



104TH GENERAL ASSEMBLY

State of Illinois

2025 and 2026

HB2846

Introduced 2/6/2025, by Rep. Jeff Keicher

SYNOPSIS AS INTRODUCED:

805 ILCS 5/15.35	from Ch. 32, par. 15.35
805 ILCS 5/15.65	from Ch. 32, par. 15.65
805 ILCS 5/15.90	from Ch. 32, par. 15.90
805 ILCS 5/15.97	from Ch. 32, par. 15.97

Amends the Business Corporation Act of 1983. Provides that, in the case of a domestic or foreign corporation, no payment is required for a franchise tax that would have been due and payable on or after January 1, 2026. Provides that all amounts remaining in the Corporate Franchise Tax Refund Fund shall be transferred to the General Revenue Fund no later than December 31, 2026. Makes changes in provisions concerning the statute of limitations. Repeals provisions concerning franchise taxes payable by domestic and foreign corporations on January 1, 2027. Effective immediately.

LRB104 08750 SPS 18804 b

1 AN ACT concerning business.

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

4 Section 5. The Business Corporation Act of 1983 is amended
5 by changing Sections 15.35, 15.65, 15.90, and 15.97 as
6 follows:

7 (805 ILCS 5/15.35) (from Ch. 32, par. 15.35)

8 (Text of Section from P.A. 102-16, 103-8, and 103-592)

9 Sec. 15.35. Franchise taxes payable by domestic
10 corporations. For the privilege of exercising its franchises
11 in this State, each domestic corporation shall pay to the
12 Secretary of State the following franchise taxes, computed on
13 the basis, at the rates and for the periods prescribed in this
14 Act:

15 (a) An initial franchise tax at the time of filing its
16 first report of issuance of shares.

17 (b) An additional franchise tax at the time of filing
18 (1) a report of the issuance of additional shares, or (2) a
19 report of an increase in paid-in capital without the
20 issuance of shares, or (3) an amendment to the articles of
21 incorporation or a report of cumulative changes in paid-in
22 capital, whenever any amendment or such report discloses
23 an increase in its paid-in capital over the amount thereof

1 last reported in any document, other than an annual
2 report, interim annual report or final transition annual
3 report required by this Act to be filed in the office of
4 the Secretary of State.

5 (c) An additional franchise tax at the time of filing
6 a report of paid-in capital following a statutory merger
7 or consolidation, which discloses that the paid-in capital
8 of the surviving or new corporation immediately after the
9 merger or consolidation is greater than the sum of the
10 paid-in capital of all of the merged or consolidated
11 corporations as last reported by them in any documents,
12 other than annual reports, required by this Act to be
13 filed in the office of the Secretary of State; and in
14 addition, the surviving or new corporation shall be liable
15 for a further additional franchise tax on the paid-in
16 capital of each of the merged or consolidated corporations
17 as last reported by them in any document, other than an
18 annual report, required by this Act to be filed with the
19 Secretary of State from their taxable year end to the next
20 succeeding anniversary month or, in the case of a
21 corporation which has established an extended filing
22 month, the extended filing month of the surviving or new
23 corporation; however if the taxable year ends within the
24 2-month period immediately preceding the anniversary month
25 or, in the case of a corporation which has established an
26 extended filing month, the extended filing month of the

1 surviving or new corporation the tax will be computed to
2 the anniversary month or, in the case of a corporation
3 which has established an extended filing month, the
4 extended filing month of the surviving or new corporation
5 in the next succeeding calendar year.

6 (d) An annual franchise tax payable each year with the
7 annual report which the corporation is required by this
8 Act to file.

9 On or after January 1, 2020 and prior to January 1, 2021,
10 the first \$30 in liability is exempt from the tax imposed under
11 this Section. On or after January 1, 2021, and prior to January
12 1, 2024, the first \$1,000 in liability is exempt from the tax
13 imposed under this Section. On or after January 1, 2024, and
14 before January 1, 2025, the first \$5,000 in liability is
15 exempt from the tax imposed under this Section. On and after
16 January 1, 2025 and before January 1, 2026, the first \$10,000
17 in liability is exempt from the tax imposed under this
18 Section. The provisions of this Section shall not require the
19 payment of any franchise tax that would otherwise have been
20 due and payable on or after January 1, 2026. There shall be no
21 refunds or proration of franchise tax for any taxes due and
22 payable on or after January 1, 2026 on the basis that a portion
23 of the corporation's taxable year extends beyond January 1,
24 2026.

25 This Section is repealed on January 1, 2027.

26 (Source: P.A. 102-16, eff. 6-17-21; 103-8, eff. 6-7-23;

1 103-592, eff. 6-7-24.)

2 (Text of Section from P.A. 102-282, 102-558, 103-8, and
3 103-592)

4 Sec. 15.35. Franchise taxes payable by domestic
5 corporations. For the privilege of exercising its franchises
6 in this State, each domestic corporation shall pay to the
7 Secretary of State the following franchise taxes, computed on
8 the basis, at the rates and for the periods prescribed in this
9 Act:

10 (a) An initial franchise tax at the time of filing its
11 first report of issuance of shares.

12 (b) An additional franchise tax at the time of filing
13 (1) a report of the issuance of additional shares, or (2) a
14 report of an increase in paid-in capital without the
15 issuance of shares, or (3) an amendment to the articles of
16 incorporation or a report of cumulative changes in paid-in
17 capital, whenever any amendment or such report discloses
18 an increase in its paid-in capital over the amount thereof
19 last reported in any document, other than an annual
20 report, interim annual report or final transition annual
21 report required by this Act to be filed in the office of
22 the Secretary of State.

23 (c) An additional franchise tax at the time of filing
24 a report of paid-in capital following a statutory merger
25 or consolidation, which discloses that the paid-in capital

1 of the surviving or new corporation immediately after the
2 merger or consolidation is greater than the sum of the
3 paid-in capital of all of the merged or consolidated
4 corporations as last reported by them in any documents,
5 other than annual reports, required by this Act to be
6 filed in the office of the Secretary of State; and in
7 addition, the surviving or new corporation shall be liable
8 for a further additional franchise tax on the paid-in
9 capital of each of the merged or consolidated corporations
10 as last reported by them in any document, other than an
11 annual report, required by this Act to be filed with the
12 Secretary of State from their taxable year end to the next
13 succeeding anniversary month or, in the case of a
14 corporation which has established an extended filing
15 month, the extended filing month of the surviving or new
16 corporation; however if the taxable year ends within the
17 2-month period immediately preceding the anniversary month
18 or, in the case of a corporation which has established an
19 extended filing month, the extended filing month of the
20 surviving or new corporation the tax will be computed to
21 the anniversary month or, in the case of a corporation
22 which has established an extended filing month, the
23 extended filing month of the surviving or new corporation
24 in the next succeeding calendar year.

25 (d) An annual franchise tax payable each year with the
26 annual report which the corporation is required by this

1 Act to file.

2 On or after January 1, 2020 and prior to January 1, 2021,
3 the first \$30 in liability is exempt from the tax imposed under
4 this Section. On or after January 1, 2021 and prior to January
5 1, 2024, the first \$1,000 in liability is exempt from the tax
6 imposed under this Section. On or after January 1, 2024, and
7 before January 1, 2025, the first \$5,000 in liability is
8 exempt from the tax imposed under this Section. On and after
9 January 1, 2025 and before January 1, 2026, the first \$10,000
10 in liability is exempt from the tax imposed under this
11 Section. The provisions of this Section shall not require the
12 payment of any franchise tax that would otherwise have been
13 due and payable on or after January 1, 2026. There shall be no
14 refunds or proration of franchise tax for any taxes due and
15 payable on or after January 1, 2026 on the basis that a portion
16 of the corporation's taxable year extends beyond January 1,
17 2026.

18 This Section is repealed on January 1, 2027.

19 (Source: P.A. 102-282, eff. 1-1-22; 102-558, eff. 8-20-21;
20 103-8, eff. 6-7-23; 103-592, eff. 6-7-24.)

21 (805 ILCS 5/15.65) (from Ch. 32, par. 15.65)

22 Sec. 15.65. Franchise taxes payable by foreign
23 corporations. For the privilege of exercising its authority to
24 transact such business in this State as set out in its
25 application therefor or any amendment thereto, each foreign

1 corporation shall pay to the Secretary of State the following
2 franchise taxes, computed on the basis, at the rates and for
3 the periods prescribed in this Act:

4 (a) An initial franchise tax at the time of filing its
5 application for authority to transact business in this
6 State.

7 (b) An additional franchise tax at the time of filing
8 (1) a report of the issuance of additional shares, or (2) a
9 report of an increase in paid-in capital without the
10 issuance of shares, or (3) a report of cumulative changes
11 in paid-in capital or a report of an exchange or
12 reclassification of shares, whenever any such report
13 discloses an increase in its paid-in capital over the
14 amount thereof last reported in any document, other than
15 an annual report, interim annual report or final
16 transition annual report, required by this Act to be filed
17 in the office of the Secretary of State.

18 (c) Whenever the corporation shall be a party to a
19 statutory merger and shall be the surviving corporation,
20 an additional franchise tax at the time of filing its
21 report following merger, if such report discloses that the
22 amount represented in this State of its paid-in capital
23 immediately after the merger is greater than the aggregate
24 of the amounts represented in this State of the paid-in
25 capital of such of the merged corporations as were
26 authorized to transact business in this State at the time

1 of the merger, as last reported by them in any documents,
2 other than annual reports, required by this Act to be
3 filed in the office of the Secretary of State; and in
4 addition, the surviving corporation shall be liable for a
5 further additional franchise tax on the paid-in capital of
6 each of the merged corporations as last reported by them
7 in any document, other than an annual report, required by
8 this Act to be filed with the Secretary of State, from
9 their taxable year end to the next succeeding anniversary
10 month or, in the case of a corporation which has
11 established an extended filing month, the extended filing
12 month of the surviving corporation; however if the taxable
13 year ends within the 2-month period immediately preceding
14 the anniversary month or the extended filing month of the
15 surviving corporation, the tax will be computed to the
16 anniversary or, extended filing month of the surviving
17 corporation in the next succeeding calendar year.

18 (d) An annual franchise tax payable each year with any
19 annual report which the corporation is required by this
20 Act to file.

21 On or after January 1, 2020 and prior to January 1, 2021,
22 the first \$30 in liability is exempt from the tax imposed under
23 this Section. On or after January 1, 2021 and before January 1,
24 2024, the first \$1,000 in liability is exempt from the tax
25 imposed under this Section. On and after January 1, 2024 and
26 before January 1, 2025, the first \$5,000 in liability is

1 exempt from the tax imposed under this Section. On and after
2 January 1, 2025 and before January 1, 2026, the first \$10,000
3 in liability is exempt from the tax imposed under this
4 Section. The provisions of this Section shall not require the
5 payment of any franchise tax that would otherwise have been
6 due and payable on or after January 1, 2026. There shall be no
7 refunds or proration of franchise tax for any taxes due and
8 payable on or after January 1, 2026 on the basis that a portion
9 of the corporation's taxable year extends beyond January 1,
10 2026.

11 This Section is repealed on January 1, 2027.

12 (Source: P.A. 102-16, eff. 6-17-21; 102-558, eff. 8-20-21;
13 102-813, eff. 5-13-22; 103-592, eff. 6-7-24.)

14 (805 ILCS 5/15.90) (from Ch. 32, par. 15.90)

15 Sec. 15.90. Statute of limitations.

16 (a) Except as otherwise provided in this Section and
17 notwithstanding anything to the contrary contained in any
18 other Section of this Act, prior to January 1, 2026, no
19 domestic corporation or foreign corporation shall be obligated
20 to pay any annual franchise tax, fee, or penalty or interest
21 thereon imposed under this Act, nor shall any administrative
22 or judicial sanction (including dissolution) be imposed or
23 enforced nor access to the courts of this State be denied based
24 upon nonpayment thereof more than 7 years after the date of
25 filing the annual report with respect to the period during

1 which the obligation for the tax, fee, penalty or interest
2 arose, unless (1) within that 7 year period the Secretary of
3 State sends a written notice to the corporation to the effect
4 that (A) administrative or judicial action to dissolve the
5 corporation or revoke its authority for nonpayment of a tax,
6 fee, penalty or interest has been commenced; or (B) the
7 corporation has submitted a report but has failed to pay a tax,
8 fee, penalty or interest required to be paid therewith; or (C)
9 a report with respect to an event or action giving rise to an
10 obligation to pay a tax, fee, penalty or interest is required
11 but has not been filed, or has been filed and is in error or
12 incomplete; or (2) the annual report by the corporation was
13 filed with fraudulent intent to evade taxes payable under this
14 Act. A corporation nonetheless shall be required to pay all
15 taxes that would have been payable during the most recent 7
16 year period due to a previously unreported increase in paid-in
17 capital that occurred prior to that 7 year period and interest
18 and penalties thereon for that period, except that, from
19 February 1, 2008 through March 15, 2008, with respect to any
20 corporation that participates in the Franchise Tax and License
21 Fee Amnesty Act of 2007, the corporation shall be only
22 required to pay all taxes that would have been payable during
23 the most recent 4 year period due to a previously unreported
24 increase in paid-in capital that occurred prior to that 7 year
25 period. Beginning January 1, 2026, no domestic corporation or
26 foreign corporation shall be obligated to pay any annual

1 franchise tax, fee, or penalty or interest thereon imposed
2 under this Act, nor shall any administrative or judicial
3 sanction (including dissolution) be imposed or enforced nor
4 access to the courts of this State be denied based upon
5 nonpayment thereof more than 7 years after the date of filing
6 the annual report with respect to the period during which the
7 obligation for the tax, fee, penalty or interest arose.

8 (b) If within 2 years following a change in control of a
9 corporation the corporation voluntarily pays in good faith all
10 known obligations of the corporation imposed by this Article
11 15 with respect to reports that were required to have been
12 filed since the beginning of the 7 year period ending on the
13 effective date of the change in control, no action shall be
14 taken to enforce or collect obligations of that corporation
15 imposed by this Article 15 with respect to reports that were
16 required to have been filed prior to that 7 year period
17 regardless of whether the limitation period set forth in
18 subsection (a) is otherwise applicable. For purposes of this
19 subsection (b), a change in control means a transaction, or a
20 series of transactions consummated within a period of 180
21 consecutive days, as a result of which a person which owned
22 less than 10% of the shares having the power to elect directors
23 of the corporation acquires shares such that the person
24 becomes the holder of 80% or more of the shares having such
25 power. For purposes of this subsection (b) a person means any
26 natural person, corporation, partnership, trust or other

1 entity together with all other persons controlled by,
2 controlling or under common control with such person.

3 (c) Except as otherwise provided in this Section and
4 notwithstanding anything to the contrary contained in any
5 other Section of this Act, no foreign corporation that has not
6 previously obtained authority under this Act shall, upon
7 voluntary application for authority filed with the Secretary
8 of State prior to January 1, 2001, be obligated to pay any tax,
9 fee, penalty, or interest imposed under this Act, nor shall
10 any administrative or judicial sanction be imposed or enforced
11 based upon nonpayment thereof with respect to a period during
12 which the obligation arose that is prior to January 1, 1993
13 unless (1) prior to receipt of the application for authority
14 the Secretary of State had sent written notice to the
15 corporation regarding its failure to obtain an application for
16 authority, (2) the corporation had submitted an application
17 for authority previously but had failed to pay any tax, fee,
18 penalty or interest to be paid therewith, or (3) the
19 application for authority was submitted by the corporation
20 with fraudulent intent to evade taxes payable under this Act.
21 A corporation nonetheless shall be required to pay all taxes
22 and fees due under this Act that would have been payable since
23 January 1, 1993 as a result of commencing the transaction of
24 its business in this State and interest thereon for that
25 period.

26 (Source: P.A. 95-233, eff. 8-16-07; 95-707, eff. 1-11-08;

1 96-66, eff. 1-1-10.)

2 (805 ILCS 5/15.97) (from Ch. 32, par. 15.97)

3 Sec. 15.97. Corporate Franchise Tax Refund Fund.

4 (a) Beginning July 1, 1993, a percentage of the amounts
5 collected under Sections 15.35, 15.45, 15.65, and 15.75 of
6 this Act shall be deposited into the Corporate Franchise Tax
7 Refund Fund, a special Fund hereby created in the State
8 treasury. From July 1, 1993, until December 31, 1994, there
9 shall be deposited into the Fund 3% of the amounts received
10 under those Sections. Beginning January 1, 1995, and for each
11 fiscal year beginning thereafter, 2% of the amounts collected
12 under those Sections during the preceding fiscal year shall be
13 deposited into the Fund.

14 (b) Beginning July 1, 1993, moneys in the Fund shall be
15 expended exclusively for the purpose of paying refunds payable
16 because of overpayment of franchise taxes, penalties, or
17 interest under Sections 13.70, 15.35, 15.45, 15.65, 15.75, and
18 16.05 of this Act and making transfers authorized under this
19 Section. Refunds in accordance with the provisions of
20 subsections (f) and (g) of Section 1.15 and Section 1.17 of
21 this Act may be made from the Fund only to the extent that
22 amounts collected under Sections 15.35, 15.45, 15.65, and
23 15.75 of this Act have been deposited in the Fund and remain
24 available. On or before August 31 of each year, the balance in
25 the Fund in excess of \$100,000 shall be transferred to the

1 General Revenue Fund. Notwithstanding the provisions of this
2 subsection, for the period commencing on or after July 1,
3 2022, amounts in the fund shall not be transferred to the
4 General Revenue Fund and shall be used to pay refunds in
5 accordance with the provisions of this Act. Within a
6 reasonable time after December 31, 2025, but no later than
7 December 31, 2026, the Secretary of State shall direct and the
8 Comptroller shall order transferred to the General Revenue
9 Fund all amounts remaining in the Fund.

10 (c) This Act shall constitute an irrevocable and
11 continuing appropriation from the Corporate Franchise Tax
12 Refund Fund for the purpose of paying refunds upon the order of
13 the Secretary of State in accordance with the provisions of
14 this Section.

15 (d) This Section is repealed on January 1, 2027.

16 (Source: P.A. 102-282, eff. 1-1-22; 103-8, eff. 6-7-23.)

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