

HB2463



104TH GENERAL ASSEMBLY

State of Illinois

2025 and 2026

HB2463

Introduced 2/4/2025, by Rep. Kyle Moore

SYNOPSIS AS INTRODUCED:

35 ILCS 5/901

Amends the Illinois Income Tax Act. Increases the amount transferred from the General Revenue Fund to the Local Government Distributive Fund. Effective immediately.

LRB104 03456 HLH 13479 b

A BILL FOR

1 AN ACT concerning revenue.

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

4 Section 5. The Illinois Income Tax Act is amended by
5 changing Section 901 as follows:

6 (35 ILCS 5/901)

7 Sec. 901. Collection authority.

8 (a) In general. The Department shall collect the taxes
9 imposed by this Act. The Department shall collect certified
10 past due child support amounts under Section 2505-650 of the
11 Department of Revenue Law of the Civil Administrative Code of
12 Illinois. Except as provided in subsections (b), (c), (e),
13 (f), (g), and (h) of this Section, money collected pursuant to
14 subsections (a) and (b) of Section 201 of this Act shall be
15 paid into the General Revenue Fund in the State treasury;
16 money collected pursuant to subsections (c) and (d) of Section
17 201 of this Act shall be paid into the Personal Property Tax
18 Replacement Fund, a special fund in the State Treasury; and
19 money collected under Section 2505-650 of the Department of
20 Revenue Law of the Civil Administrative Code of Illinois shall
21 be paid into the Child Support Enforcement Trust Fund, a
22 special fund outside the State Treasury, or to the State
23 Disbursement Unit established under Section 10-26 of the

1 Illinois Public Aid Code, as directed by the Department of
2 Healthcare and Family Services.

3 (b) Local Government Distributive Fund.

4 (1) Beginning August 1, 2017 and continuing through
5 July 31, 2022, the Treasurer shall transfer each month
6 from the General Revenue Fund to the Local Government
7 Distributive Fund an amount equal to the sum of: (i) 6.06%
8 (10% of the ratio of the 3% individual income tax rate
9 prior to 2011 to the 4.95% individual income tax rate
10 after July 1, 2017) of the net revenue realized from the
11 tax imposed by subsections (a) and (b) of Section 201 of
12 this Act upon individuals, trusts, and estates during the
13 preceding month; (ii) 6.85% (10% of the ratio of the 4.8%
14 corporate income tax rate prior to 2011 to the 7%
15 corporate income tax rate after July 1, 2017) of the net
16 revenue realized from the tax imposed by subsections (a)
17 and (b) of Section 201 of this Act upon corporations
18 during the preceding month; and (iii) beginning February
19 1, 2022, 6.06% of the net revenue realized from the tax
20 imposed by subsection (p) of Section 201 of this Act upon
21 electing pass-through entities.

22 (2) Beginning August 1, 2022 and continuing through
23 July 31, 2023, the Treasurer shall transfer each month
24 from the General Revenue Fund to the Local Government
25 Distributive Fund an amount equal to the sum of: (i) 6.16%
26 of the net revenue realized from the tax imposed by

1 subsections (a) and (b) of Section 201 of this Act upon
2 individuals, trusts, and estates during the preceding
3 month; (ii) 6.85% of the net revenue realized from the tax
4 imposed by subsections (a) and (b) of Section 201 of this
5 Act upon corporations during the preceding month; and
6 (iii) 6.16% of the net revenue realized from the tax
7 imposed by subsection (p) of Section 201 of this Act upon
8 electing pass-through entities.

9 (3) Beginning August 1, 2023 and continuing through
10 June 30, 2025, the Treasurer shall transfer each month
11 from the General Revenue Fund to the Local Government
12 Distributive Fund an amount equal to the sum of: (i) 6.47%
13 of the net revenue realized from the tax imposed by
14 subsections (a) and (b) of Section 201 of this Act upon
15 individuals, trusts, and estates during the preceding
16 month; (ii) 6.85% of the net revenue realized from the tax
17 imposed by subsections (a) and (b) of Section 201 of this
18 Act upon corporations during the preceding month; and
19 (iii) 6.47% of the net revenue realized from the tax
20 imposed by subsection (p) of Section 201 of this Act upon
21 electing pass-through entities.

22 (4) Beginning July 1, 2025 and continuing through June
23 30, 2026, the Treasurer shall transfer each month from the
24 General Revenue Fund to the Local Government Distributive
25 Fund an amount equal to the sum of: (i) 8.5% of the net
26 revenue realized from the tax imposed by subsections (a)

1 and (b) of Section 201 of this Act upon individuals,
2 trusts, and estates during the preceding month; (ii)
3 9.355% of the net revenue realized from the tax imposed by
4 subsections (a) and (b) of Section 201 of this Act upon
5 corporations during the preceding month; and (iii) 8.5% of
6 the net revenue realized from the tax imposed by
7 subsection (p) of Section 201 of this Act upon electing
8 pass-through entities.

9 (5) Beginning July 1, 2026 and continuing through June
10 30, 2027, the Treasurer shall transfer each month from the
11 General Revenue Fund to the Local Government Distributive
12 Fund an amount equal to the sum of: (i) 9% of the net
13 revenue realized from the tax imposed by subsections (a)
14 and (b) of Section 201 of this Act upon individuals,
15 trusts, and estates during the preceding month; (ii) 9.57%
16 of the net revenue realized from the tax imposed by
17 subsections (a) and (b) of Section 201 of this Act upon
18 corporations during the preceding month; and (iii) 9% of
19 the net revenue realized from the tax imposed by
20 subsection (p) of Section 201 of this Act upon electing
21 pass-through entities.

22 (6) Beginning July 1, 2027 and continuing through June
23 30, 2028, the Treasurer shall transfer each month from the
24 General Revenue Fund to the Local Government Distributive
25 Fund an amount equal to the sum of: (i) 9.5% of the net
26 revenue realized from the tax imposed by subsections (a)

1 and (b) of Section 201 of this Act upon individuals,
2 trusts, and estates during the preceding month; (ii)
3 9.785% of the net revenue realized from the tax imposed by
4 subsections (a) and (b) of Section 201 of this Act upon
5 corporations during the preceding month; and (iii) 9.5% of
6 the net revenue realized from the tax imposed by
7 subsection (p) of Section 201 of this Act upon electing
8 pass-through entities.

9 (7) Beginning on July 1, 2028, the Treasurer shall
10 transfer each month from the General Revenue Fund to the
11 Local Government Distributive Fund an amount equal to: (i)
12 10% of the net revenue realized from the tax imposed on
13 individuals, trusts, estates, and corporations by
14 subsections (a) and (b) of Section 201 of this Act during
15 the preceding month; and (ii) 10% of the net revenue
16 realized from the tax imposed by subsection (p) of Section
17 201 of this Act upon electing pass-through entities.

18 Net revenue realized for a month shall be defined as the
19 revenue from the tax imposed by subsections (a) and (b) of
20 Section 201 of this Act which is deposited into the General
21 Revenue Fund, the Education Assistance Fund, the Income Tax
22 Surcharge Local Government Distributive Fund, the Fund for the
23 Advancement of Education, and the Commitment to Human Services
24 Fund during the month minus the amount paid out of the General
25 Revenue Fund in State warrants during that same month as
26 refunds to taxpayers for overpayment of liability under the

1 tax imposed by subsections (a) and (b) of Section 201 of this
2 Act.

3 Notwithstanding any provision of law to the contrary,
4 beginning on July 6, 2017 (the effective date of Public Act
5 100-23), those amounts required under this subsection (b) to
6 be transferred by the Treasurer into the Local Government
7 Distributive Fund from the General Revenue Fund shall be
8 directly deposited into the Local Government Distributive Fund
9 as the revenue is realized from the tax imposed by subsections
10 (a) and (b) of Section 201 of this Act.

11 (c) Deposits Into Income Tax Refund Fund.

12 (1) Beginning on January 1, 1989 and thereafter, the
13 Department shall deposit a percentage of the amounts
14 collected pursuant to subsections (a) and (b)(1), (2), and
15 (3) of Section 201 of this Act into a fund in the State
16 treasury known as the Income Tax Refund Fund. Beginning
17 with State fiscal year 1990 and for each fiscal year
18 thereafter, the percentage deposited into the Income Tax
19 Refund Fund during a fiscal year shall be the Annual
20 Percentage. For fiscal year 2011, the Annual Percentage
21 shall be 8.75%. For fiscal year 2012, the Annual
22 Percentage shall be 8.75%. For fiscal year 2013, the
23 Annual Percentage shall be 9.75%. For fiscal year 2014,
24 the Annual Percentage shall be 9.5%. For fiscal year 2015,
25 the Annual Percentage shall be 10%. For fiscal year 2018,
26 the Annual Percentage shall be 9.8%. For fiscal year 2019,

1 the Annual Percentage shall be 9.7%. For fiscal year 2020,
2 the Annual Percentage shall be 9.5%. For fiscal year 2021,
3 the Annual Percentage shall be 9%. For fiscal year 2022,
4 the Annual Percentage shall be 9.25%. For fiscal year
5 2023, the Annual Percentage shall be 9.25%. For fiscal
6 year 2024, the Annual Percentage shall be 9.15%. For
7 fiscal year 2025, the Annual Percentage shall be 9.15%.
8 For all other fiscal years, the Annual Percentage shall be
9 calculated as a fraction, the numerator of which shall be
10 the amount of refunds approved for payment by the
11 Department during the preceding fiscal year as a result of
12 overpayment of tax liability under subsections (a) and
13 (b)(1), (2), and (3) of Section 201 of this Act plus the
14 amount of such refunds remaining approved but unpaid at
15 the end of the preceding fiscal year, minus the amounts
16 transferred into the Income Tax Refund Fund from the
17 Tobacco Settlement Recovery Fund, and the denominator of
18 which shall be the amounts which will be collected
19 pursuant to subsections (a) and (b)(1), (2), and (3) of
20 Section 201 of this Act during the preceding fiscal year;
21 except that in State fiscal year 2002, the Annual
22 Percentage shall in no event exceed 7.6%. The Director of
23 Revenue shall certify the Annual Percentage to the
24 Comptroller on the last business day of the fiscal year
25 immediately preceding the fiscal year for which it is to
26 be effective.

1 (2) Beginning on January 1, 1989 and thereafter, the
2 Department shall deposit a percentage of the amounts
3 collected pursuant to subsections (a) and (b)(6), (7), and
4 (8), (c) and (d) of Section 201 of this Act into a fund in
5 the State treasury known as the Income Tax Refund Fund.
6 Beginning with State fiscal year 1990 and for each fiscal
7 year thereafter, the percentage deposited into the Income
8 Tax Refund Fund during a fiscal year shall be the Annual
9 Percentage. For fiscal year 2011, the Annual Percentage
10 shall be 17.5%. For fiscal year 2012, the Annual
11 Percentage shall be 17.5%. For fiscal year 2013, the
12 Annual Percentage shall be 14%. For fiscal year 2014, the
13 Annual Percentage shall be 13.4%. For fiscal year 2015,
14 the Annual Percentage shall be 14%. For fiscal year 2018,
15 the Annual Percentage shall be 17.5%. For fiscal year
16 2019, the Annual Percentage shall be 15.5%. For fiscal
17 year 2020, the Annual Percentage shall be 14.25%. For
18 fiscal year 2021, the Annual Percentage shall be 14%. For
19 fiscal year 2022, the Annual Percentage shall be 15%. For
20 fiscal year 2023, the Annual Percentage shall be 14.5%.
21 For fiscal year 2024, the Annual Percentage shall be 14%.
22 For fiscal year 2025, the Annual Percentage shall be 14%.
23 For all other fiscal years, the Annual Percentage shall be
24 calculated as a fraction, the numerator of which shall be
25 the amount of refunds approved for payment by the
26 Department during the preceding fiscal year as a result of

1 overpayment of tax liability under subsections (a) and
2 (b)(6), (7), and (8), (c) and (d) of Section 201 of this
3 Act plus the amount of such refunds remaining approved but
4 unpaid at the end of the preceding fiscal year, and the
5 denominator of which shall be the amounts which will be
6 collected pursuant to subsections (a) and (b)(6), (7), and
7 (8), (c) and (d) of Section 201 of this Act during the
8 preceding fiscal year; except that in State fiscal year
9 2002, the Annual Percentage shall in no event exceed 23%.
10 The Director of Revenue shall certify the Annual
11 Percentage to the Comptroller on the last business day of
12 the fiscal year immediately preceding the fiscal year for
13 which it is to be effective.

14 (3) The Comptroller shall order transferred and the
15 Treasurer shall transfer from the Tobacco Settlement
16 Recovery Fund to the Income Tax Refund Fund (i)
17 \$35,000,000 in January, 2001, (ii) \$35,000,000 in January,
18 2002, and (iii) \$35,000,000 in January, 2003.

19 (d) Expenditures from Income Tax Refund Fund.

20 (1) Beginning January 1, 1989, money in the Income Tax
21 Refund Fund shall be expended exclusively for the purpose
22 of paying refunds resulting from overpayment of tax
23 liability under Section 201 of this Act and for making
24 transfers pursuant to this subsection (d), except that in
25 State fiscal years 2022 and 2023, moneys in the Income Tax
26 Refund Fund shall also be used to pay one-time rebate

1 payments as provided under Sections 208.5 and 212.1.

2 (2) The Director shall order payment of refunds
3 resulting from overpayment of tax liability under Section
4 201 of this Act from the Income Tax Refund Fund only to the
5 extent that amounts collected pursuant to Section 201 of
6 this Act and transfers pursuant to this subsection (d) and
7 item (3) of subsection (c) have been deposited and
8 retained in the Fund.

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

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

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

7 (4.5) As soon as possible after the end of fiscal year
8 1999 and of each fiscal year thereafter, the Director
9 shall order transferred and the State Treasurer and State
10 Comptroller shall transfer from the Income Tax Refund Fund
11 to the General Revenue Fund any surplus remaining in the
12 Income Tax Refund Fund as of the end of such fiscal year;
13 excluding for fiscal years 2000, 2001, and 2002 amounts
14 attributable to transfers under item (3) of subsection (c)
15 less refunds resulting from the earned income tax credit,
16 and excluding for fiscal year 2022 amounts attributable to
17 transfers from the General Revenue Fund authorized by
18 Public Act 102-700.

19 (5) This Act shall constitute an irrevocable and
20 continuing appropriation from the Income Tax Refund Fund
21 for the purposes of (i) paying refunds upon the order of
22 the Director in accordance with the provisions of this
23 Section and (ii) paying one-time rebate payments under
24 Sections 208.5 and 212.1.

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

1 July 1, 1991, and thereafter, of the amounts collected
2 pursuant to subsections (a) and (b) of Section 201 of this Act,
3 minus deposits into the Income Tax Refund Fund, the Department
4 shall deposit 7.3% into the Education Assistance Fund in the
5 State Treasury. Beginning July 1, 1991, and continuing through
6 January 31, 1993, of the amounts collected pursuant to
7 subsections (a) and (b) of Section 201 of the Illinois Income
8 Tax Act, minus deposits into the Income Tax Refund Fund, the
9 Department shall deposit 3.0% into the Income Tax Surcharge
10 Local Government Distributive Fund in the State Treasury.
11 Beginning February 1, 1993 and continuing through June 30,
12 1993, of the amounts collected pursuant to subsections (a) and
13 (b) of Section 201 of the Illinois Income Tax Act, minus
14 deposits into the Income Tax Refund Fund, the Department shall
15 deposit 4.4% into the Income Tax Surcharge Local Government
16 Distributive Fund in the State Treasury. Beginning July 1,
17 1993, and continuing through June 30, 1994, of the amounts
18 collected under subsections (a) and (b) of Section 201 of this
19 Act, minus deposits into the Income Tax Refund Fund, the
20 Department shall deposit 1.475% into the Income Tax Surcharge
21 Local Government Distributive Fund in the State Treasury.

22 (f) Deposits into the Fund for the Advancement of
23 Education. Beginning February 1, 2015, the Department shall
24 deposit the following portions of the revenue realized from
25 the tax imposed upon individuals, trusts, and estates by
26 subsections (a) and (b) of Section 201 of this Act, minus

1 deposits into the Income Tax Refund Fund, into the Fund for the
2 Advancement of Education:

3 (1) beginning February 1, 2015, and prior to February
4 1, 2025, 1/30; and

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

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

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

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

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

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

26 (h) Deposits into the Tax Compliance and Administration

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

12 (Source: P.A. 102-16, eff. 6-17-21; 102-558, eff. 8-20-21;
13 102-658, eff. 8-27-21; 102-699, eff. 4-19-22; 102-700, eff.
14 4-19-22; 102-813, eff. 5-13-22; 103-8, eff. 6-7-23; 103-154,
15 eff. 6-30-23; 103-588, eff. 6-5-24.)

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