to make wholesale purchases of alcoholic liquors directly from manufacturers, foreign importers, distributors and importing distributors from within or outside this State; and to store such alcoholic liquors in this State; provided that the above powers may be exercised only in connection with the importation, purchase or storage of alcoholic liquors to be sold or dispensed on a club, buffet, lounge or dining car operated on an electric, gas or steam railway in this State; and provided further, that railroad licensees exercising the above powers shall be subject to all provisions of Article VIII of this Act as applied to importing distributors. A railroad license shall also permit the licensee to sell or dispense alcoholic liquors on any club, buffet, lounge or dining car operated on an electric, gas or steam railway regularly operated by a common carrier in this State, but shall not permit the sale for resale of any alcoholic liquors to any licensee within this State. A license shall be obtained for each car in which such sales are made.

(g) A boat license shall allow the sale of alcoholic liquor in individual drinks, on any passenger boat regularly operated as a common carrier on navigable waters in this State, which boat maintains a public dining room or restaurant thereon.

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(h) A non-beverage user's license shall allow the licensee to purchase alcoholic liquor from a licensed manufacturer or importing distributor, without the imposition of any tax upon the business of such licensed manufacturer or importing distributor as to such alcoholic liquor to be used by such licensee solely for the non-beverage purposes set forth in subsection (a) of Section 8-1 of this Act, and such licenses shall be divided and classified and shall permit the purchase, possession and use of limited and stated quantities of alcoholic liquor as follows:

Class 1, not to exceed	500 gallons
Class 2, not to exceed	1,000 gallons
Class 3, not to exceed	5,000 gallons
Class 4, not to exceed	10,000 gallons
Class 5, not to exceed	50,000 gallons

(i) A wine-maker's premises retail license shall allow a the licensee that concurrently holds a first-class wine-maker's license to sell and offer for sale at retail in the premises specified in such license not more than 50,000 gallons of the first-class wine-maker's wine that is made at the first-class wine-maker's licensed premises per year for use or consumption, but not for resale in any form. A wine-maker's premises license shall allow a licensee who concurrently holds a second-class wine-maker's license to sell and offer for sale at retail in the premises specified in such license up to 100,000 gallons of the second-class wine-maker's wine that is made at the second-class wine-maker's licensed premises per year for use or consumption but not for resale in any form. Upon approval from the State Commission, a wine-maker's premises license shall allow the licensee to sell and offer for sale at (i) the wine-maker's licensed premises and (ii) at up to 2 additional locations for use and consumption and not for resale. Each location shall require additional licensing per location as specified in Section 5-3 of this Act. ; -this-license-shall-be-issued-only-to-a person-licensed-as-a-first-class-or-second-class-wine-maker.- A wine-maker's-retail-licensee,-upon-receiving-permission-from-the Commission,-may-conduct-business-at-a-second-location-that-is separate-from-the-location-specified-in-its-wine-maker's-retail-license.-One-wine-maker's-retail-license-second-location-may-be issued-to-a-wine-maker's-retail-licensee-allowing-the-licensee-to sell-and-offer-for-sale-at-retail-in-the-premises-specified-in-the wine-maker's-retail-license-second-location-up-to-50,000-gallons-of wine--that-was-produced-at-the-licensee's-first-location-per-year-for use-and-consumption-and-not-for-resale.-

(j) An airplane license shall permit the licensee to import alcoholic liquors into this State from any point in the United States outside this State and to store such alcoholic liquors in this State; to make wholesale purchases of alcoholic liquors directly from manufacturers, foreign importers, distributors and importing distributors from within or outside this State; and to store such alcoholic liquors in this State; provided that the above powers may be exercised only in connection with the importation, purchase or storage of alcoholic liquors to be sold or dispensed on an airplane; and provided further, that airplane licensees exercising the above powers shall be subject to all provisions of Article VIII of this Act as applied to importing distributors. An airplane licensee shall also permit the sale or dispensing of alcoholic liquors on any passenger airplane regularly operated by a common carrier in this State, but shall not permit the sale for resale of any alcoholic liquors to any licensee within this State. A single airplane license shall be required of an airline company if liquor service is provided on board aircraft in this State. The annual fee for such license

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shall be as determined in Section 5-3.

(k) A foreign importer's license shall permit such licensee to purchase alcoholic liquor from Illinois licensed non-resident dealers only, and to import alcoholic liquor other than in bulk from any point outside the United States and to sell such alcoholic liquor to Illinois licensed importing distributors and to no one else in Illinois.

(l) (i) A broker's license shall be required of all persons who solicit orders for, offer to sell or offer to supply alcoholic liquor to retailers in the State of Illinois, or who offer to retailers to ship or cause to be shipped or to make contact with distillers, rectifiers, brewers or manufacturers or any other party within or without the State of Illinois in order that alcoholic liquors be shipped to a distributor, importing distributor or foreign importer, whether such solicitation or offer is consummated within or without the State of Illinois.

No holder of a retailer's license issued by the Illinois Liquor Control Commission shall purchase or receive any alcoholic liquor, the order for which was solicited or offered for sale to such retailer by a broker unless the broker is the holder of a valid broker's license.

The broker shall, upon the acceptance by a retailer of the broker's solicitation of an order or offer to sell or supply or deliver or have delivered alcoholic liquors, promptly forward to the Illinois Liquor Control Commission a notification of said transaction in such form as the Commission may by regulations prescribe.

(ii) A broker's license shall be required of a person within this State, other than a retail licensee, who, for a fee or commission, promotes, solicits, or accepts orders for alcoholic liquor, for use or consumption and not for resale, to be shipped from this State and delivered to residents outside of this State by an express company, common carrier, or contract carrier. This Section does not apply to any person who promotes, solicits, or accepts orders for wine as specifically authorized in Section 6-29 of this Act.

A broker's license under this subsection (1) shall not entitle the holder to buy or sell any alcoholic liquors for his own account or to take or deliver title to such alcoholic liquors.

This subsection (1) shall not apply to distributors, employees of distributors, or employees of a manufacturer who has registered the trademark, brand or name of the alcoholic liquor pursuant to Section 6-9 of this Act, and who regularly sells such alcoholic liquor in the State of Illinois only to its registrants thereunder.

Any agent, representative, or person subject to registration pursuant to subsection (a-1) of this Section shall not be eligible to receive a broker's license.

(m) A non-resident dealer's license shall permit such licensee to ship into and warehouse alcoholic liquor into this State from any point outside of this State, and to sell such alcoholic liquor to Illinois licensed foreign importers and importing distributors and to no one else in this State; provided that said non-resident dealer shall register with the Illinois Liquor Control Commission each and every brand of alcoholic liquor which it proposes to sell to Illinois licensees during the license period; and further provided that it shall comply with all of the provisions of Section 6-9 hereof with respect to registration of such Illinois licensees as may be granted the right to sell such brands at wholesale.

(n) A brew pub license shall allow the licensee to manufacture beer only on the premises specified in the license, to make sales of the beer manufactured on the premises to importing distributors,

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distributors, and to non-licensees for use and consumption, to store the beer upon the premises, and to sell and offer for sale at retail from the licensed premises, provided that a brew pub licensee shall not sell for off-premises consumption more than 50,000 gallons per year.

(o) A caterer retailer license shall allow the holder to serve alcoholic liquors as an incidental part of a food service that serves prepared meals which excludes the serving of snacks as the primary meal, either on or off-site whether licensed or unlicensed.

(p) An auction liquor license shall allow the licensee to sell and offer for sale at auction wine and spirits for use or consumption, or for resale by an Illinois liquor licensee in accordance with provisions of this Act. An auction liquor license will be issued to a person and it will permit the auction liquor licensee to hold the auction anywhere in the State. An auction liquor license must be obtained for each auction at least 14 days in advance of the auction date.

(q) A special use permit license shall allow an Illinois licensed retailer to transfer a portion of its alcoholic liquor inventory from its retail licensed premises to the premises specified in the license hereby created, and to sell or offer for sale at retail, only in the premises specified in the license hereby created, the transferred alcoholic liquor for use or consumption, but not for resale in any form. A special use permit license may be granted for the following time periods: one day or less; 2 or more days to a maximum of 15 days per location in any 12 month period. An applicant for the special use permit license must also submit with the application proof satisfactory to the State Commission that the applicant will provide dram shop liability insurance to the maximum limits and have local authority approval.

(Source: P.A. 90-77, eff. 7-8-97; 90-432, eff. 1-1-98; 90-596, eff. 6-24-98; 90-655, eff. 7-30-98; 90-739, eff. 8-13-98; 91-357, eff. 7-29-99.)

(235 ILCS 5/5-3) (from Ch. 43, par. 118)

Sec. 5-3. License fees. Except as otherwise provided herein, at the time application is made to the State Commission for a license of any class, the applicant shall pay to the State Commission the fee hereinafter provided for the kind of license applied for.

The fee for licenses issued by the State Commission shall be as follows:

For a manufacturer's license:	
Class 1. Distiller	\$3,600
Class 2. Rectifier	3,600
Class 3. Brewer	900
Class 4. First-class Wine Manufacturer	600
Class 5. Second-class Wine Manufacturer	1,200
Class 6. First-class wine-maker	600 240
Class 7. Second-class wine-maker	1200 480
Class 8. Limited Wine Manufacturer.....	120
For a Brew Pub License	1,050
For a caterer retailer's license.....	200
For a foreign importer's license	25
For an importing distributor's license	25
For a distributor's license	270
For a non-resident dealer's license (500,000 gallons or over)	270
For a non-resident dealer's license (under 500,000 gallons)	90
For a wine-maker's <u>premises</u> retail license ...	100

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For a wine-maker's <u>premises</u> <u>retail</u> license, second location	350
<u>For a wine-maker's premises license,</u> <u>third location</u>	<u>350</u>
For a retailer's license	175
For a special event retailer's license, (not-for-profit)	25
For a special use permit license, one day only	50
2 days or more	100
For a railroad license	60
For a boat license	180
For an airplane license, times the licensee's maximum number of aircraft in flight, serving liquor over the State at any given time, which either originate, terminate, or make an intermediate stop in the State	60
For a non-beverage user's license:	
Class 1	24
Class 2	60
Class 3	120
Class 4	240
Class 5	600
For a broker's license	600
For an auction liquor license	50

Fees collected under this Section shall be paid into the Dram Shop Fund. Beginning June 30, 1990 and on June 30 of each subsequent year, any balance over \$5,000,000 remaining in the Dram Shop Fund shall be credited to State liquor licensees and applied against their fees for State liquor licenses for the following year. The amount credited to each licensee shall be a proportion of the balance in the Dram Fund that is the same as the proportion of the license fee paid by the licensee under this Section for the period in which the balance was accumulated to the aggregate fees paid by all licensees during that period.

No fee shall be paid for licenses issued by the State Commission to the following non-beverage users:

(a) Hospitals, sanitariums, or clinics when their use of alcoholic liquor is exclusively medicinal, mechanical or scientific.

(b) Universities, colleges of learning or schools when their use of alcoholic liquor is exclusively medicinal, mechanical or scientific.

(c) Laboratories when their use is exclusively for the purpose of scientific research.

(Source: P.A. 90-77, eff. 7-8-97; 91-25, eff. 6-9-99; 91-357, eff. 7-29-99.)

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

AMENDMENT NO. 2

AMENDMENT NO. 2. Amend House Bill 269, AS AMENDED, in the introductory portion to Section 5 by replacing "and 5-3" with "5-3, and 6-2"; and

immediately before the beginning of Section 99 by inserting the following:

"(235 ILCS 5/6-2) (from Ch. 43, par. 120)

Sec. 6-2. Issuance of licenses to certain persons prohibited.

(a) Except as otherwise provided in subsection (b), no license

of any kind issued by the State Commission or any local commission shall be issued to:

(1) A person who is not a resident of any city, village or county in which the premises covered by the license are located; except in case of railroad or boat licenses.†

(2) A person who is not of good character and reputation in the community in which he resides.†

(3) A person who is not a citizen of the United States.†

(4) A person who has been convicted of a felony under any Federal or State law, unless the Commission determines that such person has been sufficiently rehabilitated to warrant the public trust after considering matters set forth in such person's application and the Commission's investigation. The burden of proof of sufficient rehabilitation shall be on the applicant.†

(5) A person who has been convicted of being the keeper or is keeping a house of ill fame.†

(6) A person who has been convicted of pandering or other crime or misdemeanor opposed to decency and morality.†

(7) A person whose license issued under this Act has been revoked for cause.†

(8) A person who at the time of application for renewal of any license issued hereunder would not be eligible for such license upon a first application.†

(9) A copartnership, if any general partnership thereof, or any limited partnership thereof, owning more than 5% of the aggregate limited partner interest in such copartnership would not be eligible to receive a license hereunder for any reason other than residence within the political subdivision, unless residency is required by local ordinance.†

(10) A corporation, if any officer, manager or director thereof, or any stockholder or stockholders owning in the aggregate more than 5% of the stock of such corporation, would not be eligible to receive a license hereunder for any reason other than citizenship and residence within the political subdivision.†

(10a) A corporation unless it is incorporated in Illinois, or unless it is a foreign corporation which is qualified under the Business Corporation Act of 1983 to transact business in Illinois.†

(11) A person whose place of business is conducted by a manager or agent unless the manager or agent possesses the same qualifications required by the licensee.†

(12) A person who has been convicted of a violation of any Federal or State law concerning the manufacture, possession or sale of alcoholic liquor, subsequent to the passage of this Act or has forfeited his bond to appear in court to answer charges for any such violation.†

(13) A person who does not beneficially own the premises for which a license is sought, or does not have a lease thereon for the full period for which the license is to be issued.†

(14) Any law enforcing public official, including members of local liquor control commissions, any mayor, alderman, or member of the city council or commission, any president of the village board of trustees, any member of a village board of trustees, or any president or member of a county board; and no such official shall be interested directly in the manufacture, sale, or distribution of alcoholic liquor, except that a license may be granted to such official in relation to premises that which are not located within the territory subject to the jurisdiction of that official if the issuance of such license is

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approved by the State Liquor Control Commission and except that a license may be granted, in a city or village with a population of 50,000 or less, to any alderman, member of a city council, or member of a village board of trustees in relation to premises that are located within the territory subject to the jurisdiction of that official if (i) the sale of alcoholic liquor pursuant to the license is incidental to the selling of food, (ii) the issuance of the license is approved by the State Commission, (iii) the issuance of the license is in accordance with all applicable local ordinances in effect where the premises are located, and (iv) the official granted a license does not vote on alcoholic liquor issues pending before the board or council to which the license holder is elected.

(15) A person who is not a beneficial owner of the business to be operated by the licensee.

(16) A person who has been convicted of a gambling offense as proscribed by any of subsections (a) (3) through (a) (11) of Section 28-1 of, or as proscribed by Section 28-1.1 or 28-3 of, the Criminal Code of 1961, or as proscribed by a statute replaced by any of the aforesaid statutory provisions.

(17) A person or entity to whom a federal wagering stamp has been issued by the federal government, unless the person or entity is eligible to be issued a license under the Raffles Act or the Illinois Pull Tabs and Jar Games Act.

(b) A criminal conviction of a corporation is not grounds for the denial, suspension, or revocation of a license applied for or held by the corporation if the criminal conviction was not the result of a violation of any federal or State law concerning the manufacture, possession or sale of alcoholic liquor, the offense that led to the conviction did not result in any financial gain to the corporation and the corporation has terminated its relationship with each director, officer, employee, or controlling shareholder whose actions directly contributed to the conviction of the corporation. The Commission shall determine if all provisions of this subsection (b) have been met before any action on the corporation's license is initiated.

(Source: P.A. 88-652, eff. 9-16-94; 89-250, eff. 1-1-96.)"

There being no further amendments, the bill, as amended, was ordered to a third reading.

On motion of Senator Sullivan, House Bill No. 3203 was taken up, read by title a second time and ordered to a third reading.

At the hour of 9:15 o'clock a.m., Senator Donahue presiding.

REPORTS FROM RULES COMMITTEE

Senator Weaver, Chairperson of the Committee on Rules, during its May 11, 2001 meeting, reported the following Senate Resolution has been assigned to the indicated Standing Committee of the Senate:

Insurance and Pensions: Senate Joint Resolution No. 33.

Senator Weaver, Chairperson of the Committee on Rules, during its May 11, 2001 meeting, reported the following Legislative Measures have been assigned to the indicated Standing Committees of the Senate:

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Local Government: Senate Amendment No. 2 to House Bill 215.
 Transportation: Senate Amendment No. 3 to House Bill 2161.

PRESENTATION OF RESOLUTIONS

Senators O'Malley - Luechtefeld - Mahar - Woolard - O'Daniel offered the following Senate Joint Resolution, which was referred to the Committee on Rules:

SENATE JOINT RESOLUTION NO. 34

WHEREAS, Access to an adequate supply of electric energy is of vital importance to the citizens of this State; and

WHEREAS, Recent events in California demonstrate the need for adequate electricity transmission capacity in this State; and

WHEREAS, The newly deregulated environment for the production of electricity is resulting in additional demand for transmission capacity; and

WHEREAS, Adequate electricity transmission capacity is essential to the health, safety, and economic well-being of the citizens of this State; therefore, be it

RESOLVED, BY THE SENATE OF THE NINETY-SECOND GENERAL ASSEMBLY OF THE STATE OF ILLINOIS, THE HOUSE OF REPRESENTATIVES CONCURRING HEREIN, that the Illinois Commerce Commission and the Department of Commerce and Community Affairs jointly conduct a study of electricity transmission capacity in this State; and be it further

RESOLVED, That the study include an analysis of the existing electricity transmission capacity in this State, a determination of the areas of the State where additional transmission capacity is needed, a determination of the areas of this State where additional demand for electricity may occur, the feasibility of establishing a North-South transmission corridor, and an estimate of the cost of implementing the recommendations contained in the study; and be it further

RESOLVED, That the Illinois Commerce Commission and the Department of Commerce and Community Affairs report their findings and recommendations to the General Assembly by October 1, 2001; and be it further

RESOLVED, That a copy of this resolution be delivered to the Chairman of the Illinois Commerce Commission and the Director of Commerce and Community Affairs.

Senators O'Malley - Luechtefeld - Mahar - Woolard - O'Daniel offered the following Senate Joint Resolution, which was referred to the Committee on Rules:

SENATE JOINT RESOLUTION NO. 35

WHEREAS, Development of Illinois' natural resources, especially its coal reserves, in an environmentally sound manner will stimulate the economy of this State, especially in the southern part of our State; and

WHEREAS, Illinois is currently in the process of transitioning from a fully regulated electric generation market into a competitive electric generation market; and

WHEREAS, Recent events in the western part of the United States have demonstrated the need to develop electric generation resources to ensure a reliable supply of electricity; and

WHEREAS, There is an increasing need for electricity and electric generation capacity within Illinois and surrounding states; and

WHEREAS, Illinois has the richest coal reserves in the nation and

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it is imperative that these coal reserves be developed and utilized;
and

WHEREAS, It is paramount that any electric generating facilities built in Illinois use Illinois natural resources, especially Illinois coal, and protect the environment with the best available technology;
and

WHEREAS, In preparing for the coming deregulated electric power generation market, Illinois must plan to take advantage of the environmentally sound use of its own natural resources, including Illinois coal;
and

WHEREAS, Illinois has the opportunity to foster significant economic development within the State during the transition into a deregulated electric marketplace;
and

WHEREAS, The development of power generation capacity raises concerns about the environmental impact of those power generation facilities;
and

WHEREAS, Current federal regulations regarding emissions of nitrogen oxides and emission credits may impede development of necessary electric generation facilities;
and

WHEREAS, Illinois' budget for nitrogen oxide emission allowances is limited due to the State's current reliance on nuclear power which will eventually be decommissioned and therefore, unavailable for generating electricity;
and

WHEREAS, The development of clean coal technologies, including coal gasification, with the vast coal reserves within Illinois will enable Illinois to harvest the rewards of utilizing the proven coal reserves of this State and to support the further development of clean energy solutions utilizing our State's natural resources as the fuel;
and

WHEREAS, President Bush has called for the development of a national energy policy;
and

WHEREAS, Illinois is uniquely positioned to contribute to the development of that national energy policy through use of its extensive natural resources and coal reserves in an environmentally sound manner;
and

WHEREAS, Some adjustments in Illinois' nitrogen oxide emission allowances established by the United States Environmental Protection Agency will be necessary to foster the development of electric generating facilities that utilize Illinois natural resources and coal reserves;
therefore, be it

RESOLVED, BY THE SENATE OF THE NINETY-SECOND GENERAL ASSEMBLY OF THE STATE OF ILLINOIS, THE HOUSE OF REPRESENTATIVES CONCURRING HEREIN, that we urge the United States Congress and the United States Environmental Protection Agency to increase Illinois' nitrogen oxide emission allowances budget; and be it further

RESOLVED, That a suitable copy of this resolution be delivered to the President of the United States, the Vice President of the United States, the Administrator of the United States Environmental Protection Agency, the Governor of the State of Illinois, the members of the Illinois Congressional delegation, and the Speaker of the United States House of Representatives.

EXCUSED FROM ATTENDANCE

On motion of Senator Roskam, Senator Karpiel was excused from attendance due to legislative business.

RESOLUTIONS CONSENT CALENDAR

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SENATE RESOLUTION NO. 134

Offered by Senator Link and all Senators:
Mourns the death of Bruno R. Somenzi of Highland Park.

SENATE RESOLUTION NO. 135

Offered by Senator Shaw and all Senators:
Mourns the death of Dolton Police Chief Howard "Pat" Patterson.

SENATE RESOLUTION NO. 136

Offered by Senators E. Jones - Smith and all Senators:
Mourns the death of Gladys Wright of Chicago.

SENATE RESOLUTION NO. 138

Offered by Senators Demuzio - E. Jones and all Senators:
Mourns the death of Sharon J. Tarter of Winfield.

Senator Donahue moved the adoption of the foregoing resolutions.
The motion prevailed.
And the resolutions were adopted.

MESSAGE FROM THE HOUSE OF REPRESENTATIVES

A message from the House by
Mr. Rossi, Clerk:

Mr. President -- I am directed to inform the Senate that the House of Representatives has adopted the following joint resolution, in the adoption of which I am instructed to ask the concurrence of the Senate, to-wit:

HOUSE JOINT RESOLUTION NO. 38

RESOLVED, BY THE HOUSE OF REPRESENTATIVES OF THE NINETY-SECOND GENERAL ASSEMBLY OF THE STATE OF ILLINOIS, THE SENATE CONCURRING HEREIN, that when the House of Representatives adjourns on Thursday, May 10, 2001, it stands adjourned until Tuesday, May 15, 2001 at 1:00 o'clock p.m.; and when the Senate adjourns on Friday, May 11, 2001 it stands adjourned until Monday, May 14, 2001.

Adopted by the House, May 10, 2001.

ANTHONY D. ROSSI, Clerk of the House

By unanimous consent, on motion of Senator Weaver, the foregoing message reporting House Joint Resolution No. 38 was taken up for immediate consideration.

Senator Weaver moved that the Senate concur with the House in the adoption of the resolution.

The motion prevailed.

And the Senate concurred with the House in the adoption of the resolution.

Ordered that the Secretary inform the House of Representatives thereof.

At the hour of 9:20 o'clock a.m., on motion of Senator Weaver, and pursuant to House Joint Resolution No. 38, the Senate stood adjourned until Monday, May 14, 2001 at 2:00 o'clock p.m.

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