



104TH GENERAL ASSEMBLY

State of Illinois

2025 and 2026

SB3436

Introduced 2/4/2026, by Sen. Doris Turner

SYNOPSIS AS INTRODUCED:

See Index

Creates the Capital City Redevelopment Zone Act. Sets forth qualifications for an area to be designated as a Capital City Redevelopment Zone. Provides procedures and requirements for the initiation of a Capital City Redevelopment Zone by a municipality. Requires a municipality that has adopted an ordinance designating an area as a Capital City Redevelopment Zone to apply to the Department of Commerce and Economic Opportunity for certification of the zone. Sets forth requirements for certification. Provides for procedures and requirements for the review of Capital City Redevelopment Zone applications and the certification, amendment, and decertification of a Capital City Redevelopment Zone. Provides for adoption of tax increment financing. Describes the powers and duties of the Department of Commerce and Economic Opportunity. Provides requirements for administration of a Capital City Redevelopment Zone. Provides requirements for notice of cessation of business operations for businesses within a Capital City Redevelopment Zone. Provides for an income tax deduction. Sets forth accounting requirements regarding tax exemptions and other benefits under the Act. Provides for a capital city construction jobs income tax credit. Specifies the requirements that apply to taxpayers seeking capital city construction job tax credits. Creates the Capital City Development Fund as a special fund in the State treasury. Provides for grants to eligible developers. Makes findings. Defines terms. Makes conforming changes. Adds references to the Capital City Redevelopment Zone Act in the Corporate Accountability for Tax Expenditures Act, the Illinois Income Tax Act, the Retailers' Occupation Tax Act, the Property Tax Code, and the Environmental Protection Act. Effective immediately.

LRB104 20420 RTM 33884 b

1 AN ACT concerning local government.

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

4 Section 1. Short title. This Act may be cited as the
5 Capital City Redevelopment Zone Act.

6 Section 5. Findings. The General Assembly finds and
7 declares that the downtown area of the City of Springfield
8 faces unique challenges that limit its ability to incentivize
9 economic development. Those challenges are directly related to
10 its designation as the State's capital city. While downtown
11 Springfield used to benefit from the activity associated with
12 the presence of State offices and workers, that activity has
13 been dwindling for nearly 25 years, as many offices and
14 workers have been relocated to northeastern Illinois. The move
15 to remote work for State employees during and since the
16 COVID-19 pandemic has accelerated the diminishment of activity
17 in the City in recent years. At the same time, roughly
18 two-thirds of downtown Springfield's property is non-taxable
19 due to the high presence of property owned by government and
20 not-for-profit entities.

21 While the City of Springfield faces financial difficulties
22 due to its low property tax base, developments in the historic
23 downtown district face additional challenges. The presence of

1 aging infrastructure, lead pipes, asbestos, and other
2 environmental remediation needs are a significant cost barrier
3 for downtown development projects. With a diminished amount of
4 foot traffic in the downtown area, developers are more often
5 looking to other areas with a higher customer base and lower
6 development costs.

7 This Act is intended to combat those challenges and to
8 provide incentives specifically targeted for downtown areas
9 with historic infrastructure and site remediation needs. While
10 Springfield doesn't have a river that flows through its
11 downtown, its lack of property tax base presents its own
12 challenges for the city's investment efforts.

13 Therefore, it is declared to be the purpose of this Act to
14 authorize the creation of a Capital City Redevelopment Zone to
15 stimulate the redevelopment of the city of Springfield's
16 downtown by means of tax incentives and grants. By spurring
17 private investment, downtown Springfield's property and sales
18 tax bases will grow, new jobs will be created, and more
19 consumers and residents will come to the downtown area.

20 Section 10. Definitions. As used in this Act:

21 "Agency" means each officer, board, commission, and agency
22 created by the Illinois Constitution in the executive branch
23 of State government, other than the State Board of Elections;
24 each officer, department, board, commission, agency,
25 institution, authority, university, and body politic and

1 corporate of the State; each administrative unit or corporate
2 outgrowth of the State government that is created by or under
3 statute, other than units of local government and their
4 officers, school districts, and boards of election
5 commissioners; and each administrative unit or corporate
6 outgrowth of any agency and as may be created by executive
7 order of the Governor. "Agency" does not include an entity not
8 authorized by law to adopt rules.

9 "Capital city construction jobs credit" means (1) an
10 amount equal to 50% of the incremental income tax attributable
11 to capital city construction employees employed on a capital
12 city construction jobs project not located in an underserved
13 area or (2) an amount equal to 75% of the incremental income
14 tax attributable to capital city construction employees
15 employed on a capital city construction jobs project located
16 in an underserved area.

17 "Capital city construction jobs employee" means a laborer
18 or worker who is employed by an Illinois contractor or
19 subcontractor and who performs the actual construction work on
20 the site of a capital city construction jobs project.

21 "Capital city construction jobs project" means a project
22 (i) that involves the construction of a structure or building
23 or the making of improvements of any kind to real property,
24 (ii) that is located in a Capital City Redevelopment Zone, and
25 (iii) that is built or improved in the course of completing a
26 qualified rehabilitation plan. "Capital city construction jobs

1 project" does not include the routine operation, routine
2 repair, or routine maintenance of existing structures,
3 buildings, or real property.

4 "Capital City Redevelopment Zone" means a portion of the
5 City of Springfield certified by the Department as a Capital
6 City Redevelopment Zone under this Act.

7 "Department" means the Department of Commerce and Economic
8 Opportunity.

9 "Designated zone organization" means an association or
10 entity: (1) the members of which are substantially all
11 residents of the City of Springfield; (2) the board of
12 directors of which is elected by the members of the
13 organization; (3) that satisfies the criteria set forth in
14 Section 501(c) (3) or 501(c) (4) of the Internal Revenue Code;
15 and (4) that exists primarily for the purpose of performing
16 within the zone, for the benefit of the residents and
17 businesses thereof, any of the functions set forth in Section
18 55.

19 "Director" mean the Director of Commerce and Economic
20 Opportunity.

21 "Incremental income tax" means the total amount withheld
22 during the taxable year from the compensation of capital city
23 construction jobs employees under Article 7 of the Illinois
24 Income Tax Act.

25 "Underserved area" means a geographic area that meets one
26 or more of the following conditions:

1 (1) the area has a poverty rate of at least 20%
2 according to the latest American Community Survey;

3 (2) 35% or more of the families with children in the
4 area are living below 130% of the poverty line, according
5 to the latest American Community Survey;

6 (3) at least 20% of the households in the area receive
7 assistance under the Supplemental Nutrition Assistance
8 Program (SNAP); or

9 (4) the area has an average unemployment rate, as
10 determined by the Department of Employment Security, that
11 is more than 120% of the national unemployment average, as
12 determined by the United States Department of Labor, for a
13 period of at least 2 consecutive calendar years preceding
14 the date of the application.

15 Section 15. Qualifications for Capital City Redevelopment
16 Zone. An area is qualified to become a Capital City
17 Redevelopment Zone if it:

18 (1) is a contiguous area located wholly within the
19 capital city of this State that includes the downtown
20 area, as determined by the municipality;

21 (2) comprises a minimum of one-half square mile and
22 not more than 4 square miles, exclusive of lakes and
23 waterways; and

24 (3) satisfies any additional criteria established by
25 the Department consistent with the purposes of this Act.

1 The Capital City Redevelopment Zone may have an
2 overlapping geographic area with an Enterprise Zone. If a
3 taxpayer is located in an area with an overlapping Enterprise
4 Zone and Capital City Redevelopment Zone, then the taxpayer
5 must elect, in the form and manner required by the Department,
6 from which program the taxpayer would like to request
7 benefits.

8 Section 20. Initiation of Capital City Redevelopment Zone
9 by municipality.

10 (a) No area may be designated as a Capital City
11 Redevelopment Zone except pursuant to an initiating ordinance
12 adopted in accordance with this Section.

13 (b) A municipality may, by ordinance, designate an area
14 within its jurisdiction as a Capital City Redevelopment Zone,
15 subject to the certification of the Department in accordance
16 with this Act, if:

17 (1) the area is qualified in accordance with Section
18 15; and

19 (2) the municipality has conducted at least one public
20 hearing within the proposed zone area on the question of
21 whether to create the zone, what local plans, tax
22 incentives and other programs should be established in
23 connection with the zone, and what the boundaries of the
24 zone should be; public notice of the hearing shall be
25 published in at least one newspaper of general circulation

1 within the zone area not more than 20 days nor less than 5
2 days before the hearing.

3 (c) An ordinance designating an area as a Capital City
4 Redevelopment Zone shall set forth:

5 (1) a precise description of the area comprising the
6 zone, either in the form of a legal description or by
7 reference to roadways, lakes and waterways, and
8 municipality boundaries;

9 (2) a finding that the zone area meets the
10 qualifications of Section 15;

11 (3) provisions for any tax incentives or reimbursement
12 for taxes that apply under State or federal law to
13 business enterprises within the zone at the election of
14 the designating municipality and do not apply generally
15 throughout the municipality;

16 (4) a designation of the area as a Capital City
17 Redevelopment Zone, subject to the approval of the
18 Department in accordance with this Act; and

19 (5) the duration or term of the Capital City
20 Redevelopment Zone.

21 (d) This Section does not prohibit a municipality from
22 extending additional tax incentives or reimbursement for
23 business enterprises in Capital City Redevelopment Zones or
24 throughout the municipality's territory by separate ordinance.

25 Section 25. Application to Department. A municipality that

1 has adopted an ordinance designating an area as a Capital City
2 Redevelopment Zone shall make written application to the
3 Department to have the proposed zone certified. The
4 application shall include:

5 (1) a certified copy of the ordinance designating the
6 proposed zone;

7 (2) a map of the proposed zone;

8 (3) an analysis, and any appropriate supporting
9 documents, demonstrating that the proposed zone area is
10 qualified in accordance with Section 15;

11 (4) a statement detailing each tax, grant, or other
12 financial incentive or benefit, and any program, to be
13 provided by the municipality to business enterprises or
14 organizations within the zone, other than those provided
15 in the designating ordinance, that are not generally
16 provided throughout the municipality;

17 (5) a statement setting forth the economic development
18 and planning objectives for the zone;

19 (6) an estimate of the economic impact of the zone,
20 considering all of the tax incentives, financial benefits
21 and programs contemplated, upon the revenues of the
22 municipality;

23 (7) a transcript of all public hearings on the zone;

24 (8) a statement describing the functions, programs,
25 and services to be performed by designated zone
26 organizations within the zone; and

1 (9) any additional information the Department requires
2 by rule.

3 Section 30. Department review of Capital City
4 Redevelopment Zone applications.

5 (a) All applications must be considered and acted upon by
6 the Department no later than 180 days after being received by
7 the Department.

8 (b) Upon receipt of an application from a municipality,
9 the Department shall review the application to determine
10 whether the designated area qualifies as a Capital City
11 Redevelopment Zone under Section 15 of this Act.

12 (c) If the designated area is found to be qualified to be a
13 Capital City Redevelopment Zone, then the Department shall
14 publish a notice in at least one newspaper of general
15 circulation within the municipality in which the proposed zone
16 is located to notify the general public of the application and
17 their opportunity to comment. The notice shall include a
18 description of the area and a brief summary of the application
19 and shall indicate locations where the applicant has provided
20 copies of the application for public inspection. The notice
21 shall also indicate appropriate procedures for the filing of
22 written comments from zone residents, business, civic, and
23 other organizations and property owners to the Department.

24 (d) Within 180 days after receiving an application, the
25 Department shall either approve or deny that application. If

1 an approval of an application is not received within 180 days
2 after the Department's receipt of the application, then the
3 application is considered to be denied. If an application is
4 denied, the Department shall inform the municipality of the
5 specific reasons for the denial.

6 (e) The Department's determination of whether to certify a
7 Capital City Redevelopment Zone shall be based on the purposes
8 of this Act and the criteria set forth in Section 15 of this
9 Act.

10 Section 35. Certification of Capital City Redevelopment
11 Zones.

12 (a) As used in this Section:

13 "Minority person" has the meaning given to that term in
14 Section 2 of the Business Enterprise for Minorities, Women,
15 and Persons with Disabilities Act.

16 "Woman" has the meaning given to that term in Section 2 of
17 the Business Enterprise for Minorities, Women, and Persons
18 with Disabilities Act.

19 "Person with a disability" has the meaning given to that
20 term in Section 2 of the Business Enterprise for Minorities,
21 Women, and Persons with Disabilities Act.

22 "Veteran" means an Illinois resident who is a veteran as
23 defined in subsection (h) of Section 1491 of Title 10 of the
24 United States Code.

25 Approval of designated Capital City Redevelopment Zones

1 shall be made by the Department by certification of the
2 designating ordinance. The Department shall promptly issue a
3 certificate for the zone upon its approval. The certificate
4 shall be signed by the Director, shall make specific reference
5 to the designating ordinance, which shall be attached to the
6 certificate, and shall be filed in the office of the Secretary
7 of State. A certified copy of the Capital City Redevelopment
8 Zone Certificate or a duplicate original of the Capital City
9 Redevelopment Zone Certificate shall be recorded in the office
10 of the recorder of deeds of the county in which the Capital
11 City Redevelopment Zone lies.

12 (b) A Capital City Redevelopment Zone shall be effective
13 upon its certification. The Department shall transmit a copy
14 of the certification to the Department of Revenue and to the
15 designating municipality. Upon certification of a Capital City
16 Redevelopment Zone, the terms and provisions of the
17 designating ordinance shall be in effect, and may not be
18 amended or repealed except in accordance with Section 40.

19 (c) A Capital City Redevelopment Zone shall be in effect
20 for the period stated in the certificate, which shall in no
21 event exceed 30 calendar years. Zones shall terminate at
22 midnight on December 31 of the final calendar year of the
23 certified term, except as provided in Section 40.

24 (d) A municipality in which a Capital City Redevelopment
25 Zone has been certified must submit to the Department, within
26 60 days after the certification, a plan for encouraging the

1 participation by minority persons, women, persons with
2 disabilities, and veterans in the zone. The Department may
3 assist the municipality in developing and implementing the
4 plan.

5 Section 40. Amendment and decertification of Capital City
6 Redevelopment Zones.

7 (a) The terms of a certified zone designating ordinance
8 may be amended to:

9 (1) alter the boundaries of the zone;

10 (2) expand, limit, or repeal tax incentives or
11 benefits provided in the ordinance;

12 (3) alter the termination date of the zone; or

13 (4) make technical corrections in the Capital City
14 Redevelopment Zone designating ordinance.

15 An amendment shall not be effective unless the Department
16 issues an amended certificate for the Capital City
17 Redevelopment Zone approving the amended designating
18 ordinance. Upon the adoption of any ordinance amending or
19 repealing the terms of a certified Capital City Redevelopment
20 Zone designating ordinance, the municipality shall promptly
21 file with the Department an application for approval thereof,
22 containing substantially the same information as required for
23 an application under Section 25 that is material to the
24 proposed changes. The municipality must hold a public hearing
25 on the proposed changes as specified in Section 20 and, if the

1 amendment is to effectuate the limitation of tax abatements
2 under Section 45, then the public notice of the hearing shall
3 state that property that is in both the zone and a
4 redevelopment project area may not receive tax abatements
5 unless, within 60 days after the adoption of the amendment to
6 the designating ordinance, the municipality has determined
7 that eligibility for tax abatements has been established.

8 (b) The Department shall approve or disapprove a proposed
9 amendment to a certified zone within 90 days after its receipt
10 of the application from the municipality. The Department may
11 not approve changes in a Zone that do not conform with this Act
12 or with other applicable laws. If the Department issues an
13 amended certificate for a zone, then the amended certificate,
14 together with the amended zone designating ordinance, shall be
15 filed, recorded, and transmitted as provided in Section 35.

16 (c) A Capital City Redevelopment Zone may be decertified
17 by joint action of the Department and by the municipality in
18 which the Capital City Redevelopment Zone is located. The
19 designating municipality shall conduct at least one public
20 hearing within the zone prior to its adoption of an ordinance
21 of decertification. The mayor of the designating municipality
22 shall execute a joint decertification agreement with the
23 Department. A decertification of a Capital City Redevelopment
24 Zone that was initiated by the joint action of the Department
25 and the municipality shall not become effective until at least
26 6 months after the execution of the decertification agreement,

1 which shall be filed in the Office of the Secretary of State.

2 (d) A Capital City Redevelopment Zone may be decertified
3 for cause by the Department in accordance with this Section.
4 Prior to decertification:

5 (1) the Department shall notify the chief elected
6 official of the designating municipality in writing of the
7 specific deficiencies that provide cause for
8 decertification;

9 (2) the Department shall place the designating
10 municipality on probationary status for at least 6 months
11 during which time corrective action may be achieved in the
12 zone by the designating municipality; and

13 (3) the Department shall conduct at least one public
14 hearing within the zone.

15 If corrective action is not achieved during the
16 probationary period, then the Department shall issue an
17 amended certificate signed by the Director of the Department
18 decertifying the zone. The Department shall file the amended
19 certificate in the office of the Secretary of State. A
20 certified copy of the amended certificate or a duplicate
21 original of the amended certificate shall be recorded in the
22 office of recorder of the county in which the Capital City
23 Redevelopment Zone lies, and shall be provided to the chief
24 elected official of the designating municipality.
25 Decertification of a Capital City Redevelopment Zone for cause
26 shall not become effective until 60 days after the date of

1 filing.

2 (e) If a Capital City Redevelopment Zone is decertified,
3 an amendment reducing the length of the term or the area of a
4 Capital City Redevelopment Zone, or the adoption of an
5 ordinance reducing or eliminating tax benefits in a zone, then
6 all benefits previously extended within the zone under this
7 Act or any other State law providing benefits specifically to
8 or within Capital City Redevelopment Zones shall remain in
9 effect for the original stated term of the zone, with respect
10 to business enterprises within the zone on the effective date
11 of such decertification or amendment.

12 (f) With respect to a business enterprise or the expansion
13 of a business enterprise that is proposed or under development
14 within a zone at the time of a decertification or an amendment
15 reducing the length of the term of the zone, or excluding from
16 the zone area the site of the proposed enterprise, or an
17 ordinance reducing or eliminating tax benefits in a zone, the
18 business enterprise is entitled to the benefits previously
19 applicable within the zone for the original stated term of the
20 zone if the business enterprise establishes:

21 (1) that the proposed business enterprise or expansion
22 has been committed to be located within the zone;

23 (2) that substantial and binding financial obligations
24 have been made towards the development of such enterprise;
25 and

26 (3) that the commitments have been made in reasonable

1 reliance on the benefits and programs which were to have
2 been applicable to the enterprise by reason of the zone,
3 including, in the case of a reduction in term of a zone,
4 the original length of the term.

5 In declaratory judgment actions under this subsection, the
6 Department and the designating municipality shall be necessary
7 parties defendant.

8 Section 45. Adoption of tax increment financing.

9 (a) If (i) a redevelopment project area is, will be, or has
10 been created by a municipality under the Tax Increment
11 Allocation Redevelopment Act in the Illinois Municipal Code,
12 (ii) the redevelopment project area contains property that is
13 located in a Capital City Redevelopment Zone, (iii) the
14 municipality adopts an amendment to the Capital City
15 Redevelopment Zone designating ordinance pursuant to Section
16 40 of this Act specifically concerning the abatement of taxes
17 on property located within a redevelopment project area
18 created pursuant to the Tax Increment Allocation Redevelopment
19 Act of the Illinois Municipal Code, and (iv) the Department
20 certifies the ordinance amendment, then the property that is
21 located in both the Capital City Redevelopment Zone and the
22 redevelopment project area shall not be eligible for the
23 abatement of taxes under Section 18-170 of the Property Tax
24 Code.

25 No business enterprise or expansion or individual,

1 however, that has constructed a new improvement or renovated
2 or rehabilitated an existing improvement and has received an
3 abatement on the improvement under Section 18-170 of the
4 Property Tax Code shall be denied any benefit previously
5 extended within the zone under this Act or any other State law
6 providing benefits specifically to or within Capital City
7 Redevelopment Zones. Moreover, if the business enterprise or
8 individual presents evidence to the municipality within 30
9 days after the adoption by the municipality of an amendment to
10 the designating ordinance the sufficiency of which shall be
11 determined by findings of the corporate authorities made
12 within 30 days of the receipt of such evidence by the
13 municipality, that before the date of the notice of the public
14 hearing provided by the municipality regarding the amendment
15 to the designating ordinance (i) the business enterprise or
16 expansion or individual was committed to locate within the
17 Capital City Redevelopment Zone, (ii) substantial and binding
18 financial obligations were made towards the development of the
19 enterprise, and (iii) those commitments were made in
20 reasonable reliance on the benefits and programs that were
21 applicable to the enterprise or individual by reason of
22 Capital City Redevelopment Zone, then the enterprise or
23 expansion or individual shall not be denied any benefit
24 previously extended within the zone under this Act or any
25 other State law providing benefits specifically to or within
26 Capital City Redevelopment Zones.

1 (b) This Section applies to all property located within
2 both a redevelopment project area adopted under the Tax
3 Increment Allocation Redevelopment Act in the Illinois
4 Municipal Code and a Capital City Redevelopment Zone even if
5 the redevelopment project area was adopted before the
6 effective date of this Act.

7 (c) After the effective date of this Act, if (i) a
8 redevelopment project area is created by a municipality under
9 the Tax Increment Allocation Redevelopment Act in the Illinois
10 Municipal Code and (ii) the redevelopment project area
11 contains property that is located in a Capital City
12 Redevelopment Zone, then the municipality must adopt an
13 amendment to the certified Capital City Redevelopment Zone
14 designating ordinance under Section 40 specifying that
15 property that is located in both the Capital City
16 Redevelopment Zone and the redevelopment project area shall
17 not be eligible for any abatement of taxes under Section
18 18-170 of the Property Tax Code for new improvements or the
19 renovation or rehabilitation of existing improvements.

20 (d) In declaratory judgment actions under this Section,
21 the Department and the designating municipality shall be
22 necessary parties defendant.

23 Section 50. Powers and duties of Department.

24 (a) The Department shall administer this Act and shall
25 have the following powers and duties:

1 (1) To monitor the implementation of this Act and
2 submit reports evaluating the effectiveness of the program
3 and setting forth any suggestions for legislation to the
4 Governor and General Assembly by October 1 of each year
5 preceding a regular session of the General Assembly.

6 (2) To adopt all necessary rules to carry out the
7 purposes of this Act in accordance with the Illinois
8 Administrative Procedure Act.

9 (b) The Department shall provide information and
10 appropriate assistance to persons desiring to locate and
11 engage in business in a Capital City Redevelopment Zone and to
12 persons engaged in business in a zone.

13 (c) The Department shall publicize existing tax incentives
14 and economic development programs within the zone and, upon
15 request, offer technical assistance in abatement and
16 alternative revenue source development to units of local
17 government that have the Capital City Redevelopment Zone
18 within their jurisdiction.

19 Section 55. Zone administration. The administration of a
20 Capital City Redevelopment Zone shall be under the
21 jurisdiction of the designating municipality. The designating
22 municipality shall, by ordinance, designate a Zone
23 Administrator for the certified zone. A Zone Administrator
24 must be an officer or employee of the municipality. The Zone
25 Administrator shall be the liaison between the designating

1 municipality, the Department, the Department of Revenue, and
2 any designated zone organizations within zones under their
3 jurisdiction.

4 A designating municipality may designate one or more
5 organizations to be a designated zone organization. The
6 municipality, may, by ordinance, delegate functions within a
7 Capital City Redevelopment Zone to one or more designated zone
8 organizations in the zones.

9 Subject to the necessary governmental authorizations,
10 designated zone organizations may, in coordination with the
11 municipality, provide or contract for the provision of public
12 services including, but not limited to:

- 13 (1) crime-watch patrols within zone neighborhoods;
- 14 (2) volunteer day-care centers;
- 15 (3) recreational activities for zone-area youth;
- 16 (4) garbage collection;
- 17 (5) street maintenance and improvements;
- 18 (6) bridge maintenance and improvements;
- 19 (7) maintenance and improvement of water and sewer
20 lines;
- 21 (8) energy conservation projects;
- 22 (9) health and clinic services;
- 23 (10) drug abuse programs;
- 24 (11) senior citizen assistance programs;
- 25 (12) park maintenance;
- 26 (13) rehabilitation, renovation, and operation and

1 maintenance of low and moderate income housing; and
2 (14) other types of public services as provided by law
3 or regulation.

4 Section 60. Notice of cessation of business operations.
5 Any business located within the Capital City Redevelopment
6 Zone that has received tax credits or exemptions, regulatory
7 relief, or any other benefits under this Act shall notify the
8 Department and the municipal officials in which the zone is
9 located within 60 days after the cessation of any business
10 operations conducted within the zone. The Department shall
11 adopt rules to implement and administer this Section.

12 Section 65. Income tax deduction.

13 (a) A business entity may receive a deduction when
14 computing the entity's base income under the Illinois Income
15 Tax Act for a contribution to a designated zone organization
16 if the project for which the contribution is made has been
17 specifically approved by the designating municipality and by
18 the Department.

19 (b) Any designated zone organization seeking to have a
20 project approved for contribution must submit an application
21 to the Department describing the nature and benefit of the
22 project and its potential contributors. The application must
23 address how the following criteria shall be met:

24 (1) The project must contribute to the self-help

1 efforts of the residents of the area involved.

2 (2) The project must involve the residents of the area
3 in planning and implementing the project.

4 (3) The project must lack sufficient resources.

5 (4) The designated zone organization must be fiscally
6 responsible for the project.

7 (c) The project must enhance the Capital City
8 Redevelopment Zone by:

9 (1) creating permanent jobs;

10 (2) physically improving the housing stock;

11 (3) stimulating neighborhood business activity; or

12 (4) preventing crime.

13 (d) If the designated zone organization demonstrates its
14 ability to meet the criteria in subsection (b), and the
15 project will enhance the neighborhood in one of the ways
16 listed in subsection (c), then the Department shall approve
17 the organization's proposed project and specify the amount of
18 contributions it is eligible to receive for the project.
19 Comments from State elected officials and municipal officials
20 of the units of local government in which all or part of the
21 Capital City Redevelopment Zone is located, or in which the
22 project is proposed to be located, shall be solicited by the
23 Department in making its decision.

24 (e) Within 45 days of the receipt of an application, the
25 Department shall give notice to the applicant as to whether
26 the application has been approved or disapproved. If the

1 Department disapproves the application, then the Department
2 shall specify the reasons for this decision and allow 60 days
3 for the applicant to amend and resubmit its application. The
4 Department shall provide assistance upon request to
5 applicants. Resubmitted applications shall receive the
6 Department's approval or disapproval within 30 days of
7 resubmission. Those resubmitted applications satisfying
8 initial Department objectives shall be approved unless
9 reasonable circumstances warrant disapproval.

10 (f) On an annual basis, the designated zone organization
11 shall furnish a statement to the Department on the
12 programmatic and financial status of any approved project and
13 an audited financial statement of the project.

14 (g) For any project that is approved and for which there is
15 a specified amount of contributions that the designated zone
16 organization may receive as provided in subsection (d) of this
17 Section, the designated zone organization shall provide to the
18 Department any information necessary to determine the
19 eligibility of a contribution to the project for a deduction
20 under subparagraph (N) of paragraph (2) of subsection (b) of
21 Section 203 of the Illinois Income Tax Act. The Department
22 shall certify to the Department of Revenue the taxpayers that
23 are eligible for and the amounts of contributions which those
24 taxpayers may claim as a deduction under subparagraph (N) of
25 paragraph (2) of subsection (b) of Section 203 of the Illinois
26 Income Tax Act.

1 Section 70. Accounting.

2 (a) Any business receiving tax incentives due to its
3 location within a Capital City Redevelopment Zone must
4 annually report to the Department of Revenue information
5 reasonably required by the Department to enable the Department
6 of Revenue to verify and calculate the total tax benefits for
7 property taxes and taxes imposed by the State that are
8 received by the business, broken down by incentive category.
9 To the extent that a business receiving tax incentives has
10 obtained a Capital City Building Materials Exemption
11 Certificate, that business is required to report those
12 building materials exemption benefits only under subsection
13 (b) of this Section. No additional reporting for those
14 building materials exemption benefits is required under this
15 subsection (a). Reports shall be due no later than May 31 of
16 each year and shall cover the previous calendar year. Failure
17 to report data may result in ineligibility to receive
18 incentives. The Department, in consultation with the
19 Department of Revenue, is authorized to adopt rules governing
20 ineligibility to receive exemptions, including the length of
21 ineligibility. Factors to be considered in determining whether
22 a business is ineligible shall include, but are not limited
23 to, prior compliance with the reporting requirements,
24 cooperation in discontinuing and correcting violations, the
25 extent of the violation, and whether the violation was willful

1 or inadvertent.

2 (b) Each contractor or other entity that has been issued a
3 Capital City Building Materials Exemption Certificate under
4 Section 2-53 of the Retailers' Occupation Tax Act shall
5 annually report to the Department of Revenue the total tax
6 benefits for taxes imposed by the State that are received
7 under the Capital City Building Materials Exemption. Reports
8 shall contain information reasonably required by the
9 Department of Revenue to enable it to verify and calculate the
10 total tax benefits for taxes imposed by the State. Reports are
11 due no later than May 31 of each year and shall cover the
12 previous calendar year. Failure to report data may result in
13 revocation of the Capital City Building Materials Exemption
14 Certificate issued to the contractor or other entity. The
15 Department of Revenue is authorized to adopt rules governing
16 revocation determinations, including the length of
17 revocations. Factors to be considered in revocations shall
18 include, but are not limited to, prior compliance with the
19 reporting requirements, cooperation in discontinuing and
20 correcting violations, and whether the certificate was used
21 unlawfully during the preceding year.

22 (c) Each person required to file a return under the Gas
23 Revenue Tax Act, the Gas Use Tax Act, the Electricity Excise
24 Tax Act, or the Telecommunications Excise Tax Act shall file,
25 on or before May 31 of each year, a report with the Department
26 of Revenue, in the manner and form required by the Department

1 of Revenue, containing information reasonably required by the
2 Department of Revenue to enable the Department of Revenue to
3 verify and calculate the amount of the deduction for taxes
4 imposed by the State that is taken under each Act,
5 respectively, due to the location of a business in a Capital
6 City Redevelopment Zone. The report shall be itemized by
7 business and the business location address.

8 (d) Employers shall report their job creation, retention,
9 and capital investment numbers within the Capital City
10 Redevelopment Zone annually to the Department of Revenue no
11 later than May 31 of each calendar year.

12 (e) The Department of Revenue shall aggregate and collect
13 the tax, job, and capital investment data by Capital City
14 Redevelopment Zone and report this information, formatted to
15 exclude company-specific proprietary information, by August 1
16 of every calendar year. The Department shall include this
17 information in their required reports under this Act.

18 (f) The Department of Revenue, in its discretion, may
19 require that the reports filed under this Section be submitted
20 electronically.

21 (g) The Department of Revenue shall have the authority to
22 adopt rules as are reasonable and necessary to implement the
23 provisions of this Section.

24 Section 75. Capital city construction jobs credit.

25 (a) A business entity may receive a tax credit against the

1 tax imposed under subsections (a) and (b) of Section 201 of the
2 Illinois Income Tax Act in an amount equal to 50%, or 75% if
3 the project is located in an underserved area, of the amount of
4 the incremental income tax attributable to capital city
5 construction jobs employees employed in the course of
6 completing a capital city construction jobs project. The
7 credit allowed under this Section shall apply only to
8 taxpayers that make a capital investment of at least
9 \$1,000,000 in a qualified rehabilitation plan.

10 (b) A business entity seeking a credit under this Section
11 must submit an application to the Department describing the
12 nature and benefit of the capital city construction jobs
13 project to the qualified rehabilitation project and the
14 Capital City Redevelopment Zone. The Department may adopt any
15 necessary rules in order to administer the provisions of this
16 Section.

17 (c) Within 45 days after the receipt of an application,
18 the Department shall give notice to the applicant as to
19 whether the application has been approved or disapproved. If
20 the Department disapproves the application, it shall specify
21 the reasons for this decision and allow 60 days for the
22 applicant to amend and resubmit its application. The
23 Department shall provide assistance upon request to
24 applicants. Resubmitted applications shall receive the
25 Department's approval or disapproval within 30 days of
26 resubmission. Those resubmitted applications satisfying

1 initial Department objectives shall be approved unless
2 reasonable circumstances warrant disapproval.

3 (d) On an annual basis, the designated zone organization
4 shall furnish a statement to the Department on the
5 programmatic and financial status of any approved project and
6 an audited financial statement of the project.

7 (e) The Department shall certify to the Department of
8 Revenue the identity of the taxpayers who are eligible for
9 capital city construction jobs credits and the amounts of
10 capital city construction jobs credits awarded in each taxable
11 year.

12 Section 80. Certified payroll. Any taxpayer seeking
13 capital city construction job tax credits must:

14 (1) annually, until construction is completed, submit
15 a report that, at a minimum, describes the projected
16 project scope, timeline, and anticipated budget; once the
17 project has commenced, the annual report shall include
18 actual data for the prior year as well as projections for
19 each additional year through completion of the project;
20 the Department shall issue detailed reporting guidelines
21 prescribing the requirements of construction-related
22 reports; and

23 (2) provide the Department with evidence that a
24 certified third-party executed an Agreed-Upon Procedure
25 (AUP) verifying the construction expenses or accept the

1 standard construction wage expense estimated by the
2 Department; upon review of the final project scope,
3 timeline, budget, and AUP, the Department shall issue a
4 tax credit certificate reflecting a percentage of the
5 total construction job wages paid throughout the
6 completion of the project.

7 Upon 7 business days' notice, the taxpayer shall make
8 available for inspection and copying at a location within this
9 State during reasonable hours, the records identified in
10 paragraph (1) of this Section to the taxpayer in charge of the
11 project, its officers and agents, and to federal, State, or
12 local law enforcement agencies and prosecutors.

13 Section 85. Capital City Development Fund.

14 (a) Definitions. As used in this Section:

15 "Agreement" means the agreement between an eligible
16 employer and the Department under the provisions of subsection
17 (f) of this Section.

18 "Director" means the Director of Commerce and Economic
19 Opportunity.

20 "Eligible developer" means an individual, partnership,
21 corporation, or other entity that develops within a Capital
22 City Redevelopment Zone.

23 "Eligible employer" means an individual, partnership,
24 corporation, or other entity that employs full-time employees
25 within a Capital City Redevelopment Zone.

1 "Full-time employee" means an individual who is employed
2 for consideration for at least 35 hours each week or who
3 renders any other standard of service generally accepted by
4 industry custom or practice as full-time employment. An
5 individual for whom a W-2 is issued by a Professional Employer
6 Organization (PEO) is a full-time employee if employed in the
7 service of the eligible employer for consideration for at
8 least 35 hours each week or who renders any other standard of
9 service generally accepted by industry custom or practice as
10 full-time employment.

11 "Incremental income tax" means the total amount withheld
12 from the compensation of new employees under Article 7 of the
13 Illinois Income Tax Act arising from employment by an eligible
14 employer.

15 "Infrastructure" means roads, access roads, streets,
16 bridges, sidewalks, water and sewer line extensions, water
17 distribution and purification facilities, waste disposal
18 systems, sewage treatment facilities, stormwater drainage and
19 retention facilities, gas and electric utility line
20 extensions, or other improvements that are essential to the
21 development of the project that is the subject of an
22 agreement.

23 "New employee" means a full-time employee first employed
24 by an eligible employer in the project that is the subject of
25 an agreement between the Department and an eligible developer
26 and who is hired after the eligible developer enters into the

1 agreement, but does not include:

2 (1) an employee of the eligible employer who performs
3 a job that (i) existed for at least 6 months before the
4 employee was hired and (ii) was previously performed by
5 another employee;

6 (2) an employee of the eligible employer who was
7 previously employed in Illinois by a related member of the
8 eligible employer and whose employment was shifted to the
9 eligible employer after the eligible employer entered into
10 the agreement; or

11 (3) a child, grandchild, parent, or spouse, other than
12 a spouse who is legally separated from the individual, of
13 any individual who has a direct or an indirect ownership
14 interest of at least 5% in the profits, capital, or value
15 of the eligible employer.

16 Notwithstanding item (2) of this definition, an
17 employee may be considered a new employee under the
18 agreement if the employee performs a job that was
19 previously performed by an employee who was:

20 (A) treated under the agreement as a new employee;

21 and

22 (B) promoted by the eligible employer to another
23 job.

24 "Professional Employer Organization" (PEO) means an
25 employee leasing company, as defined in Section 206.1(A)(2) of
26 the Illinois Unemployment Insurance Act.

1 "Related member" means a person or entity that, with
2 respect to the eligible employer during any portion of the
3 taxable year, is any one of the following:

4 (1) an individual stockholder, if the stockholder and
5 the members of the stockholder's family (as defined in
6 Section 318 of the Internal Revenue Code) own directly,
7 indirectly, beneficially, or constructively, in the
8 aggregate, at least 50% of the value of the eligible
9 employer's outstanding stock;

10 (2) a partnership, estate, or trust and any partner or
11 beneficiary, if the partnership, estate, or trust, and its
12 partners or beneficiaries own directly, indirectly, or
13 beneficially, or constructively, in the aggregate, at
14 least 50% of the profits, capital, stock, or value of the
15 eligible employer;

16 (3) a corporation, and any party related to the
17 corporation in a manner that would require an attribution
18 of stock from the corporation to the party or from the
19 party to the corporation under the attribution rules of
20 Section 318 of the Internal Revenue Code, if the taxpayer
21 owns directly, indirectly, beneficially, or constructively
22 at least 50% of the value of the corporation's outstanding
23 stock;

24 (4) a corporation and any party related to that
25 corporation in a manner that would require an attribution
26 of stock from the corporation to the party or from the

1 party to the corporation under the attribution rules of
2 Section 318 of the Internal Revenue Code, if the
3 corporation and all such related parties own in the
4 aggregate at least 50% of the profits, capital, stock, or
5 value of the eligible employer; or

6 (5) a person to or from whom there is attribution of
7 stock ownership in accordance with Section 1563(e) of the
8 Internal Revenue Code, except, for purposes of determining
9 whether a person is a related member under this
10 definition, 20% shall be substituted for 5% wherever 5%
11 appears in Section 1563(e) of the Internal Revenue Code.

12 (b) The Capital City Development Fund is created as a
13 special fund in the State treasury. As soon as possible after
14 the first day of each month, upon certification of the
15 Department of Revenue, the Comptroller shall order transferred
16 and the Treasurer shall transfer from the General Revenue Fund
17 to the Capital City Development Fund an amount equal to the
18 incremental income tax for the previous month attributable to
19 a project that is the subject of an agreement. The total amount
20 transferred under this subsection may not exceed \$5,000,000 in
21 any State fiscal year.

22 (c) All moneys in the Capital City Development Fund, held
23 solely for the benefit of eligible developers, shall be
24 appropriated to the Department to make infrastructure grants
25 to eligible developers pursuant to agreements.

26 (d) The total aggregate amount of grants awarded to all

1 eligible developers shall not exceed \$5,000,000 in each State
2 fiscal year. The total amount of a grant awarded to an eligible
3 developer shall not exceed the total amount of infrastructure
4 costs incurred by that eligible developer with respect to a
5 project that is the subject of an agreement. No eligible
6 developer shall receive moneys that are attributable to a
7 project that is not the subject of the developer's agreement
8 with the Department.

9 (e) The Department shall enter into an agreement with an
10 eligible developer who is entitled to grants under this
11 Section. The agreement must include all of the following:

12 (1) A detailed description of the project that is the
13 subject of the agreement, including the location of the
14 project, the number of jobs created by the project, and
15 project costs. For purposes of this subsection, "project
16 costs" includes the costs of the project incurred or to be
17 incurred by the eligible developer, including
18 infrastructure costs, but excludes the value of State or
19 local incentives, including tax increment financing and
20 deductions, credits, or exemptions afforded to an employer
21 located in an enterprise zone.

22 (2) A requirement that the eligible developer shall
23 maintain operations at the project location, stated as a
24 minimum number of years not to exceed 10 years.

25 (3) A specific method for determining the number of
26 new employees attributable to the project.

1 (4) A requirement that the eligible developer shall
2 report monthly to the Department and the Department of
3 Revenue the number of new employees and the incremental
4 income tax withheld in connection with the new employees.

5 (5) A requirement that the Department is authorized to
6 verify with the Department of Revenue the amounts reported
7 under paragraph (4).

8 Section 900. The Department of Commerce and Economic
9 Opportunity Law of the Civil Administrative Code of Illinois
10 is amended by adding Section 605-908 as follows:

11 (20 ILCS 605/605-908 new)

12 Sec. 605-908. Capital City Redevelopment Zone assistance
13 program. The Department may establish and maintain a program
14 to provide, subject to appropriation, grants and assistance in
15 connection with Capital City Redevelopment Zones that are
16 established under the Capital City Redevelopment Zone Act. The
17 Department may adopt any rules necessary for the
18 administration of the program under this Section.

19 Section 905. The Corporate Accountability for Tax
20 Expenditures Act is amended by changing Section 5 as follows:

21 (20 ILCS 715/5)

22 Sec. 5. Definitions. As used in this Act:

1 "Base years" means the first 2 complete calendar years
2 following the effective date of a recipient receiving
3 development assistance.

4 "Date of assistance" means the commencement date of the
5 assistance agreement, which date triggers the period during
6 which the recipient is obligated to create or retain jobs and
7 continue operations at the specific project site.

8 "Default" means that a recipient has not achieved its job
9 creation, job retention, or wage or benefit goals, as
10 applicable, during the prescribed period therefor.

11 "Department" means, unless otherwise noted, the Department
12 of Commerce and Economic Opportunity or any successor agency.

13 "Development assistance" means (1) tax credits and tax
14 exemptions (other than given under tax increment financing)
15 given as an incentive to a recipient business organization
16 pursuant to an initial certification or an initial designation
17 made by the Department under the Economic Development for a
18 Growing Economy Tax Credit Act, River Edge Redevelopment Zone
19 Act, Capital City Redevelopment Zone Act, and the Illinois
20 Enterprise Zone Act, including the High Impact Business
21 program, (2) grants or loans given to a recipient as an
22 incentive to a business organization pursuant to the River
23 Edge Redevelopment Zone Act, Capital City Redevelopment Zone
24 Act, Large Business Development Program, the Business
25 Development Public Infrastructure Program, or the Industrial
26 Training Program, (3) the State Treasurer's Economic Program

1 Loans, (4) the Illinois Department of Transportation Economic
2 Development Program, and (5) all successor and subsequent
3 programs and tax credits designed to promote large business
4 relocations and expansions. "Development assistance" does not
5 include tax increment financing, assistance provided under the
6 Illinois Enterprise Zone Act, Capital City Redevelopment Zone
7 Act, or ~~and~~ River Edge Redevelopment Zone Act pursuant to
8 local ordinance, participation loans, or financial
9 transactions through statutorily authorized financial
10 intermediaries in support of small business loans and
11 investments or given in connection with the development of
12 affordable housing. "Development assistance" includes
13 assistance under the Illinois Emergency Employment Program
14 pursuant to the Illinois Emergency Development Act.

15 "Development assistance agreement" means any agreement
16 executed by the State granting body and the recipient setting
17 forth the terms and conditions of development assistance to be
18 provided to the recipient consistent with the final
19 application for development assistance, including but not
20 limited to the date of assistance, submitted to and approved
21 by the State granting body.

22 "Full-time, permanent job" means either: (1) the
23 definition therefor in the legislation authorizing the
24 programs described in the definition of development assistance
25 in the Act or (2) if there is no such definition, then as
26 defined in administrative rules implementing such legislation,

1 provided the administrative rules were in place prior to the
2 effective date of this Act. On and after the effective date of
3 this Act, if there is no definition of "full-time, permanent
4 job" in either the legislation authorizing a program that
5 constitutes economic development assistance under this Act or
6 in any administrative rule implementing such legislation that
7 was in place prior to the effective date of this Act, then
8 "full-time, permanent job" means a job in which the new
9 employee works for the recipient at a rate of at least 35 hours
10 per week.

11 "New employee" means either: (1) the definition therefor
12 in the legislation authorizing the programs described in the
13 definition of development assistance in the Act or (2) if
14 there is no such definition, then as defined in administrative
15 rules implementing such legislation, provided the
16 administrative rules were in place prior to the effective date
17 of this Act. On and after the effective date of this Act, if
18 there is no definition of "new employee" in either the
19 legislation authorizing a program that constitutes economic
20 development assistance under this Act nor in any
21 administrative rule implementing such legislation that was in
22 place prior to the effective date of this Act, then "new
23 employee" means a full-time, permanent employee who represents
24 a net increase in the number of the recipient's employees
25 statewide. "New employee" includes an employee who previously
26 filled a new employee position with the recipient who was

1 rehired or called back from a layoff that occurs during or
2 following the base years.

3 The term "New Employee" does not include any of the
4 following:

5 (1) An employee of the recipient who performs a job
6 that was previously performed by another employee in this
7 State, if that job existed in this State for at least 6
8 months before hiring the employee.

9 (2) A child, grandchild, parent, or spouse, other than
10 a spouse who is legally separated from the individual, of
11 any individual who has a direct or indirect ownership
12 interest of at least 5% in the profits, capital, or value
13 of any member of the recipient.

14 "Part-time job" means either: (1) the definition therefor
15 in the legislation authorizing the programs described in the
16 definition of development assistance in the Act or (2) if
17 there is no such definition, then as defined in administrative
18 rules implementing such legislation, provided the
19 administrative rules were in place prior to the effective date
20 of this Act. On and after the effective date of this Act, if
21 there is no definition of "part-time job" in either the
22 legislation authorizing a program that constitutes economic
23 development assistance under this Act or in any administrative
24 rule implementing such legislation that was in place prior to
25 the effective date of this Act, then "part-time job" means a
26 job in which the new employee works for the recipient at a rate

1 of less than 35 hours per week.

2 "Recipient" means any business that receives economic
3 development assistance. A business is any corporation, limited
4 liability company, partnership, joint venture, association,
5 sole proprietorship, or other legally recognized entity.

6 "Retained employee" means either: (1) the definition
7 therefor in the legislation authorizing the programs described
8 in the definition of development assistance in the Act or (2)
9 if there is no such definition, then as defined in
10 administrative rules implementing such legislation, provided
11 the administrative rules were in place prior to the effective
12 date of this Act. On and after the effective date of this Act,
13 if there is no definition of "retained employee" in either the
14 legislation authorizing a program that constitutes economic
15 development assistance under this Act or in any administrative
16 rule implementing such legislation that was in place prior to
17 the effective date of this Act, then "retained employee" means
18 any employee defined as having a full-time or full-time
19 equivalent job preserved at a specific facility or site, the
20 continuance of which is threatened by a specific and
21 demonstrable threat, which shall be specified in the
22 application for development assistance.

23 "Specific project site" means that distinct operational
24 unit to which any development assistance is applied.

25 "State granting body" means the Department, any State
26 department or State agency that provides development

1 assistance that has reporting requirements under this Act, and
2 any successor agencies to any of the preceding.

3 "Temporary job" means either: (1) the definition therefor
4 in the legislation authorizing the programs described in the
5 definition of development assistance in the Act or (2) if
6 there is no such definition, then as defined in administrative
7 rules implementing such legislation, provided the
8 administrative rules were in place prior to the effective date
9 of this Act. On and after the effective date of this Act, if
10 there is no definition of "temporary job" in either the
11 legislation authorizing a program that constitutes economic
12 development assistance under this Act or in any administrative
13 rule implementing such legislation that was in place prior to
14 the effective date of this Act, then "temporary job" means a
15 job in which the new employee is hired for a specific duration
16 of time or season.

17 "Value of assistance" means the face value of any form of
18 development assistance.

19 (Source: P.A. 97-581, eff. 8-26-11.)

20 Section 910. The State Finance Act is amended by adding
21 Section 5.1038 as follows:

22 (30 ILCS 105/5.1038 new)

23 Sec. 5.1038. The Capital City Development Fund.

1 Section 915. The Illinois Income Tax Act is amended by
2 changing Sections 201 and 203 and by adding Section 221.5 as
3 follows:

4 (35 ILCS 5/201)

5 Sec. 201. Tax imposed.

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

13 (b) Rates. The tax imposed by subsection (a) of this
14 Section shall be determined as follows, except as adjusted by
15 subsection (d-1):

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

20 (2) In the case of an individual, trust or estate, for
21 taxable years beginning prior to July 1, 1989 and ending
22 after June 30, 1989, an amount equal to the sum of (i) 2
23 1/2% of the taxpayer's net income for the period prior to
24 July 1, 1989, as calculated under Section 202.3, and (ii)
25 3% of the taxpayer's net income for the period after June

1 30, 1989, as calculated under Section 202.3.

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

6 (4) In the case of an individual, trust, or estate,
7 for taxable years beginning prior to January 1, 2011, and
8 ending after December 31, 2010, an amount equal to the sum
9 of (i) 3% of the taxpayer's net income for the period prior
10 to January 1, 2011, as calculated under Section 202.5, and
11 (ii) 5% of the taxpayer's net income for the period after
12 December 31, 2010, as calculated under Section 202.5.

13 (5) In the case of an individual, trust, or estate,
14 for taxable years beginning on or after January 1, 2011,
15 and ending prior to January 1, 2015, an amount equal to 5%
16 of the taxpayer's net income for the taxable year.

17 (5.1) In the case of an individual, trust, or estate,
18 for taxable years beginning prior to January 1, 2015, and
19 ending after December 31, 2014, an amount equal to the sum
20 of (i) 5% of the taxpayer's net income for the period prior
21 to January 1, 2015, as calculated under Section 202.5, and
22 (ii) 3.75% of the taxpayer's net income for the period
23 after December 31, 2014, as calculated under Section
24 202.5.

25 (5.2) In the case of an individual, trust, or estate,
26 for taxable years beginning on or after January 1, 2015,

1 and ending prior to July 1, 2017, an amount equal to 3.75%
2 of the taxpayer's net income for the taxable year.

3 (5.3) In the case of an individual, trust, or estate,
4 for taxable years beginning prior to July 1, 2017, and
5 ending after June 30, 2017, an amount equal to the sum of
6 (i) 3.75% of the taxpayer's net income for the period
7 prior to July 1, 2017, as calculated under Section 202.5,
8 and (ii) 4.95% of the taxpayer's net income for the period
9 after June 30, 2017, as calculated under Section 202.5.

10 (5.4) In the case of an individual, trust, or estate,
11 for taxable years beginning on or after July 1, 2017, an
12 amount equal to 4.95% of the taxpayer's net income for the
13 taxable year.

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

17 (7) In the case of a corporation, for taxable years
18 beginning prior to July 1, 1989 and ending after June 30,
19 1989, an amount equal to the sum of (i) 4% of the
20 taxpayer's net income for the period prior to July 1,
21 1989, as calculated under Section 202.3, and (ii) 4.8% of
22 the taxpayer's net income for the period after June 30,
23 1989, as calculated under Section 202.3.

24 (8) In the case of a corporation, for taxable years
25 beginning after June 30, 1989, and ending prior to January
26 1, 2011, an amount equal to 4.8% of the taxpayer's net

1 income for the taxable year.

2 (9) In the case of a corporation, for taxable years
3 beginning prior to January 1, 2011, and ending after
4 December 31, 2010, an amount equal to the sum of (i) 4.8%
5 of the taxpayer's net income for the period prior to
6 January 1, 2011, as calculated under Section 202.5, and
7 (ii) 7% of the taxpayer's net income for the period after
8 December 31, 2010, as calculated under Section 202.5.

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

13 (11) In the case of a corporation, for taxable years
14 beginning prior to January 1, 2015, and ending after
15 December 31, 2014, an amount equal to the sum of (i) 7% of
16 the taxpayer's net income for the period prior to January
17 1, 2015, as calculated under Section 202.5, and (ii) 5.25%
18 of the taxpayer's net income for the period after December
19 31, 2014, as calculated under Section 202.5.

20 (12) In the case of a corporation, for taxable years
21 beginning on or after January 1, 2015, and ending prior to
22 July 1, 2017, an amount equal to 5.25% of the taxpayer's
23 net income for the taxable year.

24 (13) In the case of a corporation, for taxable years
25 beginning prior to July 1, 2017, and ending after June 30,
26 2017, an amount equal to the sum of (i) 5.25% of the

1 taxpayer's net income for the period prior to July 1,
2 2017, as calculated under Section 202.5, and (ii) 7% of
3 the taxpayer's net income for the period after June 30,
4 2017, as calculated under Section 202.5.

5 (14) In the case of a corporation, for taxable years
6 beginning on or after July 1, 2017, an amount equal to 7%
7 of the taxpayer's net income for the taxable year.

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

10 (b-5) Surcharge; sale or exchange of assets, properties,
11 and intangibles of organization gaming licensees. For each of
12 taxable years 2019 through 2027, a surcharge is imposed on all
13 taxpayers on income arising from the sale or exchange of
14 capital assets, depreciable business property, real property
15 used in the trade or business, and Section 197 intangibles (i)
16 of an organization licensee under the Illinois Horse Racing
17 Act of 1975 and (ii) of an organization gaming licensee under
18 the Illinois Gambling Act. The amount of the surcharge is
19 equal to the amount of federal income tax liability for the
20 taxable year attributable to those sales and exchanges. The
21 surcharge imposed shall not apply if:

22 (1) the organization gaming license, organization
23 license, or racetrack property is transferred as a result
24 of any of the following:

25 (A) bankruptcy, a receivership, or a debt
26 adjustment initiated by or against the initial

1 licensee or the substantial owners of the initial
2 licensee;

3 (B) cancellation, revocation, or termination of
4 any such license by the Illinois Gaming Board or the
5 Illinois Racing Board;

6 (C) a determination by the Illinois Gaming Board
7 that transfer of the license is in the best interests
8 of Illinois gaming;

9 (D) the death of an owner of the equity interest in
10 a licensee;

11 (E) the acquisition of a controlling interest in
12 the stock or substantially all of the assets of a
13 publicly traded company;

14 (F) a transfer by a parent company to a wholly
15 owned subsidiary; or

16 (G) the transfer or sale to or by one person to
17 another person where both persons were initial owners
18 of the license when the license was issued; or

19 (2) the controlling interest in the organization
20 gaming license, organization license, or racetrack
21 property is transferred in a transaction to lineal
22 descendants in which no gain or loss is recognized or as a
23 result of a transaction in accordance with Section 351 of
24 the Internal Revenue Code in which no gain or loss is
25 recognized; or

26 (3) live horse racing was not conducted in 2010 at a

1 racetrack located within 3 miles of the Mississippi River
2 under a license issued pursuant to the Illinois Horse
3 Racing Act of 1975.

4 The transfer of an organization gaming license,
5 organization license, or racetrack property by a person other
6 than the initial licensee to receive the organization gaming
7 license is not subject to a surcharge. The Department shall
8 adopt rules necessary to implement and administer this
9 subsection.

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

23 (d) Additional Personal Property Tax Replacement Income
24 Tax Rates. The personal property tax replacement income tax
25 imposed by this subsection and subsection (c) of this Section
26 in the case of a corporation, other than a Subchapter S

1 corporation and except as adjusted by subsection (d-1), shall
2 be an additional amount equal to 2.85% of such taxpayer's net
3 income for the taxable year, except that beginning on January
4 1, 1981, and thereafter, the rate of 2.85% specified in this
5 subsection shall be reduced to 2.5%, and in the case of a
6 partnership, trust or a Subchapter S corporation shall be an
7 additional amount equal to 1.5% of such taxpayer's net income
8 for the taxable year.

9 (d-1) Rate reduction for certain foreign insurers. In the
10 case of a foreign insurer, as defined by Section 35A-5 of the
11 Illinois Insurance Code, whose state or country of domicile
12 imposes on insurers domiciled in Illinois a retaliatory tax
13 (excluding any insurer whose premiums from reinsurance assumed
14 are 50% or more of its total insurance premiums as determined
15 under paragraph (2) of subsection (b) of Section 304, except
16 that for purposes of this determination premiums from
17 reinsurance do not include premiums from inter-affiliate
18 reinsurance arrangements), beginning with taxable years ending
19 on or after December 31, 1999, the sum of the rates of tax
20 imposed by subsections (b) and (d) shall be reduced (but not
21 increased) to the rate at which the total amount of tax imposed
22 under this Act, net of all credits allowed under this Act,
23 shall equal (i) the total amount of tax that would be imposed
24 on the foreign insurer's net income allocable to Illinois for
25 the taxable year by such foreign insurer's state or country of
26 domicile if that net income were subject to all income taxes

1 and taxes measured by net income imposed by such foreign
2 insurer's state or country of domicile, net of all credits
3 allowed or (ii) a rate of zero if no such tax is imposed on
4 such income by the foreign insurer's state of domicile. For
5 the purposes of this subsection (d-1), an inter-affiliate
6 includes a mutual insurer under common management.

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

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

13 (B) the privilege tax imposed by Section 409 of
14 the Illinois Insurance Code, the fire insurance
15 company tax imposed by Section 12 of the Fire
16 Investigation Act, and the fire department taxes
17 imposed under Section 11-10-1 of the Illinois
18 Municipal Code,

19 equals 1.25% for taxable years ending prior to December
20 31, 2003, or 1.75% for taxable years ending on or after
21 December 31, 2003, of the net taxable premiums written for
22 the taxable year, as described by subsection (1) of
23 Section 409 of the Illinois Insurance Code. This paragraph
24 will in no event increase the rates imposed under
25 subsections (b) and (d).

26 (2) Any reduction in the rates of tax imposed by this

1 subsection shall be applied first against the rates
2 imposed by subsection (b) and only after the tax imposed
3 by subsection (a) net of all credits allowed under this
4 Section other than the credit allowed under subsection (i)
5 has been reduced to zero, against the rates imposed by
6 subsection (d).

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

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

12 (1) A taxpayer shall be allowed a credit equal to .5%
13 of the basis of qualified property placed in service
14 during the taxable year, provided such property is placed
15 in service on or after July 1, 1984. There shall be allowed
16 an additional credit equal to .5% of the basis of
17 qualified property placed in service during the taxable
18 year, provided such property is placed in service on or
19 after July 1, 1986, and the taxpayer's base employment
20 within Illinois has increased by 1% or more over the
21 preceding year as determined by the taxpayer's employment
22 records filed with the Illinois Department of Employment
23 Security. Taxpayers who are new to Illinois shall be
24 deemed to have met the 1% growth in base employment for the
25 first year in which they file employment records with the
26 Illinois Department of Employment Security. The provisions

1 added to this Section by Public Act 85-1200 (and restored
2 by Public Act 87-895) shall be construed as declaratory of
3 existing law and not as a new enactment. If, in any year,
4 the increase in base employment within Illinois over the
5 preceding year is less than 1%, the additional credit
6 shall be limited to that percentage times a fraction, the
7 numerator of which is .5% and the denominator of which is
8 1%, but shall not exceed .5%. The investment credit shall
9 not be allowed to the extent that it would reduce a
10 taxpayer's liability in any tax year below zero, nor may
11 any credit for qualified property be allowed for any year
12 other than the year in which the property was placed in
13 service in Illinois. For tax years ending on or after
14 December 31, 1987, and on or before December 31, 1988, the
15 credit shall be allowed for the tax year in which the
16 property is placed in service, or, if the amount of the
17 credit exceeds the tax liability for that year, whether it
18 exceeds the original liability or the liability as later
19 amended, such excess may be carried forward and applied to
20 the tax liability of the 5 taxable years following the
21 excess credit years if the taxpayer (i) makes investments
22 which cause the creation of a minimum of 2,000 full-time
23 equivalent jobs in Illinois, (ii) is located in an
24 enterprise zone established pursuant to the Illinois
25 Enterprise Zone Act and (iii) is certified by the
26 Department of Commerce and Community Affairs (now

1 Department of Commerce and Economic Opportunity) as
2 complying with the requirements specified in clause (i)
3 and (ii) by July 1, 1986. The Department of Commerce and
4 Community Affairs (now Department of Commerce and Economic
5 Opportunity) shall notify the Department of Revenue of all
6 such certifications immediately. For tax years ending
7 after December 31, 1988, the credit shall be allowed for
8 the tax year in which the property is placed in service,
9 or, if the amount of the credit exceeds the tax liability
10 for that year, whether it exceeds the original liability
11 or the liability as later amended, such excess may be
12 carried forward and applied to the tax liability of the 5
13 taxable years following the excess credit years. The
14 credit shall be applied to the earliest year for which
15 there is a liability. If there is credit from more than one
16 tax year that is available to offset a liability, earlier
17 credit shall be applied first.

18 (2) The term "qualified property" means property
19 which:

20 (A) is tangible, whether new or used, including
21 buildings and structural components of buildings and
22 signs that are real property, but not including land
23 or improvements to real property that are not a
24 structural component of a building such as
25 landscaping, sewer lines, local access roads, fencing,
26 parking lots, and other appurtenances;

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

6 (C) is acquired by purchase as defined in Section
7 179(d) of the Internal Revenue Code;

8 (D) is used in Illinois by a taxpayer who is
9 primarily engaged in manufacturing, or in mining coal
10 or fluorite, or in retailing, or was placed in service
11 on or after July 1, 2006 in a River Edge Redevelopment
12 Zone established pursuant to the River Edge
13 Redevelopment Zone Act; and

14 (E) has not previously been used in Illinois in
15 such a manner and by such a person as would qualify for
16 the credit provided by this subsection (e) or
17 subsection (f).

18 (3) For purposes of this subsection (e),
19 "manufacturing" means the material staging and production
20 of tangible personal property by procedures commonly
21 regarded as manufacturing, processing, fabrication, or
22 assembling which changes some existing material into new
23 shapes, new qualities, or new combinations. For purposes
24 of this subsection (e) the term "mining" shall have the
25 same meaning as the term "mining" in Section 613(c) of the
26 Internal Revenue Code. For purposes of this subsection

1 (e), the term "retailing" means the sale of tangible
2 personal property for use or consumption and not for
3 resale, or services rendered in conjunction with the sale
4 of tangible personal property for use or consumption and
5 not for resale. For purposes of this subsection (e),
6 "tangible personal property" has the same meaning as when
7 that term is used in the Retailers' Occupation Tax Act,
8 and, for taxable years ending after December 31, 2008,
9 does not include the generation, transmission, or
10 distribution of electricity.

11 (4) The basis of qualified property shall be the basis
12 used to compute the depreciation deduction for federal
13 income tax purposes.

14 (5) If the basis of the property for federal income
15 tax depreciation purposes is increased after it has been
16 placed in service in Illinois by the taxpayer, the amount
17 of such increase shall be deemed property placed in
18 service on the date of such increase in basis.

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

21 (7) If during any taxable year, any property ceases to
22 be qualified property in the hands of the taxpayer within
23 48 months after being placed in service, or the situs of
24 any qualified property is moved outside Illinois within 48
25 months after being placed in service, the Personal
26 Property Tax Replacement Income Tax for such taxable year

1 shall be increased. Such increase shall be determined by
2 (i) recomputing the investment credit which would have
3 been allowed for the year in which credit for such
4 property was originally allowed by eliminating such
5 property from such computation and, (ii) subtracting such
6 recomputed credit from the amount of credit previously
7 allowed. For the purposes of this paragraph (7), a
8 reduction of the basis of qualified property resulting
9 from a redetermination of the purchase price shall be
10 deemed a disposition of qualified property to the extent
11 of such reduction.

12 (8) Unless the investment credit is extended by law,
13 the basis of qualified property shall not include costs
14 incurred after December 31, 2018, except for costs
15 incurred pursuant to a binding contract entered into on or
16 before December 31, 2018.

17 (9) Each taxable year ending before December 31, 2000,
18 a partnership may elect to pass through to its partners
19 the credits to which the partnership is entitled under
20 this subsection (e) for the taxable year. A partner may
21 use the credit allocated to him or her under this
22 paragraph only against the tax imposed in subsections (c)
23 and (d) of this Section. If the partnership makes that
24 election, those credits shall be allocated among the
25 partners in the partnership in accordance with the rules
26 set forth in Section 704(b) of the Internal Revenue Code,

1 and the rules promulgated under that Section, and the
2 allocated amount of the credits shall be allowed to the
3 partners for that taxable year. The partnership shall make
4 this election on its Personal Property Tax Replacement
5 Income Tax return for that taxable year. The election to
6 pass through the credits shall be irrevocable.

7 For taxable years ending on or after December 31,
8 2000, a partner that qualifies its partnership for a
9 subtraction under subparagraph (I) of paragraph (2) of
10 subsection (d) of Section 203 or a shareholder that
11 qualifies a Subchapter S corporation for a subtraction
12 under subparagraph (S) of paragraph (2) of subsection (b)
13 of Section 203 shall be allowed a credit under this
14 subsection (e) equal to its share of the credit earned
15 under this subsection (e) during the taxable year by the
16 partnership or Subchapter S corporation, determined in
17 accordance with the determination of income and
18 distributive share of income under Sections 702 and 704
19 and Subchapter S of the Internal Revenue Code. This
20 paragraph is exempt from the provisions of Section 250.

21 (f) Investment credit; Enterprise Zone; River Edge
22 Redevelopment Zone; Capital City Redevelopment Zone.

23 (1) A taxpayer shall be allowed a credit against the
24 tax imposed by subsections (a) and (b) of this Section for
25 investment in qualified property which is placed in
26 service in: (A) an Enterprise Zone created pursuant to the

1 Illinois Enterprise Zone Act; (B) ~~or~~ for property placed
2 in service on or after July 1, 2006, a River Edge
3 Redevelopment Zone established pursuant to the River Edge
4 Redevelopment Zone Act; or (C) for property placed in
5 service on or after January 1, 2027, a Capital City
6 Redevelopment Zone established pursuant to the Capital
7 City Redevelopment Zone Act. For partners, shareholders of
8 Subchapter S corporations, and owners of limited liability
9 companies, if the liability company is treated as a
10 partnership for purposes of federal and State income
11 taxation, for taxable years ending before December 31,
12 2023, there shall be allowed a credit under this
13 subsection (f) to be determined in accordance with the
14 determination of income and distributive share of income
15 under Sections 702 and 704 and Subchapter S of the
16 Internal Revenue Code. For taxable years ending on or
17 after December 31, 2023, for partners and shareholders of
18 Subchapter S corporations, the provisions of Section 251
19 shall apply with respect to the credit under this
20 subsection. The credit shall be .5% of the basis for such
21 property. The credit shall be available only in the
22 taxable year in which the property is placed in service in
23 the Enterprise Zone, ~~or~~ River Edge Redevelopment Zone, or
24 Capital City Redevelopment Zone and shall not be allowed
25 to the extent that it would reduce a taxpayer's liability
26 for the tax imposed by subsections (a) and (b) of this

1 Section to below zero. For tax years ending on or after
2 December 31, 1985, the credit shall be allowed for the tax
3 year in which the property is placed in service, or, if the
4 amount of the credit exceeds the tax liability for that
5 year, whether it exceeds the original liability or the
6 liability as later amended, such excess may be carried
7 forward and applied to the tax liability of the 5 taxable
8 years following the excess credit year. The credit shall
9 be applied to the earliest year for which there is a
10 liability. If there is credit from more than one tax year
11 that is available to offset a liability, the credit
12 accruing first in time shall be applied first.

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

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

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

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

23 (D) is used in the Enterprise Zone, ~~or~~ River Edge
24 Redevelopment Zone, or Capital City Redevelopment Zone
25 by the taxpayer; and

26 (E) has not been previously used in Illinois in

1 such a manner and by such a person as would qualify for
2 the credit provided by this subsection (f) or
3 subsection (e).

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

7 (4) If the basis of the property for federal income
8 tax depreciation purposes is increased after it has been
9 placed in service in the Enterprise Zone, ~~or~~ River Edge
10 Redevelopment Zone, or Capital City Redevelopment Zone by
11 the taxpayer, the amount of such increase shall be deemed
12 property placed in service on the date of such increase in
13 basis.

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

16 (6) If during any taxable year, any property ceases to
17 be qualified property in the hands of the taxpayer within
18 48 months after being placed in service, or the situs of
19 any qualified property is moved outside the Enterprise
20 Zone, ~~or~~ River Edge Redevelopment Zone, or Capital City
21 Redevelopment Zone within 48 months after being placed in
22 service, the tax imposed under subsections (a) and (b) of
23 this Section for such taxable year shall be increased.
24 Such increase shall be determined by (i) recomputing the
25 investment credit which would have been allowed for the
26 year in which credit for such property was originally

1 allowed by eliminating such property from such
2 computation, and (ii) subtracting such recomputed credit
3 from the amount of credit previously allowed. For the
4 purposes of this paragraph (6), a reduction of the basis
5 of qualified property resulting from a redetermination of
6 the purchase price shall be deemed a disposition of
7 qualified property to the extent of such reduction.

8 (7) There shall be allowed an additional credit equal
9 to 0.5% of the basis of qualified property placed in
10 service during the taxable year in a River Edge
11 Redevelopment Zone, provided such property is placed in
12 service on or after July 1, 2006, and the taxpayer's base
13 employment within Illinois has increased by 1% or more
14 over the preceding year as determined by the taxpayer's
15 employment records filed with the Illinois Department of
16 Employment Security. Taxpayers who are new to Illinois
17 shall be deemed to have met the 1% growth in base
18 employment for the first year in which they file
19 employment records with the Illinois Department of
20 Employment Security. If, in any year, the increase in base
21 employment within Illinois over the preceding year is less
22 than 1%, the additional credit shall be limited to that
23 percentage times a fraction, the numerator of which is
24 0.5% and the denominator of which is 1%, but shall not
25 exceed 0.5%.

26 (7.5) There shall be allowed an additional credit

1 equal to 0.5% of the basis of qualified property placed in
2 service during the taxable year in a Capital City
3 Redevelopment Zone, provided that the property is placed
4 in service on or after July 1, 2027 and the taxpayer's base
5 employment within Illinois has increased by 1% or more
6 over the preceding year, as determined by the taxpayer's
7 employment records filed with the Department of Employment
8 Security. Taxpayers who are new to Illinois shall be
9 deemed to have met the 1% growth in base employment for the
10 first year in which they file employment records with the
11 Department of Employment Security. If, in any year, the
12 increase in base employment within Illinois over the
13 preceding year is less than 1%, the additional credit
14 shall be limited to that percentage times a fraction, the
15 numerator of which is 0.5% and the denominator of which is
16 1%, but shall not exceed 0.5%.

17 This paragraph (7.5) is exempt from the provisions of
18 Section 250.

19 (8) For taxable years beginning on or after January 1,
20 2021, there shall be allowed an Enterprise Zone
21 construction jobs credit against the taxes imposed under
22 subsections (a) and (b) of this Section as provided in
23 Section 13 of the Illinois Enterprise Zone Act.

24 The credit or credits may not reduce the taxpayer's
25 liability to less than zero. If the amount of the credit or
26 credits exceeds the taxpayer's liability, the excess may

1 be carried forward and applied against the taxpayer's
2 liability in succeeding calendar years in the same manner
3 provided under paragraph (4) of Section 211 of this Act.
4 The credit or credits shall be applied to the earliest
5 year for which there is a tax liability. If there are
6 credits from more than one taxable year that are available
7 to offset a liability, the earlier credit shall be applied
8 first.

9 For partners, shareholders of Subchapter S
10 corporations, and owners of limited liability companies,
11 if the liability company is treated as a partnership for
12 the purposes of federal and State income taxation, for
13 taxable years ending before December 31, 2023, there shall
14 be allowed a credit under this Section to be determined in
15 accordance with the determination of income and
16 distributive share of income under Sections 702 and 704
17 and Subchapter S of the Internal Revenue Code. For taxable
18 years ending on or after December 31, 2023, for partners
19 and shareholders of Subchapter S corporations, the
20 provisions of Section 251 shall apply with respect to the
21 credit under this subsection.

22 The total aggregate amount of credits awarded under
23 the Blue Collar Jobs Act (Article 20 of Public Act 101-9)
24 shall not exceed \$20,000,000 in any State fiscal year.

25 This paragraph (8) is exempt from the provisions of
26 Section 250.

1 (g) (Blank).

2 (h) Investment credit; High Impact Business.

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

1 only in the taxable year in which the property is placed in
2 service and shall not be allowed to the extent that it
3 would reduce a taxpayer's liability for the tax imposed by
4 subsections (a) and (b) of this Section to below zero. For
5 tax years ending on or after December 31, 1987, the credit
6 shall be allowed for the tax year in which the property is
7 placed in service, or, if the amount of the credit exceeds
8 the tax liability for that year, whether it exceeds the
9 original liability or the liability as later amended, such
10 excess may be carried forward and applied to the tax
11 liability of the 5 taxable years following the excess
12 credit year. The credit shall be applied to the earliest
13 year for which there is a liability. If there is credit
14 from more than one tax year that is available to offset a
15 liability, the credit accruing first in time shall be
16 applied first.

17 Changes made in this subdivision (h) (1) by Public Act
18 88-670 restore changes made by Public Act 85-1182 and
19 reflect existing law.

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

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

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

1 (h);

2 (C) is acquired by purchase as defined in Section
3 179(d) of the Internal Revenue Code; and

4 (D) is not eligible for the Enterprise Zone
5 Investment Credit provided by subsection (f) of this
6 Section.

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

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

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

18 (6) If during any taxable year ending on or before
19 December 31, 1996, any property ceases to be qualified
20 property in the hands of the taxpayer within 48 months
21 after being placed in service, or the situs of any
22 qualified property is moved outside Illinois within 48
23 months after being placed in service, the tax imposed
24 under subsections (a) and (b) of this Section for such
25 taxable year shall be increased. Such increase shall be
26 determined by (i) recomputing the investment credit which

1 would have been allowed for the year in which credit for
2 such property was originally allowed by eliminating such
3 property from such computation, and (ii) subtracting such
4 recomputed credit from the amount of credit previously
5 allowed. For the purposes of this paragraph (6), a
6 reduction of the basis of qualified property resulting
7 from a redetermination of the purchase price shall be
8 deemed a disposition of qualified property to the extent
9 of such reduction.

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

20 (h-5) High Impact Business construction jobs credit. For
21 taxable years beginning on or after January 1, 2021, there
22 shall also be allowed a High Impact Business construction jobs
23 credit against the tax imposed under subsections (a) and (b)
24 of this Section as provided in subsections (i) and (j) of
25 Section 5.5 of the Illinois Enterprise Zone Act.

26 The credit or credits may not reduce the taxpayer's

1 liability to less than zero. If the amount of the credit or
2 credits exceeds the taxpayer's liability, the excess may be
3 carried forward and applied against the taxpayer's liability
4 in succeeding calendar years in the manner provided under
5 paragraph (4) of Section 211 of this Act. The credit or credits
6 shall be applied to the earliest year for which there is a tax
7 liability. If there are credits from more than one taxable
8 year that are available to offset a liability, the earlier
9 credit shall be applied first.

10 For partners, shareholders of Subchapter S corporations,
11 and owners of limited liability companies, for taxable years
12 ending before December 31, 2023, if the liability company is
13 treated as a partnership for the purposes of federal and State
14 income taxation, there shall be allowed a credit under this
15 Section to be determined in accordance with the determination
16 of income and distributive share of income under Sections 702
17 and 704 and Subchapter S of the Internal Revenue Code. For
18 taxable years ending on or after December 31, 2023, for
19 partners and shareholders of Subchapter S corporations, the
20 provisions of Section 251 shall apply with respect to the
21 credit under this subsection.

22 The total aggregate amount of credits awarded under the
23 Blue Collar Jobs Act (Article 20 of Public Act 101-9) shall not
24 exceed \$20,000,000 in any State fiscal year.

25 This subsection (h-5) is exempt from the provisions of
26 Section 250.

1 (i) Credit for Personal Property Tax Replacement Income
2 Tax. For tax years ending prior to December 31, 2003, a credit
3 shall be allowed against the tax imposed by subsections (a)
4 and (b) of this Section for the tax imposed by subsections (c)
5 and (d) of this Section. This credit shall be computed by
6 multiplying the tax imposed by subsections (c) and (d) of this
7 Section by a fraction, the numerator of which is base income
8 allocable to Illinois and the denominator of which is Illinois
9 base income, and further multiplying the product by the tax
10 rate imposed by subsections (a) and (b) of this Section.

11 Any credit earned on or after December 31, 1986 under this
12 subsection which is unused in the year the credit is computed
13 because it exceeds the tax liability imposed by subsections
14 (a) and (b) for that year (whether it exceeds the original
15 liability or the liability as later amended) may be carried
16 forward and applied to the tax liability imposed by
17 subsections (a) and (b) of the 5 taxable years following the
18 excess credit year, provided that no credit may be carried
19 forward to any year ending on or after December 31, 2003. This
20 credit shall be applied first to the earliest year for which
21 there is a liability. If there is a credit under this
22 subsection from more than one tax year that is available to
23 offset a liability the earliest credit arising under this
24 subsection shall be applied first.

25 If, during any taxable year ending on or after December
26 31, 1986, the tax imposed by subsections (c) and (d) of this

1 Section for which a taxpayer has claimed a credit under this
2 subsection (i) is reduced, the amount of credit for such tax
3 shall also be reduced. Such reduction shall be determined by
4 recomputing the credit to take into account the reduced tax
5 imposed by subsections (c) and (d). If any portion of the
6 reduced amount of credit has been carried to a different
7 taxable year, an amended return shall be filed for such
8 taxable year to reduce the amount of credit claimed.

9 (j) Training expense credit. Beginning with tax years
10 ending on or after December 31, 1986 and prior to December 31,
11 2003, a taxpayer shall be allowed a credit against the tax
12 imposed by subsections (a) and (b) under this Section for all
13 amounts paid or accrued, on behalf of all persons employed by
14 the taxpayer in Illinois or Illinois residents employed
15 outside of Illinois by a taxpayer, for educational or
16 vocational training in semi-technical or technical fields or
17 semi-skilled or skilled fields, which were deducted from gross
18 income in the computation of taxable income. The credit
19 against the tax imposed by subsections (a) and (b) shall be
20 1.6% of such training expenses. For partners, shareholders of
21 subchapter S corporations, and owners of limited liability
22 companies, if the liability company is treated as a
23 partnership for purposes of federal and State income taxation,
24 for taxable years ending before December 31, 2023, there shall
25 be allowed a credit under this subsection (j) to be determined
26 in accordance with the determination of income and

1 distributive share of income under Sections 702 and 704 and
2 subchapter S of the Internal Revenue Code. For taxable years
3 ending on or after December 31, 2023, for partners and
4 shareholders of Subchapter S corporations, the provisions of
5 Section 251 shall apply with respect to the credit under this
6 subsection.

7 Any credit allowed under this subsection which is unused
8 in the year the credit is earned may be carried forward to each
9 of the 5 taxable years following the year for which the credit
10 is first computed until it is used. This credit shall be
11 applied first to the earliest year for which there is a
12 liability. If there is a credit under this subsection from
13 more than one tax year that is available to offset a liability,
14 the earliest credit arising under this subsection shall be
15 applied first. No carryforward credit may be claimed in any
16 tax year ending on or after December 31, 2003.

17 (k) Research and development credit. For tax years ending
18 after July 1, 1990 and prior to December 31, 2003, and
19 beginning again for tax years ending on or after December 31,
20 2004, and ending prior to January 1, 2032, a taxpayer shall be
21 allowed a credit against the tax imposed by subsections (a)
22 and (b) of this Section for increasing research activities in
23 this State. The credit allowed against the tax imposed by
24 subsections (a) and (b) shall be equal to 6 1/2% of the
25 qualifying expenditures for increasing research activities in
26 this State. For partners, shareholders of subchapter S

1 corporations, and owners of limited liability companies, if
2 the liability company is treated as a partnership for purposes
3 of federal and State income taxation, for taxable years ending
4 before December 31, 2023, there shall be allowed a credit
5 under this subsection to be determined in accordance with the
6 determination of income and distributive share of income under
7 Sections 702 and 704 and subchapter S of the Internal Revenue
8 Code. For taxable years ending on or after December 31, 2023,
9 for partners and shareholders of Subchapter S corporations,
10 the provisions of Section 251 shall apply with respect to the
11 credit under this subsection.

12 For purposes of this subsection, "qualifying expenditures"
13 means the qualifying expenditures as defined for the federal
14 credit for increasing research activities which would be
15 allowable under Section 41 of the Internal Revenue Code and
16 which are conducted in this State, "qualifying expenditures
17 for increasing research activities in this State" means the
18 excess of qualifying expenditures for the taxable year in
19 which incurred over qualifying expenditures for the base
20 period, "qualifying expenditures for the base period" means
21 the average of the qualifying expenditures for each year in
22 the base period, and "base period" means the 3 taxable years
23 immediately preceding the taxable year for which the
24 determination is being made.

25 Any credit in excess of the tax liability for the taxable
26 year may be carried forward. A taxpayer may elect to have the

1 unused credit shown on its final completed return carried over
2 as a credit against the tax liability for the following 5
3 taxable years or until it has been fully used, whichever
4 occurs first; provided that no credit earned in a tax year
5 ending prior to December 31, 2003 may be carried forward to any
6 year ending on or after December 31, 2003.

7 If an unused credit is carried forward to a given year from
8 2 or more earlier years, that credit arising in the earliest
9 year will be applied first against the tax liability for the
10 given year. If a tax liability for the given year still
11 remains, the credit from the next earliest year will then be
12 applied, and so on, until all credits have been used or no tax
13 liability for the given year remains. Any remaining unused
14 credit or credits then will be carried forward to the next
15 following year in which a tax liability is incurred, except
16 that no credit can be carried forward to a year which is more
17 than 5 years after the year in which the expense for which the
18 credit is given was incurred.

19 No inference shall be drawn from Public Act 91-644 in
20 construing this Section for taxable years beginning before
21 January 1, 1999.

22 It is the intent of the General Assembly that the research
23 and development credit under this subsection (k) shall apply
24 continuously for all tax years ending on or after December 31,
25 2004 and ending prior to January 1, 2032, including, but not
26 limited to, the period beginning on January 1, 2016 and ending

1 on July 6, 2017 (the effective date of Public Act 100-22). All
2 actions taken in reliance on the continuation of the credit
3 under this subsection (k) by any taxpayer are hereby
4 validated.

5 (l) Environmental Remediation Tax Credit.

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

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

1 (ii) A credit allowed under this subsection that is
2 unused in the year the credit is earned may be carried
3 forward to each of the 5 taxable years following the year
4 for which the credit is first earned until it is used. The
5 term "unused credit" does not include any amounts of
6 unreimbursed eligible remediation costs in excess of the
7 maximum credit per site authorized under paragraph (i).
8 This credit shall be applied first to the earliest year
9 for which there is a liability. If there is a credit under
10 this subsection from more than one tax year that is
11 available to offset a liability, the earliest credit
12 arising under this subsection shall be applied first. A
13 credit allowed under this subsection may be sold to a
14 buyer as part of a sale of all or part of the remediation
15 site for which the credit was granted. The purchaser of a
16 remediation site and the tax credit shall succeed to the
17 unused credit and remaining carry-forward period of the
18 seller. To perfect the transfer, the assignor shall record
19 the transfer in the chain of title for the site and provide
20 written notice to the Director of the Illinois Department
21 of Revenue of the assignor's intent to sell the
22 remediation site and the amount of the tax credit to be
23 transferred as a portion of the sale. In no event may a
24 credit be transferred to any taxpayer if the taxpayer or a
25 related party would not be eligible under the provisions
26 of subsection (i).

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

4 (m) Education expense credit. Beginning with tax years
5 ending after December 31, 1999, a taxpayer who is the
6 custodian of one or more qualifying pupils shall be allowed a
7 credit against the tax imposed by subsections (a) and (b) of
8 this Section for qualified education expenses incurred on
9 behalf of the qualifying pupils. The credit shall be equal to
10 25% of qualified education expenses, but in no event may the
11 total credit under this subsection claimed by a family that is
12 the custodian of qualifying pupils exceed (i) \$500 for tax
13 years ending prior to December 31, 2017, and (ii) \$750 for tax
14 years ending on or after December 31, 2017. In no event shall a
15 credit under this subsection reduce the taxpayer's liability
16 under this Act to less than zero. Notwithstanding any other
17 provision of law, for taxable years beginning on or after
18 January 1, 2017, no taxpayer may claim a credit under this
19 subsection (m) if the taxpayer's adjusted gross income for the
20 taxable year exceeds (i) \$500,000, in the case of spouses
21 filing a joint federal tax return or (ii) \$250,000, in the case
22 of all other taxpayers. This subsection is exempt from the
23 provisions of Section 250 of this Act.

24 For purposes of this subsection:

25 "Qualifying pupils" means individuals who (i) are
26 residents of the State of Illinois, (ii) are under the age of

1 21 at the close of the school year for which a credit is
2 sought, and (iii) during the school year for which a credit is
3 sought were full-time pupils enrolled in a kindergarten
4 through twelfth grade education program at any school, as
5 defined in this subsection.

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

10 "School" means any public or nonpublic elementary or
11 secondary school in Illinois that is in compliance with Title
12 VI of the Civil Rights Act of 1964 and attendance at which
13 satisfies the requirements of Section 26-1 of the School Code,
14 except that nothing shall be construed to require a child to
15 attend any particular public or nonpublic school to qualify
16 for the credit under this Section.

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

20 (n) River Edge Redevelopment Zone site remediation tax
21 credit.

22 (i) For tax years ending on or after December 31,
23 2006, a taxpayer shall be allowed a credit against the tax
24 imposed by subsections (a) and (b) of this Section for
25 certain amounts paid for unreimbursed eligible remediation
26 costs, as specified in this subsection. For purposes of

1 this Section, "unreimbursed eligible remediation costs"
2 means costs approved by the Illinois Environmental
3 Protection Agency ("Agency") under Section 58.14a of the
4 Environmental Protection Act that were paid in performing
5 environmental remediation at a site within a River Edge
6 Redevelopment Zone for which a No Further Remediation
7 Letter was issued by the Agency and recorded under Section
8 58.10 of the Environmental Protection Act. The credit must
9 be claimed for the taxable year in which Agency approval
10 of the eligible remediation costs is granted. The credit
11 is not available to any taxpayer if the taxpayer or any
12 related party caused or contributed to, in any material
13 respect, a release of regulated substances on, in, or
14 under the site that was identified and addressed by the
15 remedial action pursuant to the Site Remediation Program
16 of the Environmental Protection Act. Determinations as to
17 credit availability for purposes of this Section shall be
18 made consistent with rules adopted by the Pollution
19 Control Board pursuant to the Illinois Administrative
20 Procedure Act for the administration and enforcement of
21 Section 58.9 of the Environmental Protection Act. For
22 purposes of this Section, "taxpayer" includes a person
23 whose tax attributes the taxpayer has succeeded to under
24 Section 381 of the Internal Revenue Code and "related
25 party" includes the persons disallowed a deduction for
26 losses by paragraphs (b), (c), and (f)(1) of Section 267

1 of the Internal Revenue Code by virtue of being a related
2 taxpayer, as well as any of its partners. The credit
3 allowed against the tax imposed by subsections (a) and (b)
4 shall be equal to 25% of the unreimbursed eligible
5 remediation costs in excess of \$100,000 per site.

6 (ii) A credit allowed under this subsection that is
7 unused in the year the credit is earned may be carried
8 forward to each of the 5 taxable years following the year
9 for which the credit is first earned until it is used. This
10 credit shall be applied first to the earliest year for
11 which there is a liability. If there is a credit under this
12 subsection from more than one tax year that is available
13 to offset a liability, the earliest credit arising under
14 this subsection shall be applied first. A credit allowed
15 under this subsection may be sold to a buyer as part of a
16 sale of all or part of the remediation site for which the
17 credit was granted. The purchaser of a remediation site
18 and the tax credit shall succeed to the unused credit and
19 remaining carry-forward period of the seller. To perfect
20 the transfer, the assignor shall record the transfer in
21 the chain of title for the site and provide written notice
22 to the Director of the Illinois Department of Revenue of
23 the assignor's intent to sell the remediation site and the
24 amount of the tax credit to be transferred as a portion of
25 the sale. In no event may a credit be transferred to any
26 taxpayer if the taxpayer or a related party would not be

1 eligible under the provisions of subsection (i).

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

5 (n-5) Capital City Redevelopment Zone site remediation tax
6 credit.

7 (i) For tax years ending on or after December 31,
8 2027, a taxpayer shall be allowed a credit against the tax
9 imposed by subsections (a) and (b) of this Section for
10 certain amounts paid for unreimbursed eligible remediation
11 costs, as specified in this subsection. For purposes of
12 this Section, "unreimbursed eligible remediation costs"
13 means costs approved by the Environmental Protection
14 Agency ("Agency") under Section 58.14b of the
15 Environmental Protection Act that were paid in performing
16 environmental remediation at a site within a Capital City
17 Redevelopment Zone for which a No Further Remediation
18 Letter was issued by the Agency and recorded under Section
19 58.10 of the Environmental Protection Act. The credit must
20 be claimed for the taxable year in which Agency approval
21 of the eligible remediation costs is granted. The credit
22 is not available to any taxpayer if the taxpayer or any
23 related party caused or contributed to, in any material
24 respect, a release of regulated substances on, in, or
25 under the site that was identified and addressed by the
26 remedial action pursuant to the Site Remediation Program

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

17 (ii) The Agency shall issue a tax credit certificate
18 to taxpayers eligible for a credit under this subsection.
19 The certificate must contain the amount of the credit and
20 must be attached to the taxpayer's income tax return to
21 claim the credit.

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

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

18 This subsection (n-5) is exempt from the provisions of
19 Section 250.

20 (o) For each of taxable years during the Compassionate Use
21 of Medical Cannabis Program, a surcharge is imposed on all
22 taxpayers on income arising from the sale or exchange of
23 capital assets, depreciable business property, real property
24 used in the trade or business, and Section 197 intangibles of
25 an organization registrant under the Compassionate Use of
26 Medical Cannabis Program Act. The amount of the surcharge is

1 equal to the amount of federal income tax liability for the
2 taxable year attributable to those sales and exchanges. The
3 surcharge imposed does not apply if:

4 (1) the medical cannabis cultivation center
5 registration, medical cannabis dispensary registration, or
6 the property of a registration is transferred as a result
7 of any of the following:

8 (A) bankruptcy, a receivership, or a debt
9 adjustment initiated by or against the initial
10 registration or the substantial owners of the initial
11 registration;

12 (B) cancellation, revocation, or termination of
13 any registration by the Illinois Department of Public
14 Health;

15 (C) a determination by the Illinois Department of
16 Public Health that transfer of the registration is in
17 the best interests of Illinois qualifying patients as
18 defined by the Compassionate Use of Medical Cannabis
19 Program Act;

20 (D) the death of an owner of the equity interest in
21 a registrant;

22 (E) the acquisition of a controlling interest in
23 the stock or substantially all of the assets of a
24 publicly traded company;

25 (F) a transfer by a parent company to a wholly
26 owned subsidiary; or

1 (G) the transfer or sale to or by one person to
2 another person where both persons were initial owners
3 of the registration when the registration was issued;
4 or

5 (2) the cannabis cultivation center registration,
6 medical cannabis dispensary registration, or the
7 controlling interest in a registrant's property is
8 transferred in a transaction to lineal descendants in
9 which no gain or loss is recognized or as a result of a
10 transaction in accordance with Section 351 of the Internal
11 Revenue Code in which no gain or loss is recognized.

12 (p) Pass-through entity tax.

13 (1) For taxable years ending on or after December 31,
14 2021, a partnership (other than a publicly traded
15 partnership under Section 7704 of the Internal Revenue
16 Code) or Subchapter S corporation may elect to apply the
17 provisions of this subsection. A separate election shall
18 be made for each taxable year. Such election shall be made
19 at such time, and in such form and manner as prescribed by
20 the Department, and, once made, is irrevocable.

21 (2) Entity-level tax. A partnership or Subchapter S
22 corporation electing to apply the provisions of this
23 subsection shall be subject to a tax for the privilege of
24 earning or receiving income in this State in an amount
25 equal to 4.95% of the taxpayer's net income for the
26 taxable year.

1 (3) Net income defined.

2 (A) In general. For purposes of paragraph (2), the
3 term net income has the same meaning as defined in
4 Section 202 of this Act, except that, for tax years
5 ending on or after December 31, 2023, a deduction
6 shall be allowed in computing base income for
7 distributions to a retired partner to the extent that
8 the partner's distributions are exempt from tax under
9 Section 203(a)(2)(F) of this Act. In addition, the
10 following modifications shall not apply:

11 (i) the standard exemption allowed under
12 Section 204;

13 (ii) the deduction for net losses allowed
14 under Section 207;

15 (iii) in the case of an S corporation, the
16 modification under Section 203(b)(2)(S); and

17 (iv) in the case of a partnership, the
18 modifications under Section 203(d)(2)(H) and
19 Section 203(d)(2)(I).

20 (B) Special rule for tiered partnerships. If a
21 taxpayer making the election under paragraph (1) is a
22 partner of another taxpayer making the election under
23 paragraph (1), net income shall be computed as
24 provided in subparagraph (A), except that the taxpayer
25 shall subtract its distributive share of the net
26 income of the electing partnership (including its

1 distributive share of the net income of the electing
2 partnership derived as a distributive share from
3 electing partnerships in which it is a partner).

4 (4) Credit for entity level tax. Each partner or
5 shareholder of a taxpayer making the election under this
6 Section shall be allowed a credit against the tax imposed
7 under subsections (a) and (b) of Section 201 of this Act
8 for the taxable year of the partnership or Subchapter S
9 corporation for which an election is in effect ending
10 within or with the taxable year of the partner or
11 shareholder in an amount equal to 4.95% times the partner
12 or shareholder's distributive share of the net income of
13 the electing partnership or Subchapter S corporation, but
14 not to exceed the partner's or shareholder's share of the
15 tax imposed under paragraph (1) which is actually paid by
16 the partnership or Subchapter S corporation. If the
17 taxpayer is a partnership or Subchapter S corporation that
18 is itself a partner of a partnership making the election
19 under paragraph (1), the credit under this paragraph shall
20 be allowed to the taxpayer's partners or shareholders (or
21 if the partner is a partnership or Subchapter S
22 corporation then its partners or shareholders) in
23 accordance with the determination of income and
24 distributive share of income under Sections 702 and 704
25 and Subchapter S of the Internal Revenue Code. If the
26 amount of the credit allowed under this paragraph exceeds

1 the partner's or shareholder's liability for tax imposed
2 under subsections (a) and (b) of Section 201 of this Act
3 for the taxable year, such excess shall be treated as an
4 overpayment for purposes of Section 909 of this Act.

5 (5) Nonresidents. A nonresident individual who is a
6 partner or shareholder of a partnership or Subchapter S
7 corporation for a taxable year for which an election is in
8 effect under paragraph (1) shall not be required to file
9 an income tax return under this Act for such taxable year
10 if the only source of net income of the individual (or the
11 individual and the individual's spouse in the case of a
12 joint return) is from an entity making the election under
13 paragraph (1) and the credit allowed to the partner or
14 shareholder under paragraph (4) equals or exceeds the
15 individual's liability for the tax imposed under
16 subsections (a) and (b) of Section 201 of this Act for the
17 taxable year.

18 (6) Liability for tax. Except as provided in this
19 paragraph, a partnership or Subchapter S making the
20 election under paragraph (1) is liable for the
21 entity-level tax imposed under paragraph (2). If the
22 electing partnership or corporation fails to pay the full
23 amount of tax deemed assessed under paragraph (2), the
24 partners or shareholders shall be liable to pay the tax
25 assessed (including penalties and interest). Each partner
26 or shareholder shall be liable for the unpaid assessment

1 based on the ratio of the partner's or shareholder's share
2 of the net income of the partnership over the total net
3 income of the partnership. If the partnership or
4 Subchapter S corporation fails to pay the tax assessed
5 (including penalties and interest) and thereafter an
6 amount of such tax is paid by the partners or
7 shareholders, such amount shall not be collected from the
8 partnership or corporation.

9 (7) Foreign tax. For purposes of the credit allowed
10 under Section 601(b)(3) of this Act, tax paid by a
11 partnership or Subchapter S corporation to another state
12 which, as determined by the Department, is substantially
13 similar to the tax imposed under this subsection, shall be
14 considered tax paid by the partner or shareholder to the
15 extent that the partner's or shareholder's share of the
16 income of the partnership or Subchapter S corporation
17 allocated and apportioned to such other state bears to the
18 total income of the partnership or Subchapter S
19 corporation allocated or apportioned to such other state.

20 (8) Suspension of withholding. The provisions of
21 Section 709.5 of this Act shall not apply to a partnership
22 or Subchapter S corporation for the taxable year for which
23 an election under paragraph (1) is in effect.

24 (9) Requirement to pay estimated tax. For each taxable
25 year for which an election under paragraph (1) is in
26 effect, a partnership or Subchapter S corporation is

1 required to pay estimated tax for such taxable year under
2 Sections 803 and 804 of this Act if the amount payable as
3 estimated tax can reasonably be expected to exceed \$500.

4 (10) The provisions of this subsection shall apply
5 only with respect to taxable years for which the
6 limitation on individual deductions applies under Section
7 164(b)(6) of the Internal Revenue Code.

8 (Source: P.A. 103-9, eff. 6-7-23; 103-396, eff. 1-1-24;
9 103-595, eff. 6-26-24; 103-605, eff. 7-1-24; 104-453, eff.
10 12-12-25.)

11 (35 ILCS 5/203) (from Ch. 120, par. 2-203)

12 Sec. 203. Base income defined.

13 (a) Individuals.

14 (1) In general. In the case of an individual, base
15 income means an amount equal to the taxpayer's adjusted
16 gross income for the taxable year as modified by paragraph
17 (2).

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

21 (A) An amount equal to all amounts paid or accrued
22 to the taxpayer as interest or dividends during the
23 taxable year to the extent excluded from gross income
24 in the computation of adjusted gross income, except
25 stock dividends of qualified public utilities

1 described in Section 305(e) of the Internal Revenue
2 Code;

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

7 (C) An amount equal to the amount received during
8 the taxable year as a recovery or refund of real
9 property taxes paid with respect to the taxpayer's
10 principal residence under the Revenue Act of 1939 and
11 for which a deduction was previously taken under
12 subparagraph (L) of this paragraph (2) prior to July
13 1, 1991, the retrospective application date of Article
14 4 of Public Act 87-17. In the case of multi-unit or
15 multi-use structures and farm dwellings, the taxes on
16 the taxpayer's principal residence shall be that
17 portion of the total taxes for the entire property
18 which is attributable to such principal residence;

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

23 (D-5) An amount, to the extent not included in
24 adjusted gross income, equal to the amount of money
25 withdrawn by the taxpayer in the taxable year from a
26 medical care savings account and the interest earned

1 on the account in the taxable year of a withdrawal
2 pursuant to subsection (b) of Section 20 of the
3 Medical Care Savings Account Act or subsection (b) of
4 Section 20 of the Medical Care Savings Account Act of
5 2000;

6 (D-10) For taxable years ending after December 31,
7 1997, an amount equal to any eligible remediation
8 costs that the individual deducted in computing
9 adjusted gross income and for which the individual
10 claims a credit under subsection (l) of Section 201;

11 (D-15) For taxable years 2001 through 2025, an
12 amount equal to the bonus depreciation deduction taken
13 on the taxpayer's federal income tax return for the
14 taxable year under subsection (k) of Section 168 of
15 the Internal Revenue Code; for taxable years 2026 and
16 thereafter, an amount equal to the bonus depreciation
17 deduction taken on the taxpayer's federal income tax
18 return for the taxable year under subsection (k) or
19 (n) of Section 168 of the Internal Revenue Code;

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

1 If the taxpayer continues to own property through
2 the last day of the last tax year for which a
3 subtraction is allowed with respect to that property
4 under subparagraph (Z) and for which the taxpayer was
5 allowed in any taxable year to make a subtraction
6 modification under subparagraph (Z), then an amount
7 equal to that subtraction modification.

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

11 (D-17) An amount equal to the amount otherwise
12 allowed as a deduction in computing base income for
13 interest paid, accrued, or incurred, directly or
14 indirectly, (i) for taxable years ending on or after
15 December 31, 2004, to a foreign person who would be a
16 member of the same unitary business group but for the
17 fact that foreign person's business activity outside
18 the United States is 80% or more of the foreign
19 person's total business activity and (ii) for taxable
20 years ending on or after December 31, 2008, to a person
21 who would be a member of the same unitary business
22 group but for the fact that the person is prohibited
23 under Section 1501(a)(27) from being included in the
24 unitary business group because he or she is ordinarily
25 required to apportion business income under different
26 subsections of Section 304. The addition modification

1 required by this subparagraph shall be reduced to the
2 extent that dividends were included in base income of
3 the unitary group for the same taxable year and
4 received by the taxpayer or by a member of the
5 taxpayer's unitary business group (including amounts
6 included in gross income under Sections 951 through
7 964 of the Internal Revenue Code and amounts included
8 in gross income under Section 78 of the Internal
9 Revenue Code) with respect to the stock of the same
10 person to whom the interest was paid, accrued, or
11 incurred. For taxable years ending on and after
12 December 31, 2025, for purposes of applying this
13 paragraph in the case of a taxpayer to which Section
14 163(j) of the Internal Revenue Code applies for the
15 taxable year, the reduction in the amount of interest
16 for which a deduction is allowed by reason of Section
17 163(j) shall be treated as allocable first to persons
18 who are not foreign persons referred to in this
19 paragraph and then to such foreign persons.

20 For taxable years ending before December 31, 2025,
21 this paragraph shall not apply to the following:

- 22 (i) an item of interest paid, accrued, or
23 incurred, directly or indirectly, to a person who
24 is subject in a foreign country or state, other
25 than a state which requires mandatory unitary
26 reporting, to a tax on or measured by net income

1 with respect to such interest; or

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

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

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

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

24 (iv) an item of interest paid, accrued, or
25 incurred, directly or indirectly, to a person if
26 the taxpayer establishes by clear and convincing

1 evidence that the adjustments are unreasonable; or
2 if the taxpayer and the Director agree in writing
3 to the application or use of an alternative method
4 of apportionment under Section 304(f).

5 For taxable years ending on or after December 31,
6 2025, this paragraph shall not apply to the following:

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

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

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

22 (ii) an item of interest paid, accrued, or
23 incurred, directly or indirectly, to a person if
24 the taxpayer establishes by clear and convincing
25 evidence that the adjustments are unreasonable; or
26 if the taxpayer and the Director agree in writing

1 to the application or use of an alternative method
2 of apportionment under Section 304(f).

3 Nothing in this subsection shall preclude the
4 Director from making any other adjustment otherwise
5 allowed under Section 404 of this Act for any tax year
6 beginning after the effective date of this amendment
7 provided such adjustment is made pursuant to
8 regulation adopted by the Department and such
9 regulations provide methods and standards by which the
10 Department will utilize its authority under Section
11 404 of this Act;

12 (D-18) An amount equal to the amount of intangible
13 expenses and costs otherwise allowed as a deduction in
14 computing base income, and that were paid, accrued, or
15 incurred, directly or indirectly, (i) for taxable
16 years ending on or after December 31, 2004, to a
17 foreign person who would be a member of the same
18 unitary business group but for the fact that the
19 foreign person's business activity outside the United
20 States is 80% or more of that person's total business
21 activity and (ii) for taxable years ending on or after
22 December 31, 2008, to a person who would be a member of
23 the same unitary business group but for the fact that
24 the person is prohibited under Section 1501(a)(27)
25 from being included in the unitary business group
26 because he or she is ordinarily required to apportion

1 business income under different subsections of Section
2 304. The addition modification required by this
3 subparagraph shall be reduced to the extent that
4 dividends were included in base income of the unitary
5 group for the same taxable year and received by the
6 taxpayer or by a member of the taxpayer's unitary
7 business group (including amounts included in gross
8 income under Sections 951 through 964 of the Internal
9 Revenue Code and amounts included in gross income
10 under Section 78 of the Internal Revenue Code) with
11 respect to the stock of the same person to whom the
12 intangible expenses and costs were directly or
13 indirectly paid, incurred, or accrued. The preceding
14 sentence does not apply to the extent that the same
15 dividends caused a reduction to the addition
16 modification required under Section 203(a)(2)(D-17) of
17 this Act. As used in this subparagraph, the term
18 "intangible expenses and costs" includes (1) expenses,
19 losses, and costs for, or related to, the direct or
20 indirect acquisition, use, maintenance or management,
21 ownership, sale, exchange, or any other disposition of
22 intangible property; (2) losses incurred, directly or
23 indirectly, from factoring transactions or discounting
24 transactions; (3) royalty, patent, technical, and
25 copyright fees; (4) licensing fees; and (5) other
26 similar expenses and costs. For purposes of this

1 subparagraph, "intangible property" includes patents,
2 patent applications, trade names, trademarks, service
3 marks, copyrights, mask works, trade secrets, and
4 similar types of intangible assets.

5 For taxable years ending before December 31, 2025,
6 this paragraph shall not apply to the following:

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

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

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

23 (b) the transaction giving rise to the
24 intangible expense or cost between the
25 taxpayer and the person did not have as a
26 principal purpose the avoidance of Illinois

1 income tax, and is paid pursuant to a contract
2 or agreement that reflects arm's-length terms;
3 or

4 (iii) any item of intangible expense or cost
5 paid, accrued, or incurred, directly or
6 indirectly, from a transaction with a person if
7 the taxpayer establishes by clear and convincing
8 evidence, that the adjustments are unreasonable;
9 or if the taxpayer and the Director agree in
10 writing to the application or use of an
11 alternative method of apportionment under Section
12 304(f);

13 For taxable years ending on or after December 31,
14 2025, this paragraph shall not apply to the following:

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

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

24 (b) the transaction giving rise to the
25 intangible expense or cost between the
26 taxpayer and the person did not have as a

1 principal purpose the avoidance of Illinois
2 income tax, and is paid pursuant to a contract
3 or agreement that reflects arm's-length terms;
4 or

5 (ii) any item of intangible expense or cost
6 paid, accrued, or incurred, directly or
7 indirectly, from a transaction with a person if
8 the taxpayer establishes by clear and convincing
9 evidence, that the adjustments are unreasonable;
10 or if the taxpayer and the Director agree in
11 writing to the application or use of an
12 alternative method of apportionment under Section
13 304(f).

14 Nothing in this subsection shall preclude the
15 Director from making any other adjustment otherwise
16 allowed under Section 404 of this Act for any tax year
17 beginning after the effective date of this amendment
18 provided such adjustment is made pursuant to
19 regulation adopted by the Department and such
20 regulations provide methods and standards by which the
21 Department will utilize its authority under Section
22 404 of this Act;

23 (D-19) For taxable years ending on or after
24 December 31, 2008, an amount equal to the amount of
25 insurance premium expenses and costs otherwise allowed
26 as a deduction in computing base income, and that were

1 paid, accrued, or incurred, directly or indirectly, to
2 a person who would be a member of the same unitary
3 business group but for the fact that the person is
4 prohibited under Section 1501(a)(27) from being
5 included in the unitary business group because he or
6 she is ordinarily required to apportion business
7 income under different subsections of Section 304. The
8 addition modification required by this subparagraph
9 shall be reduced to the extent that dividends were
10 included in base income of the unitary group for the
11 same taxable year and received by the taxpayer or by a
12 member of the taxpayer's unitary business group
13 (including amounts included in gross income under
14 Sections 951 through 964 of the Internal Revenue Code
15 and amounts included in gross income under Section 78
16 of the Internal Revenue Code) with respect to the
17 stock of the same person to whom the premiums and costs
18 were directly or indirectly paid, incurred, or
19 accrued. The preceding sentence does not apply to the
20 extent that the same dividends caused a reduction to
21 the addition modification required under Section
22 203(a)(2)(D-17) or Section 203(a)(2)(D-18) of this
23 Act;

24 (D-20) For taxable years beginning on or after
25 January 1, 2002 and ending on or before December 31,
26 2006, in the case of a distribution from a qualified

1 tuition program under Section 529 of the Internal
2 Revenue Code, other than (i) a distribution from a
3 College Savings Pool created under Section 16.5 of the
4 State Treasurer Act or (ii) a distribution from the
5 Illinois Prepaid Tuition Trust Fund, an amount equal
6 to the amount excluded from gross income under Section
7 529(c)(3)(B). For taxable years beginning on or after
8 January 1, 2007, in the case of a distribution from a
9 qualified tuition program under Section 529 of the
10 Internal Revenue Code, other than (i) a distribution
11 from a College Savings Pool created under Section 16.5
12 of the State Treasurer Act, (ii) a distribution from
13 the Illinois Prepaid Tuition Trust Fund, or (iii) a
14 distribution from a qualified tuition program under
15 Section 529 of the Internal Revenue Code that (I)
16 adopts and determines that its offering materials
17 comply with the College Savings Plans Network's
18 disclosure principles and (II) has made reasonable
19 efforts to inform in-state residents of the existence
20 of in-state qualified tuition programs by informing
21 Illinois residents directly and, where applicable, to
22 inform financial intermediaries distributing the
23 program to inform in-state residents of the existence
24 of in-state qualified tuition programs at least
25 annually, an amount equal to the amount excluded from
26 gross income under Section 529(c)(3)(B).

1 For the purposes of this subparagraph (D-20), a
2 qualified tuition program has made reasonable efforts
3 if it makes disclosures (which may use the term
4 "in-state program" or "in-state plan" and need not
5 specifically refer to Illinois or its qualified
6 programs by name) (i) directly to prospective
7 participants in its offering materials or makes a
8 public disclosure, such as a website posting; and (ii)
9 where applicable, to intermediaries selling the
10 out-of-state program in the same manner that the
11 out-of-state program distributes its offering
12 materials;

13 (D-20.5) For taxable years beginning on or after
14 January 1, 2018, in the case of a distribution from a
15 qualified ABLE program under Section 529A of the
16 Internal Revenue Code, other than a distribution from
17 a qualified ABLE program created under Section 16.6 of
18 the State Treasurer Act, an amount equal to the amount
19 excluded from gross income under Section 529A(c)(1)(B)
20 of the Internal Revenue Code;

21 (D-21) For taxable years beginning on or after
22 January 1, 2007, in the case of transfer of moneys from
23 a qualified tuition program under Section 529 of the
24 Internal Revenue Code that is administered by the
25 State to an out-of-state program, an amount equal to
26 the amount of moneys previously deducted from base

1 income under subsection (a) (2) (Y) of this Section;

2 (D-21.5) For taxable years beginning on or after
3 January 1, 2018, in the case of the transfer of moneys
4 from a qualified tuition program under Section 529 or
5 a qualified ABLE program under Section 529A of the
6 Internal Revenue Code that is administered by this
7 State to an ABLE account established under an
8 out-of-state ABLE account program, an amount equal to
9 the contribution component of the transferred amount
10 that was previously deducted from base income under
11 subsection (a) (2) (Y) or subsection (a) (2) (HH) of this
12 Section;

13 (D-22) For taxable years beginning on or after
14 January 1, 2009, and prior to January 1, 2018, in the
15 case of a nonqualified withdrawal or refund of moneys
16 from a qualified tuition program under Section 529 of
17 the Internal Revenue Code administered by the State
18 that is not used for qualified expenses at an eligible
19 education institution, an amount equal to the
20 contribution component of the nonqualified withdrawal
21 or refund that was previously deducted from base
22 income under subsection (a) (2) (y) of this Section,
23 provided that the withdrawal or refund did not result
24 from the beneficiary's death or disability. For
25 taxable years beginning on or after January 1, 2018:
26 (1) in the case of a nonqualified withdrawal or

1 refund, as defined under Section 16.5 of the State
2 Treasurer Act, of moneys from a qualified tuition
3 program under Section 529 of the Internal Revenue Code
4 administered by the State, an amount equal to the
5 contribution component of the nonqualified withdrawal
6 or refund that was previously deducted from base
7 income under subsection (a)(2)(Y) of this Section, and
8 (2) in the case of a nonqualified withdrawal or refund
9 from a qualified ABLE program under Section 529A of
10 the Internal Revenue Code administered by the State
11 that is not used for qualified disability expenses, an
12 amount equal to the contribution component of the
13 nonqualified withdrawal or refund that was previously
14 deducted from base income under subsection (a)(2)(HH)
15 of this Section;

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

20 (D-24) For taxable years ending on or after
21 December 31, 2017, an amount equal to the deduction
22 allowed under Section 199 of the Internal Revenue Code
23 for the taxable year;

24 (D-25) In the case of a resident, an amount equal
25 to the amount of tax for which a credit is allowed
26 pursuant to Section 201(p)(7) of this Act;

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

3 (E) For taxable years ending before December 31,
4 2001, any amount included in such total in respect of
5 any compensation (including but not limited to any
6 compensation paid or accrued to a serviceman while a
7 prisoner of war or missing in action) paid to a
8 resident by reason of being on active duty in the Armed
9 Forces of the United States and in respect of any
10 compensation paid or accrued to a resident who as a
11 governmental employee was a prisoner of war or missing
12 in action, and in respect of any compensation paid to a
13 resident in 1971 or thereafter for annual training
14 performed pursuant to Sections 502 and 503, Title 32,
15 United States Code as a member of the Illinois
16 National Guard or, beginning with taxable years ending
17 on or after December 31, 2007, the National Guard of
18 any other state. For taxable years ending on or after
19 December 31, 2001, any amount included in such total
20 in respect of any compensation (including but not
21 limited to any compensation paid or accrued to a
22 serviceman while a prisoner of war or missing in
23 action) paid to a resident by reason of being a member
24 of any component of the Armed Forces of the United
25 States and in respect of any compensation paid or
26 accrued to a resident who as a governmental employee

1 was a prisoner of war or missing in action, and in
2 respect of any compensation paid to a resident in 2001
3 or thereafter by reason of being a member of the
4 Illinois National Guard or, beginning with taxable
5 years ending on or after December 31, 2007, the
6 National Guard of any other state. The provisions of
7 this subparagraph (E) are exempt from the provisions
8 of Section 250;

9 (F) An amount equal to all amounts included in
10 such total pursuant to the provisions of Sections
11 402(a), 402(c), 403(a), 403(b), 406(a), 407(a), and
12 408 of the Internal Revenue Code, or included in such
13 total as distributions under the provisions of any
14 retirement or disability plan for employees of any
15 governmental agency or unit, or retirement payments to
16 retired partners, which payments are excluded in
17 computing net earnings from self employment by Section
18 1402 of the Internal Revenue Code and regulations
19 adopted pursuant thereto;

20 (G) The valuation limitation amount;

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

24 (I) An amount equal to all amounts included in
25 such total pursuant to the provisions of Section 111
26 of the Internal Revenue Code as a recovery of items

1 previously deducted from adjusted gross income in the
2 computation of taxable income;

3 (J) An amount equal to those dividends included in
4 such total which were paid by a corporation which (i)
5 conducts business operations in a River Edge
6 Redevelopment Zone or zones created under the River
7 Edge Redevelopment Zone Act or a Capital City
8 Redevelopment Zone or zones created under the Capital
9 City Redevelopment Zone Act and and conducts
10 substantially all of its operations in a River Edge
11 Redevelopment Zone or zones or a Capital City
12 Redevelopment Zone or zones. This subparagraph (J) is
13 exempt from the provisions of Section 250;

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

23 (L) For taxable years ending after December 31,
24 1983, an amount equal to all social security benefits
25 and railroad retirement benefits included in such
26 total pursuant to Sections 72(r) and 86 of the

1 Internal Revenue Code;

2 (M) With the exception of any amounts subtracted
3 under subparagraph (N), an amount equal to the sum of
4 all amounts disallowed as deductions by (i) Sections
5 171(a)(2) and 265(a)(2) of the Internal Revenue Code,
6 and all amounts of expenses allocable to interest and
7 disallowed as deductions by Section 265(a)(1) of the
8 Internal Revenue Code; and (ii) for taxable years
9 ending on or after August 13, 1999, Sections
10 171(a)(2), 265, 280C, and 832(b)(5)(B)(i) of the
11 Internal Revenue Code, plus, for taxable years ending
12 on or after December 31, 2011, Section 45G(e)(3) of
13 the Internal Revenue Code and, for taxable years
14 ending on or after December 31, 2008, any amount
15 included in gross income under Section 87 of the
16 Internal Revenue Code; the provisions of this
17 subparagraph are exempt from the provisions of Section
18 250;

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

1 net of bond premium amortization;

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

5 (P) An amount equal to the amount of the deduction
6 used to compute the federal income tax credit for
7 restoration of substantial amounts held under claim of
8 right for the taxable year pursuant to Section 1341 of
9 the Internal Revenue Code or of any itemized deduction
10 taken from adjusted gross income in the computation of
11 taxable income for restoration of substantial amounts
12 held under claim of right for the taxable year;

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

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

21 (S) An amount, to the extent included in adjusted
22 gross income, equal to the amount of a contribution
23 made in the taxable year on behalf of the taxpayer to a
24 medical care savings account established under the
25 Medical Care Savings Account Act or the Medical Care
26 Savings Account Act of 2000 to the extent the

1 contribution is accepted by the account administrator
2 as provided in that Act;

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

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

16 (V) Beginning with tax years ending on or after
17 December 31, 1995 and ending with tax years ending on
18 or before December 31, 2004, an amount equal to the
19 amount paid by a taxpayer who is a self-employed
20 taxpayer, a partner of a partnership, or a shareholder
21 in a Subchapter S corporation for health insurance or
22 long-term care insurance for that taxpayer or that
23 taxpayer's spouse or dependents, to the extent that
24 the amount paid for that health insurance or long-term
25 care insurance may be deducted under Section 213 of
26 the Internal Revenue Code, has not been deducted on

1 the federal income tax return of the taxpayer, and
2 does not exceed the taxable income attributable to
3 that taxpayer's income, self-employment income, or
4 Subchapter S corporation income; except that no
5 deduction shall be allowed under this item (V) if the
6 taxpayer is eligible to participate in any health
7 insurance or long-term care insurance plan of an
8 employer of the taxpayer or the taxpayer's spouse. The
9 amount of the health insurance and long-term care
10 insurance subtracted under this item (V) shall be
11 determined by multiplying total health insurance and
12 long-term care insurance premiums paid by the taxpayer
13 times a number that represents the fractional
14 percentage of eligible medical expenses under Section
15 213 of the Internal Revenue Code of 1986 not actually
16 deducted on the taxpayer's federal income tax return;

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

23 (X) For taxable year 1999 and thereafter, an
24 amount equal to the amount of any (i) distributions,
25 to the extent includible in gross income for federal
26 income tax purposes, made to the taxpayer because of

1 his or her status as a victim of persecution for racial
2 or religious reasons by Nazi Germany or any other Axis
3 regime or as an heir of the victim and (ii) items of
4 income, to the extent includible in gross income for
5 federal income tax purposes, attributable to, derived
6 from or in any way related to assets stolen from,
7 hidden from, or otherwise lost to a victim of
8 persecution for racial or religious reasons by Nazi
9 Germany or any other Axis regime immediately prior to,
10 during, and immediately after World War II, including,
11 but not limited to, interest on the proceeds
12 receivable as insurance under policies issued to a
13 victim of persecution for racial or religious reasons
14 by Nazi Germany or any other Axis regime by European
15 insurance companies immediately prior to and during
16 World War II; provided, however, this subtraction from
17 federal adjusted gross income does not apply to assets
18 acquired with such assets or with the proceeds from
19 the sale of such assets; provided, further, this
20 paragraph shall only apply to a taxpayer who was the
21 first recipient of such assets after their recovery
22 and who is a victim of persecution for racial or
23 religious reasons by Nazi Germany or any other Axis
24 regime or as an heir of the victim. The amount of and
25 the eligibility for any public assistance, benefit, or
26 similar entitlement is not affected by the inclusion

1 of items (i) and (ii) of this paragraph in gross income
2 for federal income tax purposes. This paragraph is
3 exempt from the provisions of Section 250;

4 (Y) For taxable years beginning on or after
5 January 1, 2002 and ending on or before December 31,
6 2004, moneys contributed in the taxable year to a
7 College Savings Pool account under Section 16.5 of the
8 State Treasurer Act, except that amounts excluded from
9 gross income under Section 529(c)(3)(C)(i) of the
10 Internal Revenue Code shall not be considered moneys
11 contributed under this subparagraph (Y). For taxable
12 years beginning on or after January 1, 2005, a maximum
13 of \$10,000 contributed in the taxable year to (i) a
14 College Savings Pool account under Section 16.5 of the
15 State Treasurer Act or (ii) the Illinois Prepaid
16 Tuition Trust Fund, except that amounts excluded from
17 gross income under Section 529(c)(3)(C)(i) of the
18 Internal Revenue Code shall not be considered moneys
19 contributed under this subparagraph (Y). For purposes
20 of this subparagraph, contributions made by an
21 employer on behalf of an employee, or matching
22 contributions made by an employee, shall be treated as
23 made by the employee. This subparagraph (Y) is exempt
24 from the provisions of Section 250;

25 (Z) For taxable years 2001 and thereafter, for the
26 taxable year in which the bonus depreciation deduction

1 is taken on the taxpayer's federal income tax return
2 under subsection (k) or (n) of Section 168 of the
3 Internal Revenue Code and for each applicable taxable
4 year thereafter, an amount equal to "x", where:

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

12 (2) for taxable years ending on or before
13 December 31, 2005, "x" equals "y" multiplied by 30
14 and then divided by 70 (or "y" multiplied by
15 0.429); and

16 (3) for taxable years ending after December
17 31, 2005:

18 (i) for property on which a bonus
19 depreciation deduction of 30% of the adjusted
20 basis was taken, "x" equals "y" multiplied by
21 30 and then divided by 70 (or "y" multiplied
22 by 0.429);

23 (ii) for property on which a bonus
24 depreciation deduction of 50% of the adjusted
25 basis was taken, "x" equals "y" multiplied by
26 1.0;

1 (iii) for property on which a bonus
2 depreciation deduction of 100% of the adjusted
3 basis was taken in a taxable year ending on or
4 after December 31, 2021, "x" equals the
5 depreciation deduction that would be allowed
6 on that property if the taxpayer had made the
7 election under Section 168(k)(7) or Section
8 168(n)(6) of the Internal Revenue Code to not
9 claim bonus depreciation on that property; and

10 (iv) for property on which a bonus
11 depreciation deduction of a percentage other
12 than 30%, 50% or 100% of the adjusted basis
13 was taken in a taxable year ending on or after
14 December 31, 2021, "x" equals "y" multiplied
15 by 100 times the percentage bonus depreciation
16 on the property (that is, $100(\text{bonus}\%)$) and
17 then divided by 100 times 1 minus the
18 percentage bonus depreciation on the property
19 (that is, $100(1-\text{bonus}\%)$).

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

1 Section 250;

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

7 If the taxpayer continues to own property through
8 the last day of the last tax year for which a
9 subtraction is allowed with respect to that property
10 under subparagraph (Z) and for which the taxpayer was
11 required in any taxable year to make an addition
12 modification under subparagraph (D-15), then an amount
13 equal to that addition modification.

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

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

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

22 (CC) The amount of (i) any interest income (net of
23 the deductions allocable thereto) taken into account
24 for the taxable year with respect to a transaction
25 with a taxpayer that is required to make an addition
26 modification with respect to such transaction under

1 Section 203(a)(2)(D-17), 203(b)(2)(E-12),
2 203(c)(2)(G-12), or 203(d)(2)(D-7), but not to exceed
3 the amount of that addition modification, and (ii) any
4 income from intangible property (net of the deductions
5 allocable thereto) taken into account for the taxable
6 year with respect to a transaction with a taxpayer
7 that is required to make an addition modification with
8 respect to such transaction under Section
9 203(a)(2)(D-18), 203(b)(2)(E-13), 203(c)(2)(G-13), or
10 203(d)(2)(D-8), but not to exceed the amount of that
11 addition modification. This subparagraph (CC) is
12 exempt from the provisions of Section 250;

13 (DD) An amount equal to the interest income taken
14 into account for the taxable year (net of the
15 deductions allocable thereto) with respect to
16 transactions with (i) a foreign person who would be a
17 member of the taxpayer's unitary business group but
18 for the fact that the foreign person's business
19 activity outside the United States is 80% or more of
20 that person's total business activity and (ii) for
21 taxable years ending on or after December 31, 2008, to
22 a person who would be a member of the same unitary
23 business group but for the fact that the person is
24 prohibited under Section 1501(a)(27) from being
25 included in the unitary business group because he or
26 she is ordinarily required to apportion business

1 income under different subsections of Section 304, but
2 not to exceed the addition modification required to be
3 made for the same taxable year under Section
4 203(a)(2)(D-17) for interest paid, accrued, or
5 incurred, directly or indirectly, to the same person.
6 This subparagraph (DD) is exempt from the provisions
7 of Section 250;

8 (EE) An amount equal to the income from intangible
9 property taken into account for the taxable year (net
10 of the deductions allocable thereto) with respect to
11 transactions with (i) a foreign person who would be a
12 member of the taxpayer's unitary business group but
13 for the fact that the foreign person's business
14 activity outside the United States is 80% or more of
15 that person's total business activity and (ii) for
16 taxable years ending on or after December 31, 2008, to
17 a person who would be a member of the same unitary
18 business group but for the fact that the person is
19 prohibited under Section 1501(a)(27) from being
20 included in the unitary business group because he or
21 she is ordinarily required to apportion business
22 income under different subsections of Section 304, but
23 not to exceed the addition modification required to be
24 made for the same taxable year under Section
25 203(a)(2)(D-18) for intangible expenses and costs
26 paid, accrued, or incurred, directly or indirectly, to

1 the same foreign person. This subparagraph (EE) is
2 exempt from the provisions of Section 250;

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

9 (GG) For taxable years ending on or after December
10 31, 2011, in the case of a taxpayer who was required to
11 add back any insurance premiums under Section
12 203(a)(2)(D-19), such taxpayer may elect to subtract
13 that part of a reimbursement received from the
14 insurance company equal to the amount of the expense
15 or loss (including expenses incurred by the insurance
16 company) that would have been taken into account as a
17 deduction for federal income tax purposes if the
18 expense or loss had been uninsured. If a taxpayer
19 makes the election provided for by this subparagraph
20 (GG), the insurer to which the premiums were paid must
21 add back to income the amount subtracted by the
22 taxpayer pursuant to this subparagraph (GG). This
23 subparagraph (GG) is exempt from the provisions of
24 Section 250;

25 (HH) For taxable years beginning on or after
26 January 1, 2018 and prior to January 1, 2028, a maximum

1 of \$10,000 contributed in the taxable year to a
2 qualified ABLE account under Section 16.6 of the State
3 Treasurer Act, except that amounts excluded from gross
4 income under Section 529(c)(3)(C)(i) or Section
5 529A(c)(1)(C) of the Internal Revenue Code shall not
6 be considered moneys contributed under this
7 subparagraph (HH). For purposes of this subparagraph
8 (HH), contributions made by an employer on behalf of
9 an employee, or matching contributions made by an
10 employee, shall be treated as made by the employee;

11 (II) For taxable years that begin on or after
12 January 1, 2021 and begin before January 1, 2026, the
13 amount that is included in the taxpayer's federal
14 adjusted gross income pursuant to Section 61 of the
15 Internal Revenue Code as discharge of indebtedness
16 attributable to student loan forgiveness and that is
17 not excluded from the taxpayer's federal adjusted
18 gross income pursuant to paragraph (5) of subsection
19 (f) of Section 108 of the Internal Revenue Code;

20 (JJ) For taxable years beginning on or after
21 January 1, 2023, for any cannabis establishment
22 operating in this State and licensed under the
23 Cannabis Regulation and Tax Act or any cannabis
24 cultivation center or medical cannabis dispensing
25 organization operating in this State and licensed
26 under the Compassionate Use of Medical Cannabis

1 Program Act, an amount equal to the deductions that
2 were disallowed under Section 280E of the Internal
3 Revenue Code for the taxable year and that would not be
4 added back under this subsection. The provisions of
5 this subparagraph (JJ) are exempt from the provisions
6 of Section 250;

7 (KK) To the extent includible in gross income for
8 federal income tax purposes, any amount awarded or
9 paid to the taxpayer as a result of a judgment or
10 settlement for fertility fraud as provided in Section
11 15 of the Illinois Fertility Fraud Act, donor
12 fertility fraud as provided in Section 20 of the
13 Illinois Fertility Fraud Act, or similar action in
14 another state;

15 (LL) For taxable years beginning on or after
16 January 1, 2026, if the taxpayer is a qualified
17 worker, as defined in the Workforce Development
18 through Charitable Loan Repayment Act, an amount equal
19 to the amount included in the taxpayer's federal
20 adjusted gross income that is attributable to student
21 loan repayment assistance received by the taxpayer
22 during the taxable year from a qualified community
23 foundation under the provisions of the Workforce
24 Development through Charitable Loan Repayment Act.

25 This subparagraph (LL) is exempt from the
26 provisions of Section 250; and

1 (MM) For taxable years beginning on or after
2 January 1, 2025, if the taxpayer is an eligible
3 resident as defined in the Medical Debt Relief Act, an
4 amount equal to the amount included in the taxpayer's
5 federal adjusted gross income that is attributable to
6 medical debt relief received by the taxpayer during
7 the taxable year from a nonprofit medical debt relief
8 coordinator under the provisions of the Medical Debt
9 Relief Act. This subparagraph (MM) is exempt from the
10 provisions of Section 250.

11 (b) Corporations.

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

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

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

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

1 year;

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

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

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

26 (i) the addition modification relating to the

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

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

13 For taxable years in which there is a net
14 operating loss carryback or carryforward from more
15 than one other taxable year ending prior to December
16 31, 1986, the addition modification provided in this
17 subparagraph (E) shall be the sum of the amounts
18 computed independently under the preceding provisions
19 of this subparagraph (E) for each such taxable year;

20 (E-5) For taxable years ending after December 31,
21 1997, an amount equal to any eligible remediation
22 costs that the corporation deducted in computing
23 adjusted gross income and for which the corporation
24 claims a credit under subsection (l) of Section 201;

25 (E-10) For taxable years 2001 through 2025, an
26 amount equal to the bonus depreciation deduction taken

1 on the taxpayer's federal income tax return for the
2 taxable year under subsection (k) of Section 168 of
3 the Internal Revenue Code; for taxable years 2026 and
4 thereafter, an amount equal to the bonus depreciation
5 deduction taken on the taxpayer's federal income tax
6 return for the taxable year under subsection (k) or
7 (n) of Section 168 of the Internal Revenue Code;

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

15 If the taxpayer continues to own property through
16 the last day of the last tax year for which a
17 subtraction is allowed with respect to that property
18 under subparagraph (T) and for which the taxpayer was
19 allowed in any taxable year to make a subtraction
20 modification under subparagraph (T), then an amount
21 equal to that subtraction modification.

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

25 (E-12) An amount equal to the amount otherwise
26 allowed as a deduction in computing base income for

1 interest paid, accrued, or incurred, directly or
2 indirectly, (i) for taxable years ending on or after
3 December 31, 2004, to a foreign person who would be a
4 member of the same unitary business group but for the
5 fact the foreign person's business activity outside
6 the United States is 80% or more of the foreign
7 person's total business activity and (ii) for taxable
8 years ending on or after December 31, 2008, to a person
9 who would be a member of the same unitary business
10 group but for the fact that the person is prohibited
11 under Section 1501(a)(27) from being included in the
12 unitary business group because he or she is ordinarily
13 required to apportion business income under different
14 subsections of Section 304. The addition modification
15 required by this subparagraph shall be reduced to the
16 extent that dividends were included in base income of
17 the unitary group for the same taxable year and
18 received by the taxpayer or by a member of the
19 taxpayer's unitary business group (including amounts
20 included in gross income pursuant to Sections 951
21 through 964 of the Internal Revenue Code and amounts
22 included in gross income under Section 78 of the
23 Internal Revenue Code) with respect to the stock of
24 the same person to whom the interest was paid,
25 accrued, or incurred. For taxable years ending on and
26 after December 31, 2025, for purposes of applying this

1 paragraph in the case of a taxpayer to which Section
2 163(j) of the Internal Revenue Code applies for the
3 taxable year, the reduction in the amount of interest
4 for which a deduction is allowed by reason of Section
5 163(j) shall be treated as allocable first to persons
6 who are not foreign persons referred to in this
7 paragraph and then to such foreign persons.

8 For taxable years ending before December 31, 2025,
9 this paragraph shall not apply to the following:

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

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

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

24 (b) the transaction giving rise to the
25 interest expense between the taxpayer and the
26 person did not have as a principal purpose the

1 avoidance of Illinois income tax, and is paid
2 pursuant to a contract or agreement that
3 reflects an arm's-length interest rate and
4 terms; or

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

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

19 For taxable years ending on or after December 31,
20 2025, this paragraph shall not apply to the following:

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

26 (a) the person, during the same taxable

1 year, paid, accrued, or incurred, the interest
2 to a person that is not a related member, and

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

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

17 Nothing in this subsection shall preclude the
18 Director from making any other adjustment otherwise
19 allowed under Section 404 of this Act for any tax year
20 beginning after the effective date of this amendment
21 provided such adjustment is made pursuant to
22 regulation adopted by the Department and such
23 regulations provide methods and standards by which the
24 Department will utilize its authority under Section
25 404 of this Act;

26 (E-13) An amount equal to the amount of intangible

1 expenses and costs otherwise allowed as a deduction in
2 computing base income, and that were paid, accrued, or
3 incurred, directly or indirectly, (i) for taxable
4 years ending on or after December 31, 2004, to a
5 foreign person who would be a member of the same
6 unitary business group but for the fact that the
7 foreign person's business activity outside the United
8 States is 80% or more of that person's total business
9 activity and (ii) for taxable years ending on or after
10 December 31, 2008, to a person who would be a member of
11 the same unitary business group but for the fact that
12 the person is prohibited under Section 1501(a)(27)
13 from being included in the unitary business group
14 because he or she is ordinarily required to apportion
15 business income under different subsections of Section
16 304. The addition modification required by this
17 subparagraph shall be reduced to the extent that
18 dividends were included in base income of the unitary
19 group for the same taxable year and received by the
20 taxpayer or by a member of the taxpayer's unitary
21 business group (including amounts included in gross
22 income pursuant to Sections 951 through 964 of the
23 Internal Revenue Code and amounts included in gross
24 income under Section 78 of the Internal Revenue Code)
25 with respect to the stock of the same person to whom
26 the intangible expenses and costs were directly or

1 indirectly paid, incurred, or accrued. The preceding
2 sentence shall not apply to the extent that the same
3 dividends caused a reduction to the addition
4 modification required under Section 203(b)(2)(E-12) of
5 this Act. As used in this subparagraph, the term
6 "intangible expenses and costs" includes (1) expenses,
7 losses, and costs for, or related to, the direct or
8 indirect acquisition, use, maintenance or management,
9 ownership, sale, exchange, or any other disposition of
10 intangible property; (2) losses incurred, directly or
11 indirectly, from factoring transactions or discounting
12 transactions; (3) royalty, patent, technical, and
13 copyright fees; (4) licensing fees; and (5) other
14 similar expenses and costs. For purposes of this
15 subparagraph, "intangible property" includes patents,
16 patent applications, trade names, trademarks, service
17 marks, copyrights, mask works, trade secrets, and
18 similar types of intangible assets.

19 For taxable years ending before December 31, 2025,
20 this paragraph shall not apply to the following:

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

1 with respect to such item; or

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

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

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

18 (iii) any item of intangible expense or cost
19 paid, accrued, or incurred, directly or
20 indirectly, from a transaction with a person if
21 the taxpayer establishes by clear and convincing
22 evidence, that the adjustments are unreasonable;
23 or if the taxpayer and the Director agree in
24 writing to the application or use of an
25 alternative method of apportionment under Section
26 304(f);

1 For taxable years ending on or after December 31,
2 2025, this paragraph shall not apply to the following:

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

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

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

19 (ii) any item of intangible expense or cost
20 paid, accrued, or incurred, directly or
21 indirectly, from a transaction with a person if
22 the taxpayer establishes by clear and convincing
23 evidence, that the adjustments are unreasonable;
24 or if the taxpayer and the Director agree in
25 writing to the application or use of an
26 alternative method of apportionment under Section

1 304(f).

2 Nothing in this subsection shall preclude the
3 Director from making any other adjustment otherwise
4 allowed under Section 404 of this Act for any tax year
5 beginning after the effective date of this amendment
6 provided such adjustment is made pursuant to
7 regulation adopted by the Department and such
8 regulations provide methods and standards by which the
9 Department will utilize its authority under Section
10 404 of this Act;

11 (E-14) For taxable years ending on or after
12 December 31, 2008, an amount equal to the amount of
13 insurance premium expenses and costs otherwise allowed
14 as a deduction in computing base income, and that were
15 paid, accrued, or incurred, directly or indirectly, to
16 a person who would be a member of the same unitary
17 business group but for the fact that the person is
18 prohibited under Section 1501(a)(27) from being
19 included in the unitary business group because he or
20 she is ordinarily required to apportion business
21 income under different subsections of Section 304. The
22 addition modification required by this subparagraph
23 shall be reduced to the extent that dividends were
24 included in base income of the unitary group for the
25 same taxable year and received by the taxpayer or by a
26 member of the taxpayer's unitary business group

1 (including amounts included in gross income under
2 Sections 951 through 964 of the Internal Revenue Code
3 and amounts included in gross income under Section 78
4 of the Internal Revenue Code) with respect to the
5 stock of the same person to whom the premiums and costs
6 were directly or indirectly paid, incurred, or
7 accrued. The preceding sentence does not apply to the
8 extent that the same dividends caused a reduction to
9 the addition modification required under Section
10 203(b)(2)(E-12) or Section 203(b)(2)(E-13) of this
11 Act;

12 (E-15) For taxable years beginning after December
13 31, 2008, any deduction for dividends paid by a
14 captive real estate investment trust that is allowed
15 to a real estate investment trust under Section
16 857(b)(2)(B) of the Internal Revenue Code for
17 dividends paid;

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

22 (E-17) For taxable years ending on or after
23 December 31, 2017, an amount equal to the deduction
24 allowed under Section 199 of the Internal Revenue Code
25 for the taxable year;

26 (E-18) for taxable years beginning after December

1 31, 2018, an amount equal to the deduction allowed
2 under Section 250(a)(1)(A) of the Internal Revenue
3 Code for the taxable year;

4 (E-19) for taxable years ending on or after June
5 30, 2021, an amount equal to the deduction allowed
6 under Section 250(a)(1)(B)(i) of the Internal Revenue
7 Code for the taxable year;

8 (E-20) for taxable years ending on or after June
9 30, 2021, an amount equal to the deduction allowed
10 under Sections 243(e) and 245A(a) of the Internal
11 Revenue Code for the taxable year;

12 (E-21) the amount that is claimed as a federal
13 deduction when computing the taxpayer's federal
14 taxable income for the taxable year and that is
15 attributable to an endowment gift for which the
16 taxpayer receives a credit under the Illinois Gives
17 Tax Credit Act;

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

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

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

25 (H) In the case of a regulated investment company,
26 an amount equal to the amount of exempt interest

1 dividends as defined in subsection (b)(5) of Section
2 852 of the Internal Revenue Code, paid to shareholders
3 for the taxable year;

4 (I) With the exception of any amounts subtracted
5 under subparagraph (J), an amount equal to the sum of
6 all amounts disallowed as deductions by (i) Sections
7 171(a)(2) and 265(a)(2) and amounts disallowed as
8 interest expense by Section 291(a)(3) of the Internal
9 Revenue Code, and all amounts of expenses allocable to
10 interest and disallowed as deductions by Section
11 265(a)(1) of the Internal Revenue Code; and (ii) for
12 taxable years ending on or after August 13, 1999,
13 Sections 171(a)(2), 265, 280C, 291(a)(3), and
14 832(b)(5)(B)(i) of the Internal Revenue Code, plus,
15 for tax years ending on or after December 31, 2011,
16 amounts disallowed as deductions by Section 45G(e)(3)
17 of the Internal Revenue Code and, for taxable years
18 ending on or after December 31, 2008, any amount
19 included in gross income under Section 87 of the
20 Internal Revenue Code and the policyholders' share of
21 tax-exempt interest of a life insurance company under
22 Section 807(a)(2)(B) of the Internal Revenue Code (in
23 the case of a life insurance company with gross income
24 from a decrease in reserves for the tax year) or
25 Section 807(b)(1)(B) of the Internal Revenue Code (in
26 the case of a life insurance company allowed a

1 deduction for an increase in reserves for the tax
2 year); the provisions of this subparagraph are exempt
3 from the provisions of Section 250;

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

13 (K) An amount equal to those dividends included in
14 such total which were paid by a corporation which (i)
15 conducts business operations in a River Edge
16 Redevelopment Zone or zones created under the River
17 Edge Redevelopment Zone Act or a Capital City
18 Redevelopment Zone or zones created under the Capital
19 City Redevelopment Zone Act and conducts substantially
20 all of its operations in a River Edge Redevelopment
21 Zone or zones or a Capital City Redevelopment Zone or
22 zones. This subparagraph (K) is exempt from the
23 provisions of Section 250;

24 (L) An amount equal to those dividends included in
25 such total that were paid by a corporation that
26 conducts business operations in a federally designated

1 Foreign Trade Zone or Sub-Zone and that is designated
2 a High Impact Business located in Illinois; provided
3 that dividends eligible for the deduction provided in
4 subparagraph (K) of paragraph 2 of this subsection
5 shall not be eligible for the deduction provided under
6 this subparagraph (L);

7 (M) For any taxpayer that is a financial
8 organization within the meaning of Section 304(c) of
9 this Act, an amount included in such total as interest
10 income from a loan or loans made by such taxpayer to a
11 borrower, to the extent that such a loan is secured by
12 property which is eligible for the River Edge
13 Redevelopment Zone Investment Credit or the Capital
14 City Redevelopment Zone Investment Credit. To
15 determine the portion of a loan or loans that is
16 secured by property eligible for a Section 201(f)
17 investment credit to the borrower, the entire
18 principal amount of the loan or loans between the
19 taxpayer and the borrower should be divided into the
20 basis of the Section 201(f) investment credit property
21 which secures the loan or loans, using for this
22 purpose the original basis of such property on the
23 date that it was placed in service in the River Edge
24 Redevelopment Zone or the Capital City Redevelopment
25 Zone. The subtraction modification available to the
26 taxpayer in any year under this subsection shall be

1 that portion of the total interest paid by the
2 borrower with respect to such loan attributable to the
3 eligible property as calculated under the previous
4 sentence. This subparagraph (M) is exempt from the
5 provisions of Section 250;

6 (M-1) For any taxpayer that is a financial
7 organization within the meaning of Section 304(c) of
8 this Act, an amount included in such total as interest
9 income from a loan or loans made by such taxpayer to a
10 borrower, to the extent that such a loan is secured by
11 property which is eligible for the High Impact
12 Business Investment Credit. To determine the portion
13 of a loan or loans that is secured by property eligible
14 for a Section 201(h) investment credit to the
15 borrower, the entire principal amount of the loan or
16 loans between the taxpayer and the borrower should be
17 divided into the basis of the Section 201(h)
18 investment credit property which secures the loan or
19 loans, using for this purpose the original basis of
20 such property on the date that it was placed in service
21 in a federally designated Foreign Trade Zone or
22 Sub-Zone located in Illinois. No taxpayer that is
23 eligible for the deduction provided in subparagraph
24 (M) of paragraph (2) of this subsection shall be
25 eligible for the deduction provided under this
26 subparagraph (M-1). The subtraction modification

1 available to taxpayers in any year under this
2 subsection shall be that portion of the total interest
3 paid by the borrower with respect to such loan
4 attributable to the eligible property as calculated
5 under the previous sentence;

6 (N) Two times any contribution made during the
7 taxable year to a designated zone organization to the
8 extent that the contribution (i) qualifies as a
9 charitable contribution under subsection (c) of
10 Section 170 of the Internal Revenue Code and (ii)
11 must, by its terms, be used for a project approved by
12 the Department of Commerce and Economic Opportunity
13 under Section 11 of the Illinois Enterprise Zone Act,
14 or under Section 10-10 of the River Edge Redevelopment
15 Zone Act, or under Section 65 of the Capital City
16 Redevelopment Zone Act. This subparagraph (N) is
17 exempt from the provisions of Section 250;

18 (O) An amount equal to: (i) 85% for taxable years
19 ending on or before December 31, 1992, or, a
20 percentage equal to the percentage allowable under
21 Section 243(a)(1) of the Internal Revenue Code of 1986
22 for taxable years ending after December 31, 1992, of
23 the amount by which dividends included in taxable
24 income and received from a corporation that is not
25 created or organized under the laws of the United
26 States or any state or political subdivision thereof,

1 including, for taxable years ending on or after
2 December 31, 1988, dividends received or deemed
3 received or paid or deemed paid under Sections 951
4 through 965 of the Internal Revenue Code, exceed the
5 amount of the modification provided under subparagraph
6 (G) of paragraph (2) of this subsection (b) which is
7 related to such dividends, and including, for taxable
8 years ending on or after December 31, 2008, dividends
9 received from a captive real estate investment trust;
10 plus (ii) 100% of the amount by which dividends,
11 included in taxable income and received, including,
12 for taxable years ending on or after December 31,
13 1988, dividends received or deemed received or paid or
14 deemed paid under Sections 951 through 964 of the
15 Internal Revenue Code and including, for taxable years
16 ending on or after December 31, 2008, dividends
17 received from a captive real estate investment trust,
18 from any such corporation specified in clause (i) that
19 would but for the provisions of Section 1504(b)(3) of
20 the Internal Revenue Code be treated as a member of the
21 affiliated group which includes the dividend
22 recipient, exceed the amount of the modification
23 provided under subparagraph (G) of paragraph (2) of
24 this subsection (b) which is related to such
25 dividends. For taxable years ending on or after June
26 30, 2021, (i) for purposes of this subparagraph, the

1 term "dividend" does not include any amount treated as
2 a dividend under Section 1248 of the Internal Revenue
3 Code, and (ii) this subparagraph shall not apply to
4 dividends for which a deduction is allowed under
5 Section 245(a) of the Internal Revenue Code. For
6 taxable years ending on or after December 31, 2025,
7 50% of the amount of global intangible low-taxed
8 income or net controlled foreign corporation (CFC)
9 tested income received or deemed received or paid or
10 deemed paid under Sections 951 through 965 of the
11 Internal Revenue Code. This subparagraph (O) is exempt
12 from the provisions of Section 250 of this Act;

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

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

21 (R) On and after July 20, 1999, in the case of an
22 attorney-in-fact with respect to whom an interinsurer
23 or a reciprocal insurer has made the election under
24 Section 835 of the Internal Revenue Code, 26 U.S.C.
25 835, an amount equal to the excess, if any, of the
26 amounts paid or incurred by that interinsurer or

1 reciprocal insurer in the taxable year to the
2 attorney-in-fact over the deduction allowed to that
3 interinsurer or reciprocal insurer with respect to the
4 attorney-in-fact under Section 835(b) of the Internal
5 Revenue Code for the taxable year; the provisions of
6 this subparagraph are exempt from the provisions of
7 Section 250;

8 (S) For taxable years ending on or after December
9 31, 1997, in the case of a Subchapter S corporation, an
10 amount equal to all amounts of income allocable to a
11 shareholder subject to the Personal Property Tax
12 Replacement Income Tax imposed by subsections (c) and
13 (d) of Section 201 of this Act, including amounts
14 allocable to organizations exempt from federal income
15 tax by reason of Section 501(a) of the Internal
16 Revenue Code. This subparagraph (S) is exempt from the
17 provisions of Section 250;

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

24 (1) "y" equals the amount of the depreciation
25 deduction taken for the taxable year on the
26 taxpayer's federal income tax return on property

1 for which the bonus depreciation deduction was
2 taken in any year under subsection (k) or (n) of
3 Section 168 of the Internal Revenue Code, but not
4 including the bonus depreciation deduction;

5 (2) for taxable years ending on or before
6 December 31, 2005, "x" equals "y" multiplied by 30
7 and then divided by 70 (or "y" multiplied by
8 0.429); and

9 (3) for taxable years ending after December
10 31, 2005:

11 (i) for property on which a bonus
12 depreciation deduction of 30% of the adjusted
13 basis was taken, "x" equals "y" multiplied by
14 30 and then divided by 70 (or "y" multiplied
15 by 0.429);

16 (ii) for property on which a bonus
17 depreciation deduction of 50% of the adjusted
18 basis was taken, "x" equals "y" multiplied by
19 1.0;

20 (iii) for property on which a bonus
21 depreciation deduction of 100% of the adjusted
22 basis was taken in a taxable year ending on or
23 after December 31, 2021, "x" equals the
24 depreciation deduction that would be allowed
25 on that property if the taxpayer had made the
26 election under Section 168(k)(7) or Section

1 168(n)(6) of the Internal Revenue Code to not
2 claim bonus depreciation on that property; and
3 (iv) for property on which a bonus
4 depreciation deduction of a percentage other
5 than 30%, 50% or 100% of the adjusted basis
6 was taken in a taxable year ending on or after
7 December 31, 2021, "x" equals "y" multiplied
8 by 100 times the percentage bonus depreciation
9 on the property (that is, $100(\text{bonus}\%)$) and
10 then divided by 100 times 1 minus the
11 percentage bonus depreciation on the property
12 (that is, $100(1-\text{bonus}\%)$).

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

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

26 If the taxpayer continues to own property through

1 the last day of the last tax year for which a
2 subtraction is allowed with respect to that property
3 under subparagraph (T) and for which the taxpayer was
4 required in any taxable year to make an addition
5 modification under subparagraph (E-10), then an amount
6 equal to that addition modification.

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

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

12 (V) The amount of: (i) any interest income (net of
13 the deductions allocable thereto) taken into account
14 for the taxable year with respect to a transaction
15 with a taxpayer that is required to make an addition
16 modification with respect to such transaction under
17 Section 203(a)(2)(D-17), 203(b)(2)(E-12),
18 203(c)(2)(G-12), or 203(d)(2)(D-7), but not to exceed
19 the amount of such addition modification, (ii) any
20 income from intangible property (net of the deductions
21 allocable thereto) taken into account for the taxable
22 year with respect to a transaction with a taxpayer
23 that is required to make an addition modification with
24 respect to such transaction under Section
25 203(a)(2)(D-18), 203(b)(2)(E-13), 203(c)(2)(G-13), or
26 203(d)(2)(D-8), but not to exceed the amount of such

1 addition modification, and (iii) any insurance premium
2 income (net of deductions allocable thereto) taken
3 into account for the taxable year with respect to a
4 transaction with a taxpayer that is required to make
5 an addition modification with respect to such
6 transaction under Section 203(a)(2)(D-19), Section
7 203(b)(2)(E-14), Section 203(c)(2)(G-14), or Section
8 203(d)(2)(D-9), but not to exceed the amount of that
9 addition modification. This subparagraph (V) is exempt
10 from the provisions of Section 250;

11 (W) An amount equal to the interest income taken
12 into account for the taxable year (net of the
13 deductions allocable thereto) with respect to
14 transactions with (i) a foreign person who would be a
15 member of the taxpayer's unitary business group but
16 for the fact that the foreign person's business
17 activity outside the United States is 80% or more of
18 that person's total business activity and (ii) for
19 taxable years ending on or after December 31, 2008, to
20 a person who would be a member of the same unitary
21 business group but for the fact that the person is
22 prohibited under Section 1501(a)(27) from being
23 included in the unitary business group because he or
24 she is ordinarily required to apportion business
25 income under different subsections of Section 304, but
26 not to exceed the addition modification required to be

1 made for the same taxable year under Section
2 203(b)(2)(E-12) for interest paid, accrued, or
3 incurred, directly or indirectly, to the same person.
4 This subparagraph (W) is exempt from the provisions of
5 Section 250;

6 (X) An amount equal to the income from intangible
7 property taken into account for the taxable year (net
8 of the deductions allocable thereto) with respect to
9 transactions with (i) a foreign person who would be a
10 member of the taxpayer's unitary business group but
11 for the fact that the foreign person's business
12 activity outside the United States is 80% or more of
13 that person's total business activity and (ii) for
14 taxable years ending on or after December 31, 2008, to
15 a person who would be a member of the same unitary
16 business group but for the fact that the person is
17 prohibited under Section 1501(a)(27) from being
18 included in the unitary business group because he or
19 she is ordinarily required to apportion business
20 income under different subsections of Section 304, but
21 not to exceed the addition modification required to be
22 made for the same taxable year under Section
23 203(b)(2)(E-13) for intangible expenses and costs
24 paid, accrued, or incurred, directly or indirectly, to
25 the same foreign person. This subparagraph (X) is
26 exempt from the provisions of Section 250;

1 (Y) For taxable years ending on or after December
2 31, 2011, in the case of a taxpayer who was required to
3 add back any insurance premiums under Section
4 203(b)(2)(E-14), such taxpayer may elect to subtract
5 that part of a reimbursement received from the
6 insurance company equal to the amount of the expense
7 or loss (including expenses incurred by the insurance
8 company) that would have been taken into account as a
9 deduction for federal income tax purposes if the
10 expense or loss had been uninsured. If a taxpayer
11 makes the election provided for by this subparagraph
12 (Y), the insurer to which the premiums were paid must
13 add back to income the amount subtracted by the
14 taxpayer pursuant to this subparagraph (Y). This
15 subparagraph (Y) is exempt from the provisions of
16 Section 250;

17 (Z) The difference between the nondeductible
18 controlled foreign corporation dividends under Section
19 965(e)(3) of the Internal Revenue Code over the
20 taxable income of the taxpayer, computed without
21 regard to Section 965(e)(2)(A) of the Internal Revenue
22 Code, and without regard to any net operating loss
23 deduction. This subparagraph (Z) is exempt from the
24 provisions of Section 250; and

25 (AA) For taxable years beginning on or after
26 January 1, 2023, for any cannabis establishment

1 operating in this State and licensed under the
2 Cannabis Regulation and Tax Act or any cannabis
3 cultivation center or medical cannabis dispensing
4 organization operating in this State and licensed
5 under the Compassionate Use of Medical Cannabis
6 Program Act, an amount equal to the deductions that
7 were disallowed under Section 280E of the Internal
8 Revenue Code for the taxable year and that would not be
9 added back under this subsection. The provisions of
10 this subparagraph (AA) are exempt from the provisions
11 of Section 250.

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

20 (c) Trusts and estates.

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

24 (2) Modifications. Subject to the provisions of
25 paragraph (3), the taxable income referred to in paragraph

1 (1) shall be modified by adding thereto the sum of the
2 following amounts:

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

7 (B) In the case of (i) an estate, \$600; (ii) a
8 trust which, under its governing instrument, is
9 required to distribute all of its income currently,
10 \$300; and (iii) any other trust, \$100, but in each such
11 case, only to the extent such amount was deducted in
12 the computation of taxable income;

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

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

21 (E) For taxable years in which a net operating
22 loss carryback or carryforward from a taxable year
23 ending prior to December 31, 1986 is an element of
24 taxable income under paragraph (1) of subsection (e)
25 or subparagraph (E) of paragraph (2) of subsection
26 (e), the amount by which addition modifications other

1 than those provided by this subparagraph (E) exceeded
2 subtraction modifications in such taxable year, with
3 the following limitations applied in the order that
4 they are listed:

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

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

18 For taxable years in which there is a net
19 operating loss carryback or carryforward from more
20 than one other taxable year ending prior to December
21 31, 1986, the addition modification provided in this
22 subparagraph (E) shall be the sum of the amounts
23 computed independently under the preceding provisions
24 of this subparagraph (E) for each such taxable year;

25 (F) For taxable years ending on or after January
26 1, 1989, an amount equal to the tax deducted pursuant

1 to Section 164 of the Internal Revenue Code if the
2 trust or estate is claiming the same tax for purposes
3 of the Illinois foreign tax credit under Section 601
4 of this Act;

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

9 (G-5) For taxable years ending after December 31,
10 1997, an amount equal to any eligible remediation
11 costs that the trust or estate deducted in computing
12 adjusted gross income and for which the trust or
13 estate claims a credit under subsection (l) of Section
14 201;

15 (G-10) For taxable years 2001 through 2025, an
16 amount equal to the bonus depreciation deduction taken
17 on the taxpayer's federal income tax return for the
18 taxable year under subsection (k) of Section 168 of
19 the Internal Revenue Code; for taxable years 2026 and
20 thereafter, an amount equal to the bonus depreciation
21 deduction taken on the taxpayer's federal income tax
22 return for the taxable year under subsection (k) or
23 (n) of Section 168 of the Internal Revenue Code; and

24 (G-11) If the taxpayer sells, transfers, abandons,
25 or otherwise disposes of property for which the
26 taxpayer was required in any taxable year to make an

1 addition modification under subparagraph (G-10), then
2 an amount equal to the aggregate amount of the
3 deductions taken in all taxable years under
4 subparagraph (R) with respect to that property.

5 If the taxpayer continues to own property through
6 the last day of the last tax year for which a
7 subtraction is allowed with respect to that property
8 under subparagraph (R) and for which the taxpayer was
9 allowed in any taxable year to make a subtraction
10 modification under subparagraph (R), then an amount
11 equal to that subtraction modification.

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

15 (G-12) An amount equal to the amount otherwise
16 allowed as a deduction in computing base income for
17 interest paid, accrued, or incurred, directly or
18 indirectly, (i) for taxable years ending on or after
19 December 31, 2004, to a foreign person who would be a
20 member of the same unitary business group but for the
21 fact that the foreign person's business activity
22 outside the United States is 80% or more of the foreign
23 person's total business activity and (ii) for taxable
24 years ending on or after December 31, 2008, to a person
25 who would be a member of the same unitary business
26 group but for the fact that the person is prohibited

1 under Section 1501(a)(27) from being included in the
2 unitary business group because he or she is ordinarily
3 required to apportion business income under different
4 subsections of Section 304. The addition modification
5 required by this subparagraph shall be reduced to the
6 extent that dividends were included in base income of
7 the unitary group for the same taxable year and
8 received by the taxpayer or by a member of the
9 taxpayer's unitary business group (including amounts
10 included in gross income pursuant to Sections 951
11 through 964 of the Internal Revenue Code and amounts
12 included in gross income under Section 78 of the
13 Internal Revenue Code) with respect to the stock of
14 the same person to whom the interest was paid,
15 accrued, or incurred. For taxable years ending on and
16 after December 31, 2025, for purposes of applying this
17 paragraph in the case of a taxpayer to which Section
18 163(j) of the Internal Revenue Code applies for the
19 taxable year, the reduction in the amount of interest
20 for which a deduction is allowed by reason of Section
21 163(j) shall be treated as allocable first to persons
22 who are not foreign persons referred to in this
23 paragraph and then to such foreign persons.

24 For taxable years ending before December 31, 2025,
25 this paragraph shall not apply to the following:

26 (i) an item of interest paid, accrued, or

1 incurred, directly or indirectly, to a person who
2 is subject in a foreign country or state, other
3 than a state which requires mandatory unitary
4 reporting, to a tax on or measured by net income
5 with respect to such interest; or

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

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

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

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

1 or

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

9 For taxable years ending on or after December 31,
10 2025, this paragraph shall not apply to the following:

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

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

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

26 (ii) an item of interest paid, accrued, or

1 incurred, directly or indirectly, to a person if
2 the taxpayer establishes by clear and convincing
3 evidence that the adjustments are unreasonable; or
4 if the taxpayer and the Director agree in writing
5 to the application or use of an alternative method
6 of apportionment under Section 304(f).

7 Nothing in this subsection shall preclude the
8 Director from making any other adjustment otherwise
9 allowed under Section 404 of this Act for any tax year
10 beginning after the effective date of this amendment
11 provided such adjustment is made pursuant to
12 regulation adopted by the Department and such
13 regulations provide methods and standards by which the
14 Department will utilize its authority under Section
15 404 of this Act;

16 (G-13) An amount equal to the amount of intangible
17 expenses and costs otherwise allowed as a deduction in
18 computing base income, and that were paid, accrued, or
19 incurred, directly or indirectly, (i) for taxable
20 years ending on or after December 31, 2004, to a
21 foreign person who would be a member of the same
22 unitary business group but for the fact that the
23 foreign person's business activity outside the United
24 States is 80% or more of that person's total business
25 activity and (ii) for taxable years ending on or after
26 December 31, 2008, to a person who would be a member of

1 the same unitary business group but for the fact that
2 the person is prohibited under Section 1501(a)(27)
3 from being included in the unitary business group
4 because he or she is ordinarily required to apportion
5 business income under different subsections of Section
6 304. The addition modification required by this
7 subparagraph shall be reduced to the extent that
8 dividends were included in base income of the unitary
9 group for the same taxable year and received by the
10 taxpayer or by a member of the taxpayer's unitary
11 business group (including amounts included in gross
12 income pursuant to Sections 951 through 964 of the
13 Internal Revenue Code and amounts included in gross
14 income under Section 78 of the Internal Revenue Code)
15 with respect to the stock of the same person to whom
16 the intangible expenses and costs were directly or
17 indirectly paid, incurred, or accrued. The preceding
18 sentence shall not apply to the extent that the same
19 dividends caused a reduction to the addition
20 modification required under Section 203(c)(2)(G-12) of
21 this Act. As used in this subparagraph, the term
22 "intangible expenses and costs" includes: (1)
23 expenses, losses, and costs for or related to the
24 direct or indirect acquisition, use, maintenance or
25 management, ownership, sale, exchange, or any other
26 disposition of intangible property; (2) losses

1 incurred, directly or indirectly, from factoring
2 transactions or discounting transactions; (3) royalty,
3 patent, technical, and copyright fees; (4) licensing
4 fees; and (5) other similar expenses and costs. For
5 purposes of this subparagraph, "intangible property"
6 includes patents, patent applications, trade names,
7 trademarks, service marks, copyrights, mask works,
8 trade secrets, and similar types of intangible assets.

9 For taxable years ending before December 31, 2025,
10 this paragraph shall not apply to the following:

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

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

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

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

8 (iii) any item of intangible expense or cost
9 paid, accrued, or incurred, directly or
10 indirectly, from a transaction with a person if
11 the taxpayer establishes by clear and convincing
12 evidence, that the adjustments are unreasonable;
13 or if the taxpayer and the Director agree in
14 writing to the application or use of an
15 alternative method of apportionment under Section
16 304(f);

17 For taxable years ending on or after December 31,
18 2025, this paragraph shall not apply to the following:

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

24 (a) the person during the same taxable
25 year paid, accrued, or incurred, the
26 intangible expense or cost to a person that is

1 not a related member, and

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

9 (ii) any item of intangible expense or cost
10 paid, accrued, or incurred, directly or
11 indirectly, from a transaction with a person if
12 the taxpayer establishes by clear and convincing
13 evidence, that the adjustments are unreasonable;
14 or if the taxpayer and the Director agree in
15 writing to the application or use of an
16 alternative method of apportionment under Section
17 304(f).

18 Nothing in this subsection shall preclude the
19 Director from making any other adjustment otherwise
20 allowed under Section 404 of this Act for any tax year
21 beginning after the effective date of this amendment
22 provided such adjustment is made pursuant to
23 regulation adopted by the Department and such
24 regulations provide methods and standards by which the
25 Department will utilize its authority under Section
26 404 of this Act;

1 (G-14) For taxable years ending on or after
2 December 31, 2008, an amount equal to the amount of
3 insurance premium expenses and costs otherwise allowed
4 as a deduction in computing base income, and that were
5 paid, accrued, or incurred, directly or indirectly, to
6 a person who would be a member of the same unitary
7 business group but for the fact that the person is
8 prohibited under Section 1501(a)(27) from being
9 included in the unitary business group because he or
10 she is ordinarily required to apportion business
11 income under different subsections of Section 304. The
12 addition modification required by this subparagraph
13 shall be reduced to the extent that dividends were
14 included in base income of the unitary group for the
15 same taxable year and received by the taxpayer or by a
16 member of the taxpayer's unitary business group
17 (including amounts included in gross income under
18 Sections 951 through 964 of the Internal Revenue Code
19 and amounts included in gross income under Section 78
20 of the Internal Revenue Code) with respect to the
21 stock of the same person to whom the premiums and costs
22 were directly or indirectly paid, incurred, or
23 accrued. The preceding sentence does not apply to the
24 extent that the same dividends caused a reduction to
25 the addition modification required under Section
26 203(c)(2)(G-12) or Section 203(c)(2)(G-13) of this

1 Act;

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

6 (G-16) For taxable years ending on or after
7 December 31, 2017, an amount equal to the deduction
8 allowed under Section 199 of the Internal Revenue Code
9 for the taxable year;

10 (G-17) the amount that is claimed as a federal
11 deduction when computing the taxpayer's federal
12 taxable income for the taxable year and that is
13 attributable to an endowment gift for which the
14 taxpayer receives a credit under the Illinois Gives
15 Tax Credit Act;

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

18 (H) An amount equal to all amounts included in
19 such total pursuant to the provisions of Sections
20 402(a), 402(c), 403(a), 403(b), 406(a), 407(a) and 408
21 of the Internal Revenue Code or included in such total
22 as distributions under the provisions of any
23 retirement or disability plan for employees of any
24 governmental agency or unit, or retirement payments to
25 retired partners, which payments are excluded in
26 computing net earnings from self employment by Section

1 1402 of the Internal Revenue Code and regulations
2 adopted pursuant thereto;

3 (I) The valuation limitation amount;

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

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

18 (L) With the exception of any amounts subtracted
19 under subparagraph (K), an amount equal to the sum of
20 all amounts disallowed as deductions by (i) Sections
21 171(a)(2) and 265(a)(2) of the Internal Revenue Code,
22 and all amounts of expenses allocable to interest and
23 disallowed as deductions by Section 265(a)(1) of the
24 Internal Revenue Code; and (ii) for taxable years
25 ending on or after August 13, 1999, Sections
26 171(a)(2), 265, 280C, and 832(b)(5)(B)(i) of the

1 Internal Revenue Code, plus, (iii) for taxable years
2 ending on or after December 31, 2011, Section
3 45G(e)(3) of the Internal Revenue Code and, for
4 taxable years ending on or after December 31, 2008,
5 any amount included in gross income under Section 87
6 of the Internal Revenue Code; the provisions of this
7 subparagraph are exempt from the provisions of Section
8 250;

9 (M) An amount equal to those dividends included in
10 such total which were paid by a corporation which (i)
11 conducts business operations in a River Edge
12 Redevelopment Zone or zones created under the River
13 Edge Redevelopment Zone Act or a Capital City
14 Redevelopment Zone or zones created under the Capital
15 City Redevelopment Zone Act and (ii) conducts
16 substantially all of its operations in a River Edge
17 Redevelopment Zone or zones or a Capital City
18 Redevelopment Zone or zones. This subparagraph (M) is
19 exempt from the provisions of Section 250;

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

23 (O) An amount equal to those dividends included in
24 such total that were paid by a corporation that
25 conducts business operations in a federally designated
26 Foreign Trade Zone or Sub-Zone and that is designated

1 a High Impact Business located in Illinois; provided
2 that dividends eligible for the deduction provided in
3 subparagraph (M) of paragraph (2) of this subsection
4 shall not be eligible for the deduction provided under
5 this subparagraph (O);

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

11 (Q) For taxable year 1999 and thereafter, an
12 amount equal to the amount of any (i) distributions,
13 to the extent includible in gross income for federal
14 income tax purposes, made to the taxpayer because of
15 his or her status as a victim of persecution for racial
16 or religious reasons by Nazi Germany or any other Axis
17 regime or as an heir of the victim and (ii) items of
18 income, to the extent includible in gross income for
19 federal income tax purposes, attributable to, derived
20 from or in any way related to assets stolen from,
21 hidden from, or otherwise lost to a victim of
22 persecution for racial or religious reasons by Nazi
23 Germany or any other Axis regime immediately prior to,
24 during, and immediately after World War II, including,
25 but not limited to, interest on the proceeds
26 receivable as insurance under policies issued to a

1 victim of persecution for racial or religious reasons
2 by Nazi Germany or any other Axis regime by European
3 insurance companies immediately prior to and during
4 World War II; provided, however, this subtraction from
5 federal adjusted gross income does not apply to assets
6 acquired with such assets or with the proceeds from
7 the sale of such assets; provided, further, this
8 paragraph shall only apply to a taxpayer who was the
9 first recipient of such assets after their recovery
10 and who is a victim of persecution for racial or
11 religious reasons by Nazi Germany or any other Axis
12 regime or as an heir of the victim. The amount of and
13 the eligibility for any public assistance, benefit, or
14 similar entitlement is not affected by the inclusion
15 of items (i) and (ii) of this paragraph in gross income
16 for federal income tax purposes. This paragraph is
17 exempt from the provisions of Section 250;

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

24 (1) "y" equals the amount of the depreciation
25 deduction taken for the taxable year on the
26 taxpayer's federal income tax return on property

1 for which the bonus depreciation deduction was
2 taken in any year under subsection (k) or (n) of
3 Section 168 of the Internal Revenue Code, but not
4 including the bonus depreciation deduction;

5 (2) for taxable years ending on or before
6 December 31, 2005, "x" equals "y" multiplied by 30
7 and then divided by 70 (or "y" multiplied by
8 0.429); and

9 (3) for taxable years ending after December
10 31, 2005:

11 (i) for property on which a bonus
12 depreciation deduction of 30% of the adjusted
13 basis was taken, "x" equals "y" multiplied by
14 30 and then divided by 70 (or "y" multiplied
15 by 0.429);

16 (ii) for property on which a bonus
17 depreciation deduction of 50% of the adjusted
18 basis was taken, "x" equals "y" multiplied by
19 1.0;

20 (iii) for property on which a bonus
21 depreciation deduction of 100% of the adjusted
22 basis was taken in a taxable year ending on or
23 after December 31, 2021, "x" equals the
24 depreciation deduction that would be allowed
25 on that property if the taxpayer had made the
26 election under Section 168(k)(7) or Section

1 168(n)(6) of the Internal Revenue Code to not
2 claim bonus depreciation on that property; and

3 (iv) for property on which a bonus
4 depreciation deduction of a percentage other
5 than 30%, 50% or 100% of the adjusted basis
6 was taken in a taxable year ending on or after
7 December 31, 2021, "x" equals "y" multiplied
8 by 100 times the percentage bonus depreciation
9 on the property (that is, $100(\text{bonus}\%)$) and
10 then divided by 100 times 1 minus the
11 percentage bonus depreciation on the property
12 (that is, $100(1-\text{bonus}\%)$).

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

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

26 If the taxpayer continues to own property through

1 the last day of the last tax year for which a
2 subtraction is allowed with respect to that property
3 under subparagraph (R) and for which the taxpayer was
4 required in any taxable year to make an addition
5 modification under subparagraph (G-10), then an amount
6 equal to that addition modification.

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

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

12 (T) The amount of (i) any interest income (net of
13 the deductions allocable thereto) taken into account
14 for the taxable year with respect to a transaction
15 with a taxpayer that is required to make an addition
16 modification with respect to such transaction under
17 Section 203(a)(2)(D-17), 203(b)(2)(E-12),
18 203(c)(2)(G-12), or 203(d)(2)(D-7), but not to exceed
19 the amount of such addition modification and (ii) any
20 income from intangible property (net of the deductions
21 allocable thereto) taken into account for the taxable
22 year with respect to a transaction with a taxpayer
23 that is required to make an addition modification with
24 respect to such transaction under Section
25 203(a)(2)(D-18), 203(b)(2)(E-13), 203(c)(2)(G-13), or
26 203(d)(2)(D-8), but not to exceed the amount of such

1 addition modification. This subparagraph (T) is exempt
2 from the provisions of Section 250;

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

23 (V) An amount equal to the income from intangible
24 property taken into account for the taxable year (net
25 of the deductions allocable thereto) with respect to
26 transactions with (i) a foreign person who would be a

1 member of the taxpayer's unitary business group but
2 for the fact that the foreign person's business
3 activity outside the United States is 80% or more of
4 that person's total business activity and (ii) for
5 taxable years ending on or after December 31, 2008, to
6 a person who would be a member of the same unitary
7 business group but for the fact that the person is
8 prohibited under Section 1501(a)(27) from being
9 included in the unitary business group because he or
10 she is ordinarily required to apportion business
11 income under different subsections of Section 304, but
12 not to exceed the addition modification required to be
13 made for the same taxable year under Section
14 203(c)(2)(G-13) for intangible expenses and costs
15 paid, accrued, or incurred, directly or indirectly, to
16 the same foreign person. This subparagraph (V) is
17 exempt from the provisions of Section 250;

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

25 (X) an amount equal to the refund included in such
26 total of any tax deducted for federal income tax

1 purposes, to the extent that deduction was added back
2 under subparagraph (F). This subparagraph (X) is
3 exempt from the provisions of Section 250;

4 (Y) For taxable years ending on or after December
5 31, 2011, in the case of a taxpayer who was required to
6 add back any insurance premiums under Section
7 203(c)(2)(G-14), such taxpayer may elect to subtract
8 that part of a reimbursement received from the
9 insurance company equal to the amount of the expense
10 or loss (including expenses incurred by the insurance
11 company) that would have been taken into account as a
12 deduction for federal income tax purposes if the
13 expense or loss had been uninsured. If a taxpayer
14 makes the election provided for by this subparagraph
15 (Y), the insurer to which the premiums were paid must
16 add back to income the amount subtracted by the
17 taxpayer pursuant to this subparagraph (Y). This
18 subparagraph (Y) is exempt from the provisions of
19 Section 250;

20 (Z) For taxable years beginning after December 31,
21 2018, the amount of excess business loss of the
22 taxpayer disallowed as a deduction by Section
23 461(1)(1)(B) of the Internal Revenue Code; and

24 (AA) For taxable years beginning on or after
25 January 1, 2023, for any cannabis establishment
26 operating in this State and licensed under the

1 Cannabis Regulation and Tax Act or any cannabis
2 cultivation center or medical cannabis dispensing
3 organization operating in this State and licensed
4 under the Compassionate Use of Medical Cannabis
5 Program Act, an amount equal to the deductions that
6 were disallowed under Section 280E of the Internal
7 Revenue Code for the taxable year and that would not be
8 added back under this subsection. The provisions of
9 this subparagraph (AA) are exempt from the provisions
10 of Section 250.

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

18 (d) Partnerships.

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

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

25 (A) An amount equal to all amounts paid or accrued

1 to the taxpayer as interest or dividends during the
2 taxable year to the extent excluded from gross income
3 in the computation of taxable income;

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

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

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

15 (D-5) For taxable years 2001 through 2025, an
16 amount equal to the bonus depreciation deduction taken
17 on the taxpayer's federal income tax return for the
18 taxable year under subsection (k) of Section 168 of
19 the Internal Revenue Code; for taxable years 2026 and
20 thereafter, an amount equal to the bonus depreciation
21 deduction taken on the taxpayer's federal income tax
22 return for the taxable year under subsection (k) or
23 (n) of Section 168 of the Internal Revenue Code;

24 (D-6) If the taxpayer sells, transfers, abandons,
25 or otherwise disposes of property for which the
26 taxpayer was required in any taxable year to make an

1 addition modification under subparagraph (D-5), then
2 an amount equal to the aggregate amount of the
3 deductions taken in all taxable years under
4 subparagraph (O) with respect to that property.

5 If the taxpayer continues to own property through
6 the last day of the last tax year for which a
7 subtraction is allowed with respect to that property
8 under subparagraph (O) and for which the taxpayer was
9 allowed in any taxable year to make a subtraction
10 modification under subparagraph (O), then an amount
11 equal to that subtraction modification.

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

15 (D-7) An amount equal to the amount otherwise
16 allowed as a deduction in computing base income for
17 interest paid, accrued, or incurred, directly or
18 indirectly, (i) for taxable years ending on or after
19 December 31, 2004, to a foreign person who would be a
20 member of the same unitary business group but for the
21 fact the foreign person's business activity outside
22 the United States is 80% or more of the foreign
23 person's total business activity and (ii) for taxable
24 years ending on or after December 31, 2008, to a person
25 who would be a member of the same unitary business
26 group but for the fact that the person is prohibited

1 under Section 1501(a)(27) from being included in the
2 unitary business group because he or she is ordinarily
3 required to apportion business income under different
4 subsections of Section 304. The addition modification
5 required by this subparagraph shall be reduced to the
6 extent that dividends were included in base income of
7 the unitary group for the same taxable year and
8 received by the taxpayer or by a member of the
9 taxpayer's unitary business group (including amounts
10 included in gross income pursuant to Sections 951
11 through 964 of the Internal Revenue Code and amounts
12 included in gross income under Section 78 of the
13 Internal Revenue Code) with respect to the stock of
14 the same person to whom the interest was paid,
15 accrued, or incurred. For taxable years ending on and
16 after December 31, 2025, for purposes of applying this
17 paragraph in the case of a taxpayer to which Section
18 163(j) of the Internal Revenue Code applies for the
19 taxable year, the reduction in the amount of interest
20 for which a deduction is allowed by reason of Section
21 163(j) shall be treated as allocable first to persons
22 who are not foreign persons referred to in this
23 paragraph and then to such foreign persons.

24 For taxable years ending before December 31, 2025,
25 this paragraph shall not apply to the following:

26 (i) an item of interest paid, accrued, or

1 incurred, directly or indirectly, to a person who
2 is subject in a foreign country or state, other
3 than a state which requires mandatory unitary
4 reporting, to a tax on or measured by net income
5 with respect to such interest; or

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

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

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

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

1 or

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

9 For taxable years ending on or after December 31,
10 2025, this paragraph shall not apply to the following:

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

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

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

26 (ii) an item of interest paid, accrued, or

1 incurred, directly or indirectly, to a person if
2 the taxpayer establishes by clear and convincing
3 evidence that the adjustments are unreasonable; or
4 if the taxpayer and the Director agree in writing
5 to the application or use of an alternative method
6 of apportionment under Section 304(f).

7 Nothing in this subsection shall preclude the
8 Director from making any other adjustment otherwise
9 allowed under Section 404 of this Act for any tax year
10 beginning after the effective date of this amendment
11 provided such adjustment is made pursuant to
12 regulation adopted by the Department and such
13 regulations provide methods and standards by which the
14 Department will utilize its authority under Section
15 404 of this Act; and

16 (D-8) An amount equal to the amount of intangible
17 expenses and costs otherwise allowed as a deduction in
18 computing base income, and that were paid, accrued, or
19 incurred, directly or indirectly, (i) for taxable
20 years ending on or after December 31, 2004, to a
21 foreign person who would be a member of the same
22 unitary business group but for the fact that the
23 foreign person's business activity outside the United
24 States is 80% or more of that person's total business
25 activity and (ii) for taxable years ending on or after
26 December 31, 2008, to a person who would be a member of

1 the same unitary business group but for the fact that
2 the person is prohibited under Section 1501(a)(27)
3 from being included in the unitary business group
4 because he or she is ordinarily required to apportion
5 business income under different subsections of Section
6 304. The addition modification required by this
7 subparagraph shall be reduced to the extent that
8 dividends were included in base income of the unitary
9 group for the same taxable year and received by the
10 taxpayer or by a member of the taxpayer's unitary
11 business group (including amounts included in gross
12 income pursuant to Sections 951 through 964 of the
13 Internal Revenue Code and amounts included in gross
14 income under Section 78 of the Internal Revenue Code)
15 with respect to the stock of the same person to whom
16 the intangible expenses and costs were directly or
17 indirectly paid, incurred or accrued. The preceding
18 sentence shall not apply to the extent that the same
19 dividends caused a reduction to the addition
20 modification required under Section 203(d)(2)(D-7) of
21 this Act. As used in this subparagraph, the term
22 "intangible expenses and costs" includes (1) expenses,
23 losses, and costs for, or related to, the direct or
24 indirect acquisition, use, maintenance or management,
25 ownership, sale, exchange, or any other disposition of
26 intangible property; (2) losses incurred, directly or

1 indirectly, from factoring transactions or discounting
2 transactions; (3) royalty, patent, technical, and
3 copyright fees; (4) licensing fees; and (5) other
4 similar expenses and costs. For purposes of this
5 subparagraph, "intangible property" includes patents,
6 patent applications, trade names, trademarks, service
7 marks, copyrights, mask works, trade secrets, and
8 similar types of intangible assets;

9 For taxable years ending on or after December 31,
10 2025, this paragraph shall not apply to the following:

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

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

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

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

8 (iii) any item of intangible expense or cost
9 paid, accrued, or incurred, directly or
10 indirectly, from a transaction with a person if
11 the taxpayer establishes by clear and convincing
12 evidence, that the adjustments are unreasonable;
13 or if the taxpayer and the Director agree in
14 writing to the application or use of an
15 alternative method of apportionment under Section
16 304(f);

17 For taxable years ending on or after December 31,
18 2025, this paragraph shall not apply to the following:

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

24 (a) the person during the same taxable
25 year paid, accrued, or incurred, the
26 intangible expense or cost to a person that is

1 not a related member, and

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

9 (ii) any item of intangible expense or cost
10 paid, accrued, or incurred, directly or
11 indirectly, from a transaction with a person if
12 the taxpayer establishes by clear and convincing
13 evidence, that the adjustments are unreasonable;
14 or if the taxpayer and the Director agree in
15 writing to the application or use of an
16 alternative method of apportionment under Section
17 304(f).

18 Nothing in this subsection shall preclude the
19 Director from making any other adjustment otherwise
20 allowed under Section 404 of this Act for any tax year
21 beginning after the effective date of this amendment
22 provided such adjustment is made pursuant to
23 regulation adopted by the Department and such
24 regulations provide methods and standards by which the
25 Department will utilize its authority under Section
26 404 of this Act;

1 (D-9) For taxable years ending on or after
2 December 31, 2008, an amount equal to the amount of
3 insurance premium expenses and costs otherwise allowed
4 as a deduction in computing base income, and that were
5 paid, accrued, or incurred, directly or indirectly, to
6 a person who would be a member of the same unitary
7 business group but for the fact that the person is
8 prohibited under Section 1501(a)(27) from being
9 included in the unitary business group because he or
10 she is ordinarily required to apportion business
11 income under different subsections of Section 304. The
12 addition modification required by this subparagraph
13 shall be reduced to the extent that dividends were
14 included in base income of the unitary group for the
15 same taxable year and received by the taxpayer or by a
16 member of the taxpayer's unitary business group
17 (including amounts included in gross income under
18 Sections 951 through 964 of the Internal Revenue Code
19 and amounts included in gross income under Section 78
20 of the Internal Revenue Code) with respect to the
21 stock of the same person to whom the premiums and costs
22 were directly or indirectly paid, incurred, or
23 accrued. The preceding sentence does not apply to the
24 extent that the same dividends caused a reduction to
25 the addition modification required under Section
26 203(d)(2)(D-7) or Section 203(d)(2)(D-8) of this Act;

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

5 (D-11) For taxable years ending on or after
6 December 31, 2017, an amount equal to the deduction
7 allowed under Section 199 of the Internal Revenue Code
8 for the taxable year;

9 (D-12) the amount that is claimed as a federal
10 deduction when computing the taxpayer's federal
11 taxable income for the taxable year and that is
12 attributable to an endowment gift for which the
13 taxpayer receives a credit under the Illinois Gives
14 Tax Credit Act;

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

17 (E) The valuation limitation amount;

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

21 (G) An amount equal to all amounts included in
22 taxable income as modified by subparagraphs (A), (B),
23 (C) and (D) which are exempt from taxation by this
24 State either by reason of its statutes or Constitution
25 or by reason of the Constitution, treaties or statutes
26 of the United States; provided that, in the case of any

1 statute of this State that exempts income derived from
2 bonds or other obligations from the tax imposed under
3 this Act, the amount exempted shall be the interest
4 net of bond premium amortization;

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

13 (I) An amount equal to all amounts of income
14 distributable to an entity subject to the Personal
15 Property Tax Replacement Income Tax imposed by
16 subsections (c) and (d) of Section 201 of this Act
17 including amounts distributable to organizations
18 exempt from federal income tax by reason of Section
19 501(a) of the Internal Revenue Code; this subparagraph
20 (I) is exempt from the provisions of Section 250;

21 (J) With the exception of any amounts subtracted
22 under subparagraph (G), an amount equal to the sum of
23 all amounts disallowed as deductions by (i) Sections
24 171(a) (2) and 265(a) (2) of the Internal Revenue Code,
25 and all amounts of expenses allocable to interest and
26 disallowed as deductions by Section 265(a) (1) of the

1 Internal Revenue Code; and (ii) for taxable years
2 ending on or after August 13, 1999, Sections
3 171(a)(2), 265, 280C, and 832(b)(5)(B)(i) of the
4 Internal Revenue Code, plus, (iii) for taxable years
5 ending on or after December 31, 2011, Section
6 45G(e)(3) of the Internal Revenue Code and, for
7 taxable years ending on or after December 31, 2008,
8 any amount included in gross income under Section 87
9 of the Internal Revenue Code; the provisions of this
10 subparagraph are exempt from the provisions of Section
11 250;

12 (K) An amount equal to those dividends included in
13 such total which were paid by a corporation which (i)
14 conducts business operations in a River Edge
15 Redevelopment Zone or zones created under the River
16 Edge Redevelopment Zone Act or a Capital City
17 Redevelopment Zone or zones created under the Capital
18 City Redevelopment Zone Act and (ii) conducts
19 substantially all of its operations from a River Edge
20 Redevelopment Zone or zones or a Capital City
21 Redevelopment Zone or zones. This subparagraph (K) is
22 exempt from the provisions of Section 250;

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

26 (M) An amount equal to those dividends included in

1 such total that were paid by a corporation that
2 conducts business operations in a federally designated
3 Foreign Trade Zone or Sub-Zone and that is designated
4 a High Impact Business located in Illinois; provided
5 that dividends eligible for the deduction provided in
6 subparagraph (K) of paragraph (2) of this subsection
7 shall not be eligible for the deduction provided under
8 this subparagraph (M);

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

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

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

1 (2) for taxable years ending on or before
2 December 31, 2005, "x" equals "y" multiplied by 30
3 and then divided by 70 (or "y" multiplied by
4 0.429); and

5 (3) for taxable years ending after December
6 31, 2005:

7 (i) for property on which a bonus
8 depreciation deduction of 30% of the adjusted
9 basis was taken, "x" equals "y" multiplied by
10 30 and then divided by 70 (or "y" multiplied
11 by 0.429);

12 (ii) for property on which a bonus
13 depreciation deduction of 50% of the adjusted
14 basis was taken, "x" equals "y" multiplied by
15 1.0;

16 (iii) for property on which a bonus
17 depreciation deduction of 100% of the adjusted
18 basis was taken in a taxable year ending on or
19 after December 31, 2021, "x" equals the
20 depreciation deduction that would be allowed
21 on that property if the taxpayer had made the
22 election under Section 168(k)(7) or Section
23 168(n)(6) of the Internal Revenue Code to not
24 claim bonus depreciation on that property; and

25 (iv) for property on which a bonus
26 depreciation deduction of a percentage other

1 than 30%, 50% or 100% of the adjusted basis
2 was taken in a taxable year ending on or after
3 December 31, 2021, "x" equals "y" multiplied
4 by 100 times the percentage bonus depreciation
5 on the property (that is, $100(\text{bonus}\%)$) and
6 then divided by 100 times 1 minus the
7 percentage bonus depreciation on the property
8 (that is, $100(1-\text{bonus}\%)$).

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

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

22 If the taxpayer continues to own property through
23 the last day of the last tax year for which a
24 subtraction is allowed with respect to that property
25 under subparagraph (O) and for which the taxpayer was
26 required in any taxable year to make an addition

1 modification under subparagraph (D-5), then an amount
2 equal to that addition modification.

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

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

8 (Q) The amount of (i) any interest income (net of
9 the deductions allocable thereto) taken into account
10 for the taxable year with respect to a transaction
11 with a taxpayer that is required to make an addition
12 modification with respect to such transaction under
13 Section 203(a)(2)(D-17), 203(b)(2)(E-12),
14 203(c)(2)(G-12), or 203(d)(2)(D-7), but not to exceed
15 the amount of such addition modification and (ii) any
16 income from intangible property (net of the deductions
17 allocable thereto) taken into account for the taxable
18 year with respect to a transaction with a taxpayer
19 that is required to make an addition modification with
20 respect to such transaction under Section
21 203(a)(2)(D-18), 203(b)(2)(E-13), 203(c)(2)(G-13), or
22 203(d)(2)(D-8), but not to exceed the amount of such
23 addition modification. This subparagraph (Q) is exempt
24 from Section 250;

25 (R) An amount equal to the interest income taken
26 into account for the taxable year (net of the

1 deductions allocable thereto) with respect to
2 transactions with (i) a foreign person who would be a
3 member of the taxpayer's unitary business group but
4 for the fact that the foreign person's business
5 activity outside the United States is 80% or more of
6 that person's total business activity and (ii) for
7 taxable years ending on or after December 31, 2008, to
8 a person who would be a member of the same unitary
9 business group but for the fact that the person is
10 prohibited under Section 1501(a)(27) from being
11 included in the unitary business group because he or
12 she is ordinarily required to apportion business
13 income under different subsections of Section 304, but
14 not to exceed the addition modification required to be
15 made for the same taxable year under Section
16 203(d)(2)(D-7) for interest paid, accrued, or
17 incurred, directly or indirectly, to the same person.
18 This subparagraph (R) is exempt from Section 250;

19 (S) An amount equal to the income from intangible
20 property taken into account for the taxable year (net
21 of the deductions allocable thereto) with respect to
22 transactions with (i) a foreign person who would be a
23 member of the taxpayer's unitary business group but
24 for the fact that the foreign person's business
25 activity outside the United States is 80% or more of
26 that person's total business activity and (ii) for

1 taxable years ending on or after December 31, 2008, to
2 a person who would be a member of the same unitary
3 business group but for the fact that the person is
4 prohibited under Section 1501(a)(27) from being
5 included in the unitary business group because he or
6 she is ordinarily required to apportion business
7 income under different subsections of Section 304, but
8 not to exceed the addition modification required to be
9 made for the same taxable year under Section
10 203(d)(2)(D-8) for intangible expenses and costs paid,
11 accrued, or incurred, directly or indirectly, to the
12 same person. This subparagraph (S) is exempt from
13 Section 250;

14 (T) For taxable years ending on or after December
15 31, 2011, in the case of a taxpayer who was required to
16 add back any insurance premiums under Section
17 203(d)(2)(D-9), such taxpayer may elect to subtract
18 that part of a reimbursement received from the
19 insurance company equal to the amount of the expense
20 or loss (including expenses incurred by the insurance
21 company) that would have been taken into account as a
22 deduction for federal income tax purposes if the
23 expense or loss had been uninsured. If a taxpayer
24 makes the election provided for by this subparagraph
25 (T), the insurer to which the premiums were paid must
26 add back to income the amount subtracted by the

1 taxpayer pursuant to this subparagraph (T). This
2 subparagraph (T) is exempt from the provisions of
3 Section 250; and

4 (U) For taxable years beginning on or after
5 January 1, 2023, for any cannabis establishment
6 operating in this State and licensed under the
7 Cannabis Regulation and Tax Act or any cannabis
8 cultivation center or medical cannabis dispensing
9 organization operating in this State and licensed
10 under the Compassionate Use of Medical Cannabis
11 Program Act, an amount equal to the deductions that
12 were disallowed under Section 280E of the Internal
13 Revenue Code for the taxable year and that would not be
14 added back under this subsection. The provisions of
15 this subparagraph (U) are exempt from the provisions
16 of Section 250.

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

18 (1) In general. Subject to the provisions of paragraph
19 (2) and subsection (b)(3), for purposes of this Section
20 and Section 803(e), a taxpayer's gross income, adjusted
21 gross income, or taxable income for the taxable year shall
22 mean the amount of gross income, adjusted gross income or
23 taxable income properly reportable for federal income tax
24 purposes for the taxable year under the provisions of the
25 Internal Revenue Code. Taxable income may be less than

1 zero. However, for taxable years ending on or after
2 December 31, 1986, net operating loss carryforwards from
3 taxable years ending prior to December 31, 1986, may not
4 exceed the sum of federal taxable income for the taxable
5 year before net operating loss deduction, plus the excess
6 of addition modifications over subtraction modifications
7 for the taxable year. For taxable years ending prior to
8 December 31, 1986, taxable income may never be an amount
9 in excess of the net operating loss for the taxable year as
10 defined in subsections (c) and (d) of Section 172 of the
11 Internal Revenue Code, provided that when taxable income
12 of a corporation (other than a Subchapter S corporation),
13 trust, or estate is less than zero and addition
14 modifications, other than those provided by subparagraph
15 (E) of paragraph (2) of subsection (b) for corporations or
16 subparagraph (E) of paragraph (2) of subsection (c) for
17 trusts and estates, exceed subtraction modifications, an
18 addition modification must be made under those
19 subparagraphs for any other taxable year to which the
20 taxable income less than zero (net operating loss) is
21 applied under Section 172 of the Internal Revenue Code or
22 under subparagraph (E) of paragraph (2) of this subsection
23 (e) applied in conjunction with Section 172 of the
24 Internal Revenue Code.

25 (2) Special rule. For purposes of paragraph (1) of
26 this subsection, the taxable income properly reportable

1 for federal income tax purposes shall mean:

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

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

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

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

21 (E) Consolidated corporations. In the case of a
22 corporation which is a member of an affiliated group
23 of corporations filing a consolidated income tax
24 return for the taxable year for federal income tax
25 purposes, taxable income determined as if such
26 corporation had filed a separate return for federal

1 income tax purposes for the taxable year and each
2 preceding taxable year for which it was a member of an
3 affiliated group. For purposes of this subparagraph,
4 the taxpayer's separate taxable income shall be
5 determined as if the election provided by Section
6 243(b)(2) of the Internal Revenue Code had been in
7 effect for all such years;

8 (F) Cooperatives. In the case of a cooperative
9 corporation or association, the taxable income of such
10 organization determined in accordance with the
11 provisions of Section 1381 through 1388 of the
12 Internal Revenue Code, but without regard to the
13 prohibition against offsetting losses from patronage
14 activities against income from nonpatronage
15 activities; except that a cooperative corporation or
16 association may make an election to follow its federal
17 income tax treatment of patronage losses and
18 nonpatronage losses. In the event such election is
19 made, such losses shall be computed and carried over
20 in a manner consistent with subsection (a) of Section
21 207 of this Act and apportioned by the apportionment
22 factor reported by the cooperative on its Illinois
23 income tax return filed for the taxable year in which
24 the losses are incurred. The election shall be
25 effective for all taxable years with original returns
26 due on or after the date of the election. In addition,

1 the cooperative may file an amended return or returns,
2 as allowed under this Act, to provide that the
3 election shall be effective for losses incurred or
4 carried forward for taxable years occurring prior to
5 the date of the election. Once made, the election may
6 only be revoked upon approval of the Director. The
7 Department shall adopt rules setting forth
8 requirements for documenting the elections and any
9 resulting Illinois net loss and the standards to be
10 used by the Director in evaluating requests to revoke
11 elections. Public Act 96-932 is declaratory of
12 existing law;

13 (G) Subchapter S corporations. In the case of: (i)
14 a Subchapter S corporation for which there is in
15 effect an election for the taxable year under Section
16 1362 of the Internal Revenue Code, the taxable income
17 of such corporation determined in accordance with
18 Section 1363(b) of the Internal Revenue Code, except
19 that taxable income shall take into account those
20 items which are required by Section 1363(b)(1) of the
21 Internal Revenue Code to be separately stated; and
22 (ii) a Subchapter S corporation for which there is in
23 effect a federal election to opt out of the provisions
24 of the Subchapter S Revision Act of 1982 and have
25 applied instead the prior federal Subchapter S rules
26 as in effect on July 1, 1982, the taxable income of

1 such corporation determined in accordance with the
2 federal Subchapter S rules as in effect on July 1,
3 1982; and

4 (H) Partnerships. In the case of a partnership,
5 taxable income determined in accordance with Section
6 703 of the Internal Revenue Code, except that taxable
7 income shall take into account those items which are
8 required by Section 703(a)(1) to be separately stated
9 but which would be taken into account by an individual
10 in calculating his taxable income.

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

1 preceding taxable years.

2 (f) Valuation limitation amount.

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

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

12 (B) The lesser of (i) the sum of the pre-August 1,
13 1969 appreciation amounts (to the extent consisting of
14 capital gain) for all property in respect of which
15 such gain was reported for federal income tax purposes
16 for the taxable year, or (ii) the net capital gain for
17 the taxable year, reduced in either case by any amount
18 of such gain included in the amount determined under
19 subsection (a) (2) (F) or (c) (2) (H).

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

21 (A) If the fair market value of property referred
22 to in paragraph (1) was readily ascertainable on
23 August 1, 1969, the pre-August 1, 1969 appreciation
24 amount for such property is the lesser of (i) the
25 excess of such fair market value over the taxpayer's

1 basis (for determining gain) for such property on that
2 date (determined under the Internal Revenue Code as in
3 effect on that date), or (ii) the total gain realized
4 and reportable for federal income tax purposes in
5 respect of the sale, exchange or other disposition of
6 such property.

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

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

21 (g) Double deductions. Unless specifically provided
22 otherwise, nothing in this Section shall permit the same item
23 to be deducted more than once.

24 (h) Legislative intention. Except as expressly provided by

1 this Section there shall be no modifications or limitations on
2 the amounts of income, gain, loss or deduction taken into
3 account in determining gross income, adjusted gross income or
4 taxable income for federal income tax purposes for the taxable
5 year, or in the amount of such items entering into the
6 computation of base income and net income under this Act for
7 such taxable year, whether in respect of property values as of
8 August 1, 1969 or otherwise.

9 (Source: P.A. 103-8, eff. 6-7-23; 103-478, eff. 1-1-24;
10 103-592, Article 10, Section 10-900, eff. 6-7-24; 103-592,
11 Article 170, Section 170-90, eff. 6-7-24; 103-605, eff.
12 7-1-24; 103-647, eff. 7-1-24; 104-6, eff. 6-16-25; 104-417,
13 eff. 8-15-25; 104-453, eff. 12-12-25.)

14 (35 ILCS 5/221.5 new)

15 Sec. 221.5. Rehabilitation costs; qualified historic
16 properties; Capital City Redevelopment Zone.

17 (a) As used in this Section, the following terms have the
18 following meanings.

19 "Phased rehabilitation" means a project that is completed
20 in phases, as defined under Section 47 of the federal Internal
21 Revenue Code and pursuant to National Park Service regulations
22 at 36 C.F.R. 67.

23 "Placed in service" means the date when the property is
24 placed in a condition or state of readiness and availability
25 for a specifically assigned function as defined under Section

1 47 of the federal Internal Revenue Code and federal Treasury
2 Regulation Sections 1.46 and 1.48.

3 "Qualified expenditure" means all the costs and expenses
4 defined as qualified rehabilitation expenditures under Section
5 47 of the federal Internal Revenue Code that were incurred in
6 connection with a qualified historic structure.

7 "Qualified historic structure" means a certified historic
8 structure as defined under Section 47(c)(3) of the federal
9 Internal Revenue Code.

10 "Qualified rehabilitation plan" means a project that is
11 approved by the Department of Natural Resources and the
12 National Park Service as being consistent with the United
13 States Secretary of the Interior's Standards for
14 Rehabilitation.

15 "Qualified taxpayer" means the owner of the qualified
16 historic structure or any other person who qualifies for the
17 federal rehabilitation credit allowed by Section 47 of the
18 federal Internal Revenue Code with respect to that qualified
19 historic structure. Partners, shareholders of subchapter S
20 corporations, and owners of limited liability companies (if
21 the limited liability company is treated as a partnership for
22 purposes of federal and State income taxation) are entitled to
23 a credit under this Section to be determined in accordance
24 with the determination of income and distributive share of
25 income under Sections 702 and 703 and subchapter S of the
26 Internal Revenue Code, provided that credits granted to a

1 partnership, a limited liability company taxed as a
2 partnership, or other multiple owners of property shall be
3 passed through to the partners, members, or owners
4 respectively on a pro rata basis or pursuant to an executed
5 agreement among the partners, members, or owners documenting
6 any alternate distribution method.

7 (b) Beginning January 1, 2027, there shall be allowed a
8 tax credit against the tax imposed by subsections (b) and (d)
9 of Section 201 of this Act in an aggregate amount equal to 25%
10 of qualified expenditures incurred by a qualified taxpayer in
11 the restoration and preservation of a qualified historic
12 structure located in a Capital City Redevelopment Zone
13 pursuant to a qualified rehabilitation plan, provided that the
14 total amount of such expenditures must (i) equal \$5,000 or
15 more and (ii) exceed the adjusted basis of the qualified
16 historic structure on the first day the qualified
17 rehabilitation plan begins. For any rehabilitation project,
18 regardless of duration or number of phases, the project's
19 compliance with the foregoing provisions (i) and (ii) shall be
20 determined based on the aggregate amount of qualified
21 expenditures for the entire project and may include
22 expenditures incurred under subsection (a), this subsection,
23 or both subsection (a) and this subsection. If the qualified
24 rehabilitation plan spans multiple years, the aggregate credit
25 for the entire project shall be allowed in the last taxable
26 year, except for phased rehabilitation projects, which may

1 receive credits upon completion of each phase. Before
2 obtaining the first phased credit: (A) the total amount of
3 such expenditures must meet the requirements of provisions (i)
4 and (ii) of this subsection; and (B) the rehabilitated portion
5 of the qualified historic structure must be placed in service.

6 (c) Beginning January 1, 2027, there shall be allowed a
7 tax credit against the tax imposed by subsections (a) and (b)
8 of Section 201 as provided in Section 75 of the Capital City
9 Redevelopment Zone Act. The credit allowed under this
10 subsection (c) shall apply only to taxpayers that make a
11 capital investment of at least \$1,000,000 in a qualified
12 rehabilitation plan.

13 The credit or credits may not reduce the taxpayer's
14 liability to less than zero. If the amount of the credit or
15 credits exceeds the taxpayer's liability, the excess may be
16 carried forward and applied against the taxpayer's liability
17 in succeeding calendar years in the manner provided under
18 paragraph (4) of Section 211 of this Act. The credit or credits
19 shall be applied to the earliest year for which there is a tax
20 liability. If there are credits from more than one taxable
21 year that are available to offset a liability, the earlier
22 credit shall be applied first.

23 For partners, shareholders of Subchapter S corporations,
24 and owners of limited liability companies, if the liability
25 company is treated as a partnership for the purposes of
26 federal and State income taxation, there shall be allowed a

1 credit under this Section to be determined in accordance with
2 the determination of income and distributive share of income
3 under Sections 702 and 704 and Subchapter S of the Internal
4 Revenue Code. For partners and shareholders of Subchapter S
5 corporations, the provisions of Section 251 shall apply with
6 respect to the credit under this subsection.

7 The total aggregate amount of credits awarded under the
8 Blue Collar Jobs Act shall not exceed \$20,000,000 in any State
9 fiscal year.

10 (d) To obtain a tax credit pursuant to this Section, the
11 taxpayer must apply with the Department of Natural Resources.
12 The Department of Natural Resources shall determine the amount
13 of eligible rehabilitation costs and expenses in addition to
14 the amount of the Capital City construction jobs credit within
15 45 days of receipt of a complete application. The taxpayer
16 must submit a certification of costs prepared by an
17 independent certified public accountant that certifies (i) the
18 project expenses, (ii) whether those expenses are qualified
19 expenditures, and (iii) that the qualified expenditures exceed
20 the adjusted basis of the qualified historic structure on the
21 first day the qualified rehabilitation plan commenced. The
22 Department of Natural Resources is authorized, but not
23 required, to accept this certification of costs to determine
24 the amount of qualified expenditures and the amount of the
25 credit. The Department of Natural Resources shall provide
26 guidance as to the minimum standards to be followed in the

1 preparation of such certification. The Department of Natural
2 Resources and the National Park Service shall determine
3 whether the rehabilitation is consistent with the United
4 States Secretary of the Interior's Standards for
5 Rehabilitation.

6 (e) Upon completion of the project and approval of the
7 complete application, the Department of Natural Resources
8 shall issue a single certificate in the amount of the eligible
9 credits equal to 25% of qualified expenditures incurred during
10 the eligible taxable years, as defined in subsection (b),
11 excepting any phased credits issued prior to the eligible
12 taxable year under subsection (b). At the time the certificate
13 is issued, an issuance fee up to the maximum amount of 2% of
14 the amount of the credits issued by the certificate may be
15 collected from the applicant to administer the provisions of
16 this Section. If collected, this issuance fee shall be
17 deposited into the Historic Property Administrative Fund, a
18 special fund created in the State treasury. Subject to
19 appropriation, moneys in the Historic Property Administrative
20 Fund shall be provided to the Department of Natural Resources
21 as reimbursement for the costs associated with administering
22 this Section.

23 (f) The taxpayer must attach the certificate to the tax
24 return on which the credits are to be claimed. The tax credit
25 under this Section may not reduce the taxpayer's liability to
26 less than zero. If the amount of the credit exceeds the tax

1 liability for the year, the excess credit may be carried
2 forward and applied to the tax liability of the 5 taxable years
3 following the excess credit year.

4 (g) Subject to appropriation, moneys in the Historic
5 Property Administrative Fund shall be used, on a biennial
6 basis beginning at the end of the second fiscal year after
7 January 1, 2027, to hire a qualified third party to prepare a
8 biennial report to assess the overall economic impact to the
9 State from the qualified rehabilitation projects under this
10 Section completed in that year and in previous years. The
11 overall economic impact shall include at least: (1) the direct
12 and indirect or induced economic impacts of completed
13 projects; (2) temporary, permanent, and construction jobs
14 created; (3) sales, income, and property tax generation
15 before, during construction, and after completion; and (4)
16 indirect neighborhood impact after completion. The report
17 shall be submitted to the Governor and the General Assembly.
18 The report to the General Assembly shall be filed with the
19 Clerk of the House of Representatives and the Secretary of the
20 Senate in electronic form only, in the manner that the Clerk
21 and the Secretary shall direct.

22 (h) The Department of Natural Resources may adopt rules to
23 implement this Section in addition to the rules expressly
24 authorized in this Section.

25 (i) This Section is exempt from the provisions of Section
26 250.

1 Section 917. The Use Tax Act is amended by changing
2 Section 12 as follows:

3 (35 ILCS 105/12) (from Ch. 120, par. 439.12)

4 Sec. 12. Applicability of Retailers' Occupation Tax Act
5 and Uniform Penalty and Interest Act. All of the provisions of
6 Sections 1d, 1e, 1f, 1i, 1j, 1j.1, 1k, 1m, 1n, 1o, 2-6, 2-12,
7 2-29, 2-53, 2-54, 2a, 2b, 2c, 3, 4 (except that the time
8 limitation provisions shall run from the date when the tax is
9 due rather than from the date when gross receipts are
10 received), 5 (except that the time limitation provisions on
11 the issuance of notices of tax liability shall run from the
12 date when the tax is due rather than from the date when gross
13 receipts are received and except that in the case of a failure
14 to file a return required by this Act, no notice of tax
15 liability shall be issued on and after each July 1 and January
16 1 covering tax due with that return during any month or period
17 more than 6 years before that July 1 or January 1,
18 respectively), 5a, 5b, 5c, 5d, 5e, 5f, 5g, 5h, 5j, 5k, 5l, 5m,
19 5n, 7, 8, 9, 10, 11 and 12 of the Retailers' Occupation Tax Act
20 and Section 3-7 of the Uniform Penalty and Interest Act, which
21 are not inconsistent with this Act, shall apply, as far as
22 practicable, to the subject matter of this Act to the same
23 extent as if such provisions were included herein.

24 (Source: P.A. 102-700, eff. 4-19-22; 103-9, eff. 6-7-23;

1 103-595, eff. 6-26-24.)

2 Section 918. The Service Use Tax Act is amended by
3 changing Section 12 as follows:

4 (35 ILCS 110/12) (from Ch. 120, par. 439.42)

5 Sec. 12. Applicability of Retailers' Occupation Tax Act
6 and Uniform Penalty and Interest Act. All of the provisions of
7 Sections 1d, 1e, 1f, 1i, 1j, 1j.1, 1k, 1m, 1n, 1o, 2-6, 2-12,
8 2-29, 2-53, 2-54, 2a, 2b, 2c, 3 (except as to the disposition
9 by the Department of the money collected under this Act), 4
10 (except that the time limitation provisions shall run from the
11 date when gross receipts are received), 5 (except that the
12 time limitation provisions on the issuance of notices of tax
13 liability shall run from the date when the tax is due rather
14 than from the date when gross receipts are received and except
15 that in the case of a failure to file a return required by this
16 Act, no notice of tax liability shall be issued on and after
17 July 1 and January 1 covering tax due with that return during
18 any month or period more than 6 years before that July 1 or
19 January 1, respectively), 5a, 5b, 5c, 5d, 5e, 5f, 5g, 5j, 5k,
20 5l, 5m, 5n, 6d, 7, 8, 9, 10, 11 and 12 of the Retailers'
21 Occupation Tax Act which are not inconsistent with this Act,
22 and Section 3-7 of the Uniform Penalty and Interest Act, shall
23 apply, as far as practicable, to the subject matter of this Act
24 to the same extent as if such provisions were included herein.

1 (Source: P.A. 102-700, eff. 4-19-22; 103-9, eff. 6-7-23;
2 103-595, eff. 6-26-24.)

3 Section 919. The Service Occupation Tax Act is amended by
4 changing Section 12 as follows:

5 (35 ILCS 115/12) (from Ch. 120, par. 439.112)

6 Sec. 12. All of the provisions of Sections 1d, 1e, 1f, 1i,
7 1j, 1j.1, 1k, 1m, 1n, 1o, 2-6, 2-12, 2-29, 2-53, 2-54, 2a, 2b,
8 2c, 3 (except as to the disposition by the Department of the
9 tax collected under this Act), 4 (except that the time
10 limitation provisions shall run from the date when the tax is
11 due rather than from the date when gross receipts are
12 received), 5 (except that the time limitation provisions on
13 the issuance of notices of tax liability shall run from the
14 date when the tax is due rather than from the date when gross
15 receipts are received), 5a, 5b, 5c, 5d, 5e, 5f, 5g, 5j, 5k, 5l,
16 5m, 5n, 6d, 7, 8, 9, 10, 11, and 12 of the Retailers'
17 Occupation Tax Act which are not inconsistent with this Act,
18 and Section 3-7 of the Uniform Penalty and Interest Act shall
19 apply, as far as practicable, to the subject matter of this Act
20 to the same extent as if such provisions were included herein.

21 (Source: P.A. 102-700, eff. 4-19-22; 103-9, eff. 6-7-23;
22 103-595, eff. 6-26-24; 103-605, eff. 7-1-24.)

23 Section 920. The Retailers' Occupation Tax Act is amended

1 by adding Section 2-53 as follows:

2 (35 ILCS 120/2-53 new)

3 Sec. 2-53. Building materials exemption; Capital City
4 Redevelopment Zone.

5 (a) Beginning January 1, 2027, each retailer that makes a
6 qualified sale of building materials to be incorporated into
7 real estate within a Capital City Redevelopment Zone,
8 certified by the Department of Commerce and Economic
9 Opportunity in accordance with the Capital City Redevelopment
10 Zone Act, by remodeling, rehabilitating, or new construction
11 may deduct receipts from the qualified sales when calculating
12 any State or local use and occupation taxes. For purposes of
13 this Section, "qualified sale" means a sale of building
14 materials that will be incorporated into real estate as part
15 of an industrial or commercial project for which a Capital
16 City Building Materials Exemption Certificate has been issued
17 by the Department. A construction contractor or other entity
18 shall not make tax-free purchases unless it has an active
19 Capital City Building Materials Exemption Certificate issued
20 by the Department at the time of purchase. Exemption
21 Certificates shall be valid for 2 years.

22 (b) No retailer who is eligible for the deduction or
23 credit for a given sale under Section 5k of this Act related to
24 enterprise zones, Section 5l of this Act related to High
25 Impact Businesses, Section 5m of this Act related to REV

1 Illinois projects, Section 5n of this Act related to MICRO
2 Facilities, or Section 2-29 of this Act related to Quantum
3 Computing Campus shall be eligible for the deduction or credit
4 authorized under this Section for that same sale.

5 (c) To document the exemption allowed under this Section,
6 the retailer must obtain from the purchaser the purchaser's
7 Capital City Building Materials Exemption Certificate number
8 issued by the Department. In addition, the retailer must
9 obtain certification from the purchaser that contains:

10 (1) a statement that the building materials are being
11 purchased for incorporation into real estate located in a
12 Capital City Redevelopment Zone;

13 (2) the location or address of the real estate into
14 which the building materials will be incorporated;

15 (3) the name of the Capital City Redevelopment Zone
16 project in which that real estate is located;

17 (4) a description of the building materials being
18 purchased;

19 (5) the purchaser's Capital City Building Materials
20 Exemption Certificate number issued by the Department; and

21 (6) the purchaser's signature and date of purchase.

22 (d) The zone administrator shall submit a request to the
23 Department for an initial certification or renewal of the
24 Capital City Building Materials Exemption Certificate. Upon
25 request from the zone administrator the Department shall issue
26 a Capital City Building Materials Exemption Certificate for

1 each construction contractor or other entity identified by the
2 zone administrator. The Department shall make the Exemption
3 Certificates available to the zone administrator and each
4 construction contractor or other entity. The request for
5 Capital City Building Materials Exemption Certificates from
6 the zone administrator to the Department must include the
7 following information:

8 (1) the name and address of the construction
9 contractor or other entity;

10 (2) the name and number of the Capital City
11 Redevelopment Zone in which the building project is
12 located;

13 (3) the name and location or address of the building
14 project in the Capital City Redevelopment Zone;

15 (4) the estimated amount of the exemption for each
16 construction contractor or other entity for which the
17 request for an Exemption Certificate is made, based on a
18 stated estimated average tax rate and the percentage of
19 the contract that consists of materials;

20 (5) the period of time over which supplies for the
21 project are expected to be purchased; and

22 (6) other reasonable information Department may
23 require, including, but not limited to, FEIN numbers, to
24 determine if the contractor or other entity, or any
25 partner, or a corporate officer, and in the case of a
26 limited liability company, any manager or member, of the

1 construction contractor or other entity, is or has been
2 the owner, a partner, a corporate officer, and in the case
3 of a limited liability company, a manager or member, of a
4 person that is in default for moneys due to the Department
5 under this Act or any other tax or fee Act administered by
6 the Department.

7 The Department, in its discretion, may require that
8 the request for Capital City Building Materials Exemption
9 Certificates be submitted electronically. The Department
10 shall issue the Capital City Building Materials Exemption
11 Certificates within 3 business days after receipt of
12 request from the zone administrator. This requirement does
13 not apply in circumstances where the Department, for
14 reasonable cause, is unable to issue the Exemption
15 Certificate within 3 business days. The Department may
16 refuse to issue an Exemption Certificate if the owner, any
17 partner, or a corporate officer, and in the case of a
18 limited liability company, any manager or member, of the
19 construction contractor or other entity is or has been the
20 owner, a partner, a corporate officer, and in the case of a
21 limited liability company, a manager or member, of a
22 person that is in default for moneys due to the Department
23 under this Act or any other tax or fee Act administered by
24 the Department.

25 (e) The Capital City Building Materials Exemption
26 Certificate shall contain:

1 (1) a unique identifying number that shall be designed
2 in a way that allows the Department to identify a
3 construction contractor or other entity from the unique
4 number on the Exemption Certificate, the name of the
5 Capital City Redevelopment Zone, and the construction
6 contractor or other entity to whom the Exemption
7 Certificate is issued;

8 (2) the name of the construction contractor or entity
9 to whom the Exemption Certificate is issued;

10 (3) the date the Exemption Certificate was issued, the
11 effective date of the Exemption Certificate, and the
12 expiration date of the Exemption Certificate; and

13 (4) language stating that, if the construction
14 contractor or other entity who is issued the Exemption
15 Certificate makes a tax-exempt purchase, as described in
16 this Section, that is not eligible for exemption under
17 this Section, or allows another person to make a
18 tax-exempt purchase, as described in this Section, that is
19 not eligible for exemption under this Section, then, in
20 addition to any tax or other penalty imposed, the
21 construction contractor or other entity is subject to a
22 penalty equal to the tax that would have been paid by the
23 retailer under this Act as well as any applicable local
24 retailers' occupation tax on the purchase that is not
25 eligible for the exemption.

26 The Department may, in its discretion, issue the Exemption

1 Certificates electronically. At the request of the zone
2 administrator, the Department may renew an Exemption
3 Certificate. After the Department issues Exemption
4 Certificates for a given Capital City building project, the
5 zone administrator may notify the Department of additional
6 construction contractors or other entities eligible for a
7 Capital City Building Materials Exemption Certificate.

8 Upon request of the zone administrator, and subject to the
9 other provisions of this Section, the Department shall issue a
10 Capital City Building Materials Exemption Certificate to each
11 additional construction contractor or other entity identified
12 by the zone administrator. The zone administrator may notify
13 the Department to rescind a Building Materials Exemption
14 Certificate previously issued by the Department but that has
15 not yet expired.

16 Upon request by the zone administrator, and subject to the
17 other provisions of this Section, the Department shall issue
18 the rescission of the Capital City Building Materials
19 Exemption Certificate to the construction contractor or other
20 entity identified by the zone administrator and provide a copy
21 to the zone administrator. If the Department of Revenue
22 determines that a construction contractor or other entity that
23 was issued an Exemption Certificate under this Section made a
24 tax-exempt purchase, as described in this Section, that was
25 not eligible for exemption under this Section, or allowed
26 another person to make a tax-exempt purchase, as described in

1 this Section, that was not eligible for exemption under this
2 Section, then, in addition to any tax or other penalty
3 imposed, the construction contractor or other entity is
4 subject to a penalty equal to the tax that would have been paid
5 by the retailer under this Act as well as any applicable local
6 retailers' occupation tax on the purchase that was not
7 eligible for the exemption.

8 (f) The provisions of this Section are exempt from Section
9 2-70.

10 Section 925. The Property Tax Code is amended by changing
11 Section 18-170 as follows:

12 (35 ILCS 200/18-170)

13 Sec. 18-170. Enterprise zone, ~~and~~ River Edge Redevelopment
14 Zone, and Capital City Redevelopment Zone abatement. In
15 addition to the authority to abate taxes under Section 18-165,
16 any taxing district, upon a majority vote of its governing
17 authority, may order the county clerk to abate any portion of
18 its taxes on property, or any class thereof, located within an
19 Enterprise Zone created under the Illinois Enterprise Zone
20 Act, ~~or~~ a River Edge Redevelopment Zone created under the
21 River Edge Redevelopment Zone Act, or a Capital City
22 Redevelopment Zone created under the Capital City
23 Redevelopment Zone Act, and upon which either new improvements
24 have been constructed or existing improvements have been

1 renovated or rehabilitated after December 7, 1982. However,
2 any abatement of taxes on any parcel shall not exceed the
3 amount attributable to the construction of the improvements
4 and the renovation or rehabilitation of existing improvements
5 on the parcel. In the case of property within a redevelopment
6 area created under the Tax Increment Allocation Redevelopment
7 Act, the abatement shall not apply unless a business
8 enterprise or individual with regard to new improvements or
9 renovated or rehabilitated improvements has met the
10 requirements of Section 5.4.1 of the Illinois Enterprise Zone
11 Act, ~~or~~ under Section 10-5.4.1 of the River Edge Redevelopment
12 Zone Act, or under Section 45 of the Capital City
13 Redevelopment Zone Act. If an abatement is discontinued under
14 this Section, a municipality shall notify the county clerk and
15 the board of review or board of appeals of the change in
16 writing not later than July 1 of the assessment year to be
17 first affected by the change. However, within a county
18 economic development project area created under the County
19 Economic Development Project Area Property Tax Allocation Act,
20 any municipality or county which has adopted tax increment
21 allocation financing under the Tax Increment Allocation
22 Redevelopment Act or the County Economic Development Project
23 Area Tax Increment Allocation Act may abate any portion of its
24 taxes as provided in this Section. Any other taxing district
25 within the county economic development project area may order
26 any portion or all of its taxes abated as provided above if the

1 county or municipality which created the tax increment
2 district has agreed, in writing, to the abatement.

3 A copy of an abatement order adopted under this Section
4 shall be delivered to the county clerk and to the board of
5 review or board of appeals not later than July 1 of the
6 assessment year to be first affected by the order. If it is
7 delivered on or after that date, it will first affect the taxes
8 extended on the assessment of the following year. The board of
9 review or board of appeals shall, each time the assessment
10 books are delivered to the county clerk, also deliver a list of
11 parcels affected by an abatement and the assessed value
12 attributable to new improvements or to the renovation or
13 rehabilitation of existing improvements.

14 (Source: P.A. 94-1021, eff. 7-12-06.)

15 Section 928. The Public Utilities Act is amended by
16 changing Section 9-222.1 as follows:

17 (220 ILCS 5/9-222.1) (from Ch. 111 2/3, par. 9-222.1)

18 Sec. 9-222.1. A business enterprise which is located (i)
19 within an area designated by a county or municipality as an
20 enterprise zone pursuant to the Illinois Enterprise Zone Act,
21 (ii) ~~or~~ located in a federally designated Foreign Trade Zone
22 or Sub-Zone, or (iii) located in a Capital City Redevelopment
23 Zone, certified by the Department of Commerce and Economic
24 Opportunity in accordance with the Capital City Redevelopment

1 Zone Act, shall be exempt from the additional charges added to
2 the business enterprise's utility bills as a pass-on of
3 municipal and State utility taxes under Sections 9-221 and
4 9-222 of this Act, to the extent such charges are exempted by
5 ordinance adopted in accordance with paragraph (e) of Section
6 8-11-2 of the Illinois Municipal Code in the case of municipal
7 utility taxes, and to the extent such charges are exempted by
8 the percentage specified by the Department of Commerce and
9 Economic Opportunity in the case of State utility taxes,
10 provided such business enterprise meets the following
11 criteria:

12 (1) it (i) makes investments which cause the creation
13 of a minimum of 200 full-time equivalent jobs in Illinois;
14 (ii) makes investments of at least \$175,000,000 which
15 cause the creation of a minimum of 150 full-time
16 equivalent jobs in Illinois; (iii) makes investments that
17 cause the retention of a minimum of 300 full-time
18 equivalent jobs in the manufacturing sector, as defined by
19 the North American Industry Classification System, in an
20 area in Illinois in which the unemployment rate is above
21 9% and makes an application to the Department within 3
22 months after the effective date of this amendatory Act of
23 the 96th General Assembly and certifies relocation of the
24 300 full-time equivalent jobs within 48 months after the
25 application; (iv) makes investments which cause the
26 retention of a minimum of 1,000 full-time jobs in

1 Illinois; or (v) makes an application to the Department
2 within 2 months after the effective date of this
3 amendatory Act of the 96th General Assembly and makes
4 investments that cause the retention of a minimum of 500
5 full-time equivalent jobs in 2009 and 2010, 675 full-time
6 jobs in Illinois in 2011, 850 full-time jobs in 2012, and
7 750 full-time jobs per year in 2013 through 2017, in the
8 manufacturing sector as defined by the North American
9 Industry Classification System; and

10 (2) it is either (i) located in an Enterprise Zone
11 established pursuant to the Illinois Enterprise Zone Act,
12 ~~or~~ (ii) located in a federally designated Foreign Trade
13 Zone or Sub-Zone and is designated a High Impact Business
14 by the Department of Commerce and Economic Opportunity, or
15 (iii) located within a Capital City Redevelopment Zone,
16 certified by the Department of Commerce and Economic
17 Opportunity in accordance with the Capital City
18 Redevelopment Zone Act; and

19 (3) it is certified by the Department of Commerce and
20 Economic Opportunity as complying with the requirements
21 specified in clauses (1) and (2) of this Section.

22 The Department of Commerce and Economic Opportunity shall
23 determine the period during which such exemption from the
24 charges imposed under Section 9-222 is in effect which shall
25 not exceed 30 years or the certified term of the enterprise
26 zone, whichever period is shorter, except that the exemption

1 period for a business enterprise qualifying under item (iii)
2 of clause (1) of this Section shall not exceed 30 years.

3 The Department of Commerce and Economic Opportunity shall
4 have the power to promulgate rules and regulations to carry
5 out the provisions of this Section including procedures for
6 complying with the requirements specified in clauses (1) and
7 (2) of this Section and procedures for applying for the
8 exemptions authorized under this Section; to define the
9 amounts and types of eligible investments which business
10 enterprises must make in order to receive State utility tax
11 exemptions pursuant to Sections 9-222 and 9-222.1 of this Act;
12 to approve such utility tax exemptions for business
13 enterprises whose investments are not yet placed in service;
14 and to require that business enterprises granted tax
15 exemptions repay the exempted tax should the business
16 enterprise fail to comply with the terms and conditions of the
17 certification. However, no business enterprise shall be
18 required, as a condition for certification under clause (3) of
19 this Section, to attest that its decision to invest under
20 clause (1) of this Section and to locate under clause (2) of
21 this Section is predicated upon the availability of the
22 exemptions authorized by this Section.

23 A business enterprise shall be exempt, in whole or in
24 part, from the pass-on charges of municipal utility taxes
25 imposed under Section 9-221, only if it meets the criteria
26 specified in clauses (1) through (3) of this Section and the

1 municipality has adopted an ordinance authorizing the
2 exemption under paragraph (e) of Section 8-11-2 of the
3 Illinois Municipal Code. Upon certification of the business
4 enterprises by the Department of Commerce and Economic
5 Opportunity, the Department of Commerce and Economic
6 Opportunity shall notify the Department of Revenue of such
7 certification. The Department of Revenue shall notify the
8 public utilities of the exemption status of business
9 enterprises from the pass-on charges of State and municipal
10 utility taxes. Such exemption status shall be effective within
11 3 months after certification of the business enterprise.

12 (Source: P.A. 97-818, eff. 7-16-12; 98-321, eff. 8-12-13.)

13 Section 930. The Environmental Protection Act is amended
14 by changing Section 58.13 and by adding Section 58.14b as
15 follows:

16 (415 ILCS 5/58.13)

17 Sec. 58.13. Municipal Brownfields Redevelopment Grant
18 Program.

19 (a) (1) The Agency shall establish and administer a
20 program of grants, to be known as the Municipal
21 Brownfields Redevelopment Grant Program, to provide
22 municipalities in Illinois with financial assistance to be
23 used for coordination of activities related to brownfields
24 redevelopment, including but not limited to identification

1 of brownfields sites, including those sites within River
2 Edge Redevelopment Zones or Capital City Redevelopment
3 Zones, site investigation and determination of remediation
4 objectives and related plans and reports, development of
5 remedial action plans, and implementation of remedial
6 action plans and remedial action completion reports. The
7 plans and reports shall be developed in accordance with
8 Title XVII of this Act.

9 (2) Grants shall be awarded on a competitive basis
10 subject to availability of funding. Criteria for awarding
11 grants shall include, but shall not be limited to the
12 following:

- 13 (A) problem statement and needs assessment;
- 14 (B) community-based planning and involvement;
- 15 (C) implementation planning; and
- 16 (D) long-term benefits and sustainability.

17 (3) The Agency may give weight to geographic location
18 to enhance geographic distribution of grants across this
19 State.

20 (4) Except for grants to municipalities with
21 designated River Edge Redevelopment Zones or Capital City
22 Redevelopment Zones, grants shall be limited to a maximum
23 of \$240,000, and no municipality shall receive more than
24 this amount under this Section. For grants to
25 municipalities with designated River Edge Redevelopment
26 Zones, grants to municipalities with designated Capital

1 City Redevelopment Zones, and grants to municipalities
2 awarded from funds provided under the American Recovery
3 and Reinvestment Act of 2009, grants shall be limited to a
4 maximum of \$2,000,000 and no municipality shall receive
5 more than this amount under this Section. For grants to
6 municipalities awarded from funds provided under the
7 American Recovery and Reinvestment Act of 2009, grants
8 shall be limited to a maximum of \$1,000,000 and no
9 municipality shall receive more than this amount under
10 this Section.

11 (5) Grant amounts shall not exceed 70% of the project
12 amount, with the remainder to be provided by the
13 municipality as local matching funds.

14 (b) The Agency shall have the authority to enter into any
15 contracts or agreements that may be necessary to carry out its
16 duties or responsibilities under this Section. The Agency
17 shall have the authority to adopt rules setting forth
18 procedures and criteria for administering the Municipal
19 Brownfields Redevelopment Grant Program. The rules adopted by
20 the Agency may include but shall not be limited to the
21 following:

22 (1) purposes for which grants are available;

23 (2) application periods and content of applications;

24 (3) procedures and criteria for Agency review of grant
25 applications, grant approvals and denials, and grantee
26 acceptance;

- 1 (4) grant payment schedules;
- 2 (5) grantee responsibilities for work schedules, work
- 3 plans, reports, and record keeping;
- 4 (6) evaluation of grantee performance, including but
- 5 not limited to auditing and access to sites and records;
- 6 (7) requirements applicable to contracting and
- 7 subcontracting by the grantee;
- 8 (8) penalties for noncompliance with grant
- 9 requirements and conditions, including stop-work orders,
- 10 termination of grants, and recovery of grant funds;
- 11 (9) indemnification of this State and the Agency by
- 12 the grantee; and
- 13 (10) manner of compliance with the Local Government
- 14 Professional Services Selection Act.

15 (c) Moneys in the Brownfields Redevelopment Fund may be
16 used by the Agency to take whatever preventive or corrective
17 action, including but not limited to removal or remedial
18 action, is necessary or appropriate in response to a release
19 or substantial threat of a release of:

- 20 (1) a hazardous substance or pesticide; or
- 21 (2) petroleum from an underground storage tank.

22 The State, the Director, and any State employee shall be
23 indemnified for any damages or injury arising out of or
24 resulting from any action taken pursuant to this subsection
25 (c) and subsection (d) (2) of Section 4 of this Act. The Agency
26 has the authority to enter into such contracts and agreements

1 as may be necessary, and as expeditiously as necessary, to
2 carry out preventive or corrective action pursuant to this
3 subsection (c) and subsection (d) (2) of Section 4 of this Act.
4 (Source: P.A. 96-45, eff. 7-15-09.)

5 (415 ILCS 5/58.14b new)

6 Sec. 58.14b. Capital City Redevelopment Zone Site
7 Remediation Tax Credit Review.

8 (a) Prior to applying for the Capital City Redevelopment
9 Zone site remediation tax credit under subsection (n) of
10 Section 201 of the Illinois Income Tax Act, a Remediation
11 Applicant must first submit to the Agency an application for
12 review of remediation costs. The Agency shall review the
13 application. The application and review process must be
14 conducted in accordance with the requirements of this Section
15 and the rules adopted under subsection (g). A preliminary
16 review of the estimated remediation costs for development and
17 implementation of the Remedial Action Plan may be obtained in
18 accordance with subsection (d).

19 (b) No application for review may be submitted until a No
20 Further Remediation Letter has been issued by the Agency and
21 recorded in the chain of title for the site in accordance with
22 Section 58.10. The Agency shall review the application to
23 determine whether the costs submitted are remediation costs
24 and whether the costs incurred are reasonable. The application
25 must be on forms prescribed and provided by the Agency. At a

1 minimum, the application must include the following:

2 (1) information identifying the Remediation Applicant,
3 the site for which the tax credit is being sought, and the
4 date of acceptance of the site into the Site Remediation
5 Program; (2) a copy of the No Further Remediation Letter
6 with official verification that the letter has been
7 recorded in the chain of title for the site and a
8 demonstration that the site for which the application is
9 submitted is the same site as the one for which the No
10 Further Remediation Letter is issued; (3) a demonstration
11 that the release of the regulated substances of concern
12 for which the No Further Remediation Letter was issued
13 were not caused or contributed to in any material respect
14 by the Remediation Applicant. Determinations as to credit
15 availability shall be made consistent with the Pollution
16 Control Board rules for the administration and enforcement
17 of Section 58.9 of this Act; (4) an itemization and
18 documentation, including receipts, of the remediation
19 costs incurred; (5) a demonstration that the costs
20 incurred are remediation costs as defined in this Act and
21 its rules; (6) a demonstration that the costs submitted
22 for review were incurred by the Remediation Applicant who
23 received the No Further Remediation Letter; (7) an
24 application fee in the amount set forth in subsection (e)
25 for each site for which review of remediation costs is
26 requested and, if applicable, certification from the

1 Department of Commerce and Economic Opportunity that the
2 site is located in a Capital City Redevelopment Zone; and
3 (8) any other information deemed appropriate by the
4 Agency.

5 (c) Within 60 days after receipt by the Agency of an
6 application meeting the requirements of subsection (b), the
7 Agency shall issue a letter to the applicant approving,
8 disapproving, or modifying the remediation costs submitted in
9 the application. If the remediation costs are approved as
10 submitted, then the Agency's letter must state the amount of
11 the remediation costs to be applied toward the Capital City
12 Redevelopment Zone site remediation tax credit. If an
13 application is disapproved or approved with modification of
14 remediation costs, then the Agency's letter must set forth the
15 reasons for the disapproval or modification and must state the
16 amount of the remediation costs, if any, to be applied toward
17 the Capital City Redevelopment Zone site remediation tax
18 credit. If a preliminary review of a budget plan has been
19 obtained under subsection (d), then the Remediation Applicant
20 may submit, with the application and supporting documentation
21 under subsection (b), a copy of the Agency's final
22 determination accompanied by a certification that the actual
23 remediation costs incurred for the development and
24 implementation of the Remedial Action Plan are equal to or
25 less than the costs approved in the Agency's final
26 determination on the budget plan. The certification must be

1 signed by the Remediation Applicant and notarized. Based on
2 that submission, the Agency is not required to conduct further
3 review of the costs incurred for development and
4 implementation of the Remedial Action Plan, and it may approve
5 the costs as submitted. Within 35 days after the receipt of an
6 Agency letter disapproving or modifying an application for
7 approval of remediation costs, the Remediation Applicant may
8 appeal the Agency's decision to the Board in the manner
9 provided for the review of permits under Section 40 of this
10 Act.

11 (d) A Remediation Applicant may obtain a preliminary
12 review of estimated remediation costs for the development and
13 implementation of the Remedial Action Plan by submitting a
14 budget plan along with the Remedial Action Plan. The budget
15 plan must be set forth on forms prescribed and provided by the
16 Agency and must include, without limitation, line-item
17 estimates of the costs associated with each line item (such as
18 personnel, equipment, and materials) that the Remediation
19 Applicant anticipates will be incurred for the development and
20 implementation of the Remedial Action Plan. The Agency shall
21 review the budget plan along with the Remedial Action Plan to
22 determine whether the estimated costs submitted are
23 remediation costs and whether the costs estimated for the
24 activities are reasonable. If the Remedial Action Plan is
25 amended by the Remediation Applicant or as a result of Agency
26 action, then the corresponding budget plan must be revised

1 accordingly and resubmitted for Agency review. The budget plan
2 must be accompanied by the applicable fee as set forth in
3 subsection (e). The submittal of a budget plan is deemed to be
4 an automatic 60-day waiver of the Remedial Action Plan review
5 deadlines set forth in this Section and its rules. Within the
6 applicable period of review, the Agency shall issue a letter
7 to the Remediation Applicant approving, disapproving, or
8 modifying the estimated remediation costs submitted in the
9 budget plan. If a budget plan is disapproved or approved with
10 modification of estimated remediation costs, then the Agency's
11 letter must set forth the reasons for the disapproval or
12 modification. Within 35 days after receipt of an Agency letter
13 disapproving or modifying a budget plan, the Remediation
14 Applicant may appeal the Agency's decision to the Board in the
15 manner provided for the review of permits under Section 40 of
16 this Act.

17 (e) Any fee for a review conducted under this Section is in
18 addition to any other fees or payments for Agency services
19 rendered under the Site Remediation Program. The fees under
20 this Section are as follows:

21 (1) the fee for an application for review of
22 remediation costs is \$250 for each site reviewed; and

23 (2) there is no fee for the review of the budget plan
24 submitted under subsection (d). The application fee must
25 be made payable to the State of Illinois, for deposit into
26 the Hazardous Waste Fund. Pursuant to appropriation, the

1 Agency shall use the fees collected under this subsection
2 for development and administration of the review program.

3 (f) The Agency has the authority to enter into any
4 contracts or agreements that may be necessary to carry out its
5 duties and responsibilities under this Section.

6 (g) The Agency shall adopt rules prescribing procedures
7 and standards for its administration of this Section. Prior to
8 the effective date of rules adopted under this Section, the
9 Agency may conduct reviews of applications under this Section.
10 The Agency may publish informal guidelines concerning this
11 Section to provide guidance.

12 Section 999. Effective date. This Act takes effect upon
13 becoming law.

1 INDEX
2 Statutes amended in order of appearance

3 New Act

4 20 ILCS 605/605-908 new

5 20 ILCS 715/5

6 30 ILCS 105/5.1038 new

7 35 ILCS 5/201

8 35 ILCS 5/203 from Ch. 120, par. 2-203

9 35 ILCS 5/221.5 new

10 35 ILCS 105/12 from Ch. 120, par. 439.12

11 35 ILCS 110/12 from Ch. 120, par. 439.42

12 35 ILCS 115/12 from Ch. 120, par. 439.112

13 35 ILCS 120/2-53 new

14 35 ILCS 200/18-170

15 220 ILCS 5/9-222.1 from Ch. 111 2/3, par. 9-222.1

16 415 ILCS 5/58.13

17 415 ILCS 5/58.14b new