

**SB3539**



**104TH GENERAL ASSEMBLY**

**State of Illinois**

**2025 and 2026**

**SB3539**

Introduced 2/5/2026, by Sen. Chapin Rose

**SYNOPSIS AS INTRODUCED:**

35 ILCS 5/235 new

Amends the Illinois Income Tax Act. Creates an income tax credit in an amount equal to 10% of the manufacturing capital expenditures incurred by the taxpayer during the taxable year or, if the taxpayer is located in a rural or economically challenged area, 15% of those expenditures. Provides that the total amount of credits awarded under these provisions may not exceed \$10,000,000 for any particular taxpayer in any taxable year, except that, if the capital investment is made in a rural or economically challenged area, then the maximum amount awarded for any particular taxpayer in any taxable year shall be \$20,000,000. Effective immediately.

LRB104 19314 HLH 32760 b

**A BILL FOR**

1 AN ACT concerning revenue.

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

4 Section 5. The Illinois Income Tax Act is amended by  
5 adding Section 235 as follows:

6 (35 ILCS 5/235 new)

7 Sec. 235. Manufacturing capital expenditure credit. For  
8 taxable years that begin on or after January 1, 2026 and begin  
9 prior to January 1, 2036, each taxpayer that is engaged in the  
10 business of manufacturing (North American Industry  
11 Classification System code 31-33) is entitled to a credit  
12 against the taxes imposed by subsections (a) and (b) of  
13 Section 201 in an amount equal to 10% of the capital  
14 expenditures incurred by the taxpayer during the taxable year  
15 that are related to manufacturing. The total amount of credits  
16 awarded under this Section may not exceed \$10,000,000 for any  
17 particular taxpayer in any taxable year. However,  
18 notwithstanding any other provision of this Section, if the  
19 capital investment is made in a rural or economically  
20 challenged area, as determined by the Department of Commerce  
21 and Economic Opportunity, then the amount of the credit shall  
22 be 15% of the capital expenditure, and the maximum amount  
23 awarded under this Section for any particular taxpayer in any

1 taxable year shall be \$20,000,000. A taxpayer may not claim a  
2 credit under this Section if the taxpayer claims a credit  
3 against the taxes imposed by subsections (a) and (b) of  
4 Section 201 for the same capital expenditure under any other  
5 provision of law.

6 In no event shall a credit under this Section reduce the  
7 taxpayer's liability under this Act to less than zero. The  
8 credit may not be carried forward or back.

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