

1 AN ACT concerning revenue.

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

4 ARTICLE 10. AMENDATORY PROVISIONS

5 Section 10-3. The State Finance Act is amended by changing
6 Section 6z-81 as follows:

7 (30 ILCS 105/6z-81)

8 Sec. 6z-81. Healthcare Provider Relief Fund.

9 (a) There is created in the State treasury a special fund
10 to be known as the Healthcare Provider Relief Fund.

11 (b) The Fund is created for the purpose of receiving and
12 disbursing moneys in accordance with this Section.
13 Disbursements from the Fund shall be made only as follows:

14 (1) Subject to appropriation, for payment by the
15 Department of Healthcare and Family Services or by the
16 Department of Human Services of medical bills and related
17 expenses, including administrative expenses, for which the
18 State is responsible under Titles XIX and XXI of the Social
19 Security Act, the Illinois Public Aid Code, the Children's
20 Health Insurance Program Act, the Covering ALL KIDS Health
21 Insurance Act, and the Long Term Acute Care Hospital
22 Quality Improvement Transfer Program Act.

1 (2) For repayment of funds borrowed from other State
2 funds or from outside sources, including interest thereon.

3 (3) For State fiscal years 2017, 2018, and 2019, for
4 making payments to the human poison control center pursuant
5 to Section 12-4.105 of the Illinois Public Aid Code.

6 (c) The Fund shall consist of the following:

7 (1) Moneys received by the State from short-term
8 borrowing pursuant to the Short Term Borrowing Act on or
9 after the effective date of Public Act 96-820.

10 (2) All federal matching funds received by the Illinois
11 Department of Healthcare and Family Services as a result of
12 expenditures made by the Department that are attributable
13 to moneys deposited in the Fund.

14 (3) All federal matching funds received by the Illinois
15 Department of Healthcare and Family Services as a result of
16 federal approval of Title XIX State plan amendment
17 transmittal number 07-09.

18 (3.5) Proceeds from the assessment authorized under
19 Article V-H of the Public Aid Code.

20 (4) All other moneys received for the Fund from any
21 other source, including interest earned thereon.

22 (5) All federal matching funds received by the Illinois
23 Department of Healthcare and Family Services as a result of
24 expenditures made by the Department for Medical Assistance
25 from the General Revenue Fund, the Tobacco Settlement
26 Recovery Fund, the Long-Term Care Provider Fund, and the

1 Drug Rebate Fund related to individuals eligible for
2 medical assistance pursuant to the Patient Protection and
3 Affordable Care Act (P.L. 111-148) and Section 5-2 of the
4 Illinois Public Aid Code.

5 (d) In addition to any other transfers that may be provided
6 for by law, on the effective date of Public Act 97-44, or as
7 soon thereafter as practical, the State Comptroller shall
8 direct and the State Treasurer shall transfer the sum of
9 \$365,000,000 from the General Revenue Fund into the Healthcare
10 Provider Relief Fund.

11 (e) In addition to any other transfers that may be provided
12 for by law, on July 1, 2011, or as soon thereafter as
13 practical, the State Comptroller shall direct and the State
14 Treasurer shall transfer the sum of \$160,000,000 from the
15 General Revenue Fund to the Healthcare Provider Relief Fund.

16 (f) Notwithstanding any other State law to the contrary,
17 and in addition to any other transfers that may be provided for
18 by law, the State Comptroller shall order transferred and the
19 State Treasurer shall transfer \$500,000,000 to the Healthcare
20 Provider Relief Fund from the General Revenue Fund in equal
21 monthly installments of \$100,000,000, with the first transfer
22 to be made on July 1, 2012, or as soon thereafter as practical,
23 and with each of the remaining transfers to be made on August
24 1, 2012, September 1, 2012, October 1, 2012, and November 1,
25 2012, or as soon thereafter as practical. This transfer may
26 assist the Department of Healthcare and Family Services in

1 improving Medical Assistance bill processing timeframes or in
2 meeting the possible requirements of Senate Bill 3397, or other
3 similar legislation, of the 97th General Assembly should it
4 become law.

5 (g) Notwithstanding any other State law to the contrary,
6 and in addition to any other transfers that may be provided for
7 by law, on July 1, 2013, or as soon thereafter as may be
8 practical, the State Comptroller shall direct and the State
9 Treasurer shall transfer the sum of \$601,000,000 from the
10 General Revenue Fund to the Healthcare Provider Relief Fund.
11 (Source: P.A. 99-516, eff. 6-30-16; 100-587, eff. 6-4-18.)

12 Section 10-5. The Illinois Income Tax Act is amended by
13 changing Section 203 as follows:

14 (35 ILCS 5/203) (from Ch. 120, par. 2-203)

15 Sec. 203. Base income defined.

16 (a) Individuals.

17 (1) In general. In the case of an individual, base
18 income means an amount equal to the taxpayer's adjusted
19 gross income for the taxable year as modified by paragraph
20 (2).

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

24 (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 adjusted gross income, except
4 stock dividends of qualified public utilities
5 described in Section 305(e) of the Internal Revenue
6 Code;

7 (B) An amount equal to the amount of tax imposed by
8 this Act to the extent deducted from gross income in
9 the computation of adjusted gross income for the
10 taxable year;

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

23 (D) An amount equal to the amount of the capital
24 gain deduction allowable under the Internal Revenue
25 Code, to the extent deducted from gross income in the
26 computation of adjusted gross income;

1 (D-5) An amount, to the extent not included in
2 adjusted gross income, equal to the amount of money
3 withdrawn by the taxpayer in the taxable year from a
4 medical care savings account and the interest earned on
5 the account in the taxable year of a withdrawal
6 pursuant to subsection (b) of Section 20 of the Medical
7 Care Savings Account Act or subsection (b) of Section
8 20 of the Medical Care Savings Account Act of 2000;

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

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

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

26 If the taxpayer continues to own property through

1 the last day of the last tax year for which the
2 taxpayer may claim a depreciation deduction for
3 federal income tax purposes and for which the taxpayer
4 was allowed in any taxable year to make a subtraction
5 modification under subparagraph (Z), then an amount
6 equal to that subtraction modification.

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

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

1 extent that dividends were included in base income of
2 the unitary group for the same taxable year and
3 received by the taxpayer or by a member of the
4 taxpayer's unitary business group (including amounts
5 included in gross income under Sections 951 through 964
6 of the Internal Revenue Code and amounts included in
7 gross income under Section 78 of the Internal Revenue
8 Code) with respect to the stock of the same person to
9 whom the interest was paid, accrued, or incurred.

10 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 who
13 is subject in a foreign country or state, other
14 than a state which requires mandatory unitary
15 reporting, to a tax on or measured by net income
16 with respect to such interest; or

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

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

25 (b) the transaction giving rise to the
26 interest expense between the taxpayer and the

1 person did not have as a principal purpose the
2 avoidance of Illinois income tax, and is paid
3 pursuant to a contract or agreement that
4 reflects an arm's-length interest rate and
5 terms; or

6 (iii) the taxpayer can establish, based on
7 clear and convincing evidence, that the interest
8 paid, accrued, or incurred relates to a contract or
9 agreement entered into at arm's-length rates and
10 terms and the principal purpose for the payment is
11 not federal or Illinois tax avoidance; 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 Nothing in this subsection shall preclude the
20 Director from making any other adjustment
21 otherwise allowed under Section 404 of this Act for
22 any tax year beginning after the effective date of
23 this amendment provided such adjustment is made
24 pursuant to regulation adopted by the Department
25 and such regulations provide methods and standards
26 by which the Department will utilize its authority

1 under Section 404 of this Act;

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

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

21 This paragraph shall not apply to the following:

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

1 to a tax on or measured by net income with respect
2 to such item; or

3 (ii) 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 (iii) any item of intangible expense or cost
20 paid, accrued, or incurred, directly or
21 indirectly, from a transaction with a person if the
22 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 alternative
26 method of apportionment under Section 304(f);

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

10 (D-19) For taxable years ending on or after
11 December 31, 2008, an amount equal to the amount of
12 insurance premium expenses and costs otherwise allowed
13 as a deduction in computing base income, and that were
14 paid, accrued, or incurred, directly or indirectly, 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. The
21 addition modification required by this subparagraph
22 shall be reduced to the extent that dividends were
23 included in base income of the unitary group for the
24 same taxable year and received by the taxpayer or by a
25 member of the taxpayer's unitary business group
26 (including amounts included in gross income under

1 Sections 951 through 964 of the Internal Revenue Code
2 and amounts included in gross income under Section 78
3 of the Internal Revenue Code) with respect to the stock
4 of the same person to whom the premiums and costs were
5 directly or indirectly paid, incurred, or accrued. The
6 preceding sentence does not apply to the extent that
7 the same dividends caused a reduction to the addition
8 modification required under Section 203(a)(2)(D-17) or
9 Section 203(a)(2)(D-18) of this Act.

10 (D-20) For taxable years beginning on or after
11 January 1, 2002 and ending on or before December 31,
12 2006, in the case of a distribution from a qualified
13 tuition program under Section 529 of the Internal
14 Revenue Code, other than (i) a distribution from a
15 College Savings Pool created under Section 16.5 of the
16 State Treasurer Act or (ii) a distribution from the
17 Illinois Prepaid Tuition Trust Fund, an amount equal to
18 the amount excluded from gross income under Section
19 529(c)(3)(B). For taxable years beginning on or after
20 January 1, 2007, in the case of a distribution from a
21 qualified tuition program under Section 529 of the
22 Internal Revenue Code, other than (i) a distribution
23 from a College Savings Pool created under Section 16.5
24 of the State Treasurer Act, (ii) a distribution from
25 the Illinois Prepaid Tuition Trust Fund, or (iii) a
26 distribution from a qualified tuition program under

1 Section 529 of the Internal Revenue Code that (I)
2 adopts and determines that its offering materials
3 comply with the College Savings Plans Network's
4 disclosure principles and (II) has made reasonable
5 efforts to inform in-state residents of the existence
6 of in-state qualified tuition programs by informing
7 Illinois residents directly and, where applicable, to
8 inform financial intermediaries distributing the
9 program to inform in-state residents of the existence
10 of in-state qualified tuition programs at least
11 annually, an amount equal to the amount excluded from
12 gross income under Section 529(c)(3)(B).

13 For the purposes of this subparagraph (D-20), a
14 qualified tuition program has made reasonable efforts
15 if it makes disclosures (which may use the term
16 "in-state program" or "in-state plan" and need not
17 specifically refer to Illinois or its qualified
18 programs by name) (i) directly to prospective
19 participants in its offering materials or makes a
20 public disclosure, such as a website posting; and (ii)
21 where applicable, to intermediaries selling the
22 out-of-state program in the same manner that the
23 out-of-state program distributes its offering
24 materials;

25 (D-20.5) For taxable years beginning on or after
26 January 1, 2018, in the case of a distribution from a

1 qualified ABLE program under Section 529A of the
2 Internal Revenue Code, other than a distribution from a
3 qualified ABLE program created under Section 16.6 of
4 the State Treasurer Act, an amount equal to the amount
5 excluded from gross income under Section 529A(c)(1)(B)
6 of the Internal Revenue Code;

7 (D-21) For taxable years beginning on or after
8 January 1, 2007, in the case of transfer of moneys from
9 a qualified tuition program under Section 529 of the
10 Internal Revenue Code that is administered by the State
11 to an out-of-state program, an amount equal to the
12 amount of moneys previously deducted from base income
13 under subsection (a)(2)(Y) of this Section;

14 (D-21.5) For taxable years beginning on or after
15 January 1, 2018, in the case of the transfer of moneys
16 from a qualified tuition program under Section 529 or a
17 qualified ABLE program under Section 529A of the
18 Internal Revenue Code that is administered by this
19 State to an ABLE account established under an
20 out-of-state ABLE account program, an amount equal to
21 the contribution component of the transferred amount
22 that was previously deducted from base income under
23 subsection (a)(2)(Y) or subsection (a)(2)(HH) of this
24 Section;

25 (D-22) For taxable years beginning on or after
26 January 1, 2009, and prior to January 1, 2018, in the

1 case of a nonqualified withdrawal or refund of moneys
2 from a qualified tuition program under Section 529 of
3 the Internal Revenue Code administered by the State
4 that is not used for qualified expenses at an eligible
5 education institution, an amount equal to the
6 contribution component of the nonqualified withdrawal
7 or refund that was previously deducted from base income
8 under subsection (a)(2)(y) of this Section, provided
9 that the withdrawal or refund did not result from the
10 beneficiary's death or disability. For taxable years
11 beginning on or after January 1, 2018: (1) in the case
12 of a nonqualified withdrawal or refund, as defined
13 under Section 16.5 of the State Treasurer Act, of
14 moneys from a qualified tuition program under Section
15 529 of the Internal Revenue Code administered by the
16 State, an amount equal to the contribution component of
17 the nonqualified withdrawal or refund that was
18 previously deducted from base income under subsection
19 (a)(2)(Y) of this Section, and (2) in the case of a
20 nonqualified withdrawal or refund from a qualified
21 ABLE program under Section 529A of the Internal Revenue
22 Code administered by the State that is not used for
23 qualified disability expenses, an amount equal to the
24 contribution component of the nonqualified withdrawal
25 or refund that was previously deducted from base income
26 under subsection (a)(2)(HH) of this Section;

1 (D-23) 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-24) 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 and by deducting from the total so obtained the sum of the
10 following amounts:

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

1 December 31, 2001, any amount included in such total in
2 respect of any compensation (including but not limited
3 to any compensation paid or accrued to a serviceman
4 while a prisoner of war or missing in action) paid to a
5 resident by reason of being a member of any component
6 of the Armed Forces of the United States and in respect
7 of any compensation paid or accrued to a resident who
8 as a governmental employee was a prisoner of war or
9 missing in action, and in respect of any compensation
10 paid to a resident in 2001 or thereafter by reason of
11 being a member of the Illinois National Guard or,
12 beginning with taxable years ending on or after
13 December 31, 2007, the National Guard of any other
14 state. The provisions of this subparagraph (E) are
15 exempt from the provisions of Section 250;

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

1 (G) The valuation limitation amount;

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

5 (I) An amount equal to all amounts included in such
6 total pursuant to the provisions of Section 111 of the
7 Internal Revenue Code as a recovery of items previously
8 deducted from adjusted gross income in the computation
9 of taxable income;

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

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

1 (L) For taxable years ending after December 31,
2 1983, an amount equal to all social security benefits
3 and railroad retirement benefits included in such
4 total pursuant to Sections 72(r) and 86 of the Internal
5 Revenue Code;

6 (M) With the exception of any amounts subtracted
7 under subparagraph (N), an amount equal to the sum of
8 all amounts disallowed as deductions by (i) Sections
9 171(a)(2), and 265(a)(2) ~~265(2)~~ of the Internal
10 Revenue Code, and all amounts of expenses allocable to
11 interest and disallowed as deductions by Section
12 265(a)(1) ~~265(1)~~ of the Internal Revenue Code; and (ii)
13 for taxable years ending on or after August 13, 1999,
14 Sections 171(a)(2), 265, 280C, and 832(b)(5)(B)(i) of
15 the Internal Revenue Code, plus, for taxable years
16 ending on or after December 31, 2011, 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; the provisions of this
21 subparagraph are exempt from the provisions of Section
22 250;

23 (N) An amount equal to all amounts included in such
24 total which are exempt from taxation by this State
25 either by reason of its statutes or Constitution or by
26 reason of the Constitution, treaties or statutes of the

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

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

9 (P) 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 or of any itemized deduction
14 taken from adjusted gross income in the computation of
15 taxable income for restoration of substantial amounts
16 held under claim of right for the taxable year;

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

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

24 (S) An amount, to the extent included in adjusted
25 gross income, equal to the amount of a contribution
26 made in the taxable year on behalf of the taxpayer to a

1 medical care savings account established under the
2 Medical Care Savings Account Act or the Medical Care
3 Savings Account Act of 2000 to the extent the
4 contribution is accepted by the account administrator
5 as provided in that Act;

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

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

19 (V) Beginning with tax years ending on or after
20 December 31, 1995 and ending with tax years ending on
21 or before December 31, 2004, an amount equal to the
22 amount paid by a taxpayer who is a self-employed
23 taxpayer, a partner of a partnership, or a shareholder
24 in a Subchapter S corporation for health insurance or
25 long-term care insurance for that taxpayer or that
26 taxpayer's spouse or dependents, to the extent that the

1 amount paid for that health insurance or long-term care
2 insurance may be deducted under Section 213 of the
3 Internal Revenue Code, has not been deducted on the
4 federal income tax return of the taxpayer, and does not
5 exceed the taxable income attributable to that
6 taxpayer's income, self-employment income, or
7 Subchapter S corporation income; except that no
8 deduction shall be allowed under this item (V) if the
9 taxpayer is eligible to participate in any health
10 insurance or long-term care insurance plan of an
11 employer of the taxpayer or the taxpayer's spouse. The
12 amount of the health insurance and long-term care
13 insurance subtracted under this item (V) shall be
14 determined by multiplying total health insurance and
15 long-term care insurance premiums paid by the taxpayer
16 times a number that represents the fractional
17 percentage of eligible medical expenses under Section
18 213 of the Internal Revenue Code of 1986 not actually
19 deducted on the taxpayer's federal income tax return;

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

25 (X) For taxable year 1999 and thereafter, an amount
26 equal to the amount of any (i) distributions, to the

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

1 public assistance, benefit, or similar entitlement is
2 not affected by the inclusion of items (i) and (ii) of
3 this paragraph in gross income for federal income tax
4 purposes. This paragraph is exempt from the provisions
5 of Section 250;

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

1 (Z) For taxable years 2001 and thereafter, for the
2 taxable year in which the bonus depreciation deduction
3 is taken on the taxpayer's federal income tax return
4 under subsection (k) of Section 168 of the Internal
5 Revenue Code and for each applicable taxable year
6 thereafter, an amount equal to "x", where:

7 (1) "y" equals the amount of the depreciation
8 deduction taken for the taxable year on the
9 taxpayer's federal income tax return on property
10 for which the bonus depreciation deduction was
11 taken in any year under subsection (k) of Section
12 168 of the Internal Revenue Code, but not including
13 the bonus depreciation deduction;

14 (2) for taxable years ending on or before
15 December 31, 2005, "x" equals "y" multiplied by 30
16 and then divided by 70 (or "y" multiplied by
17 0.429); and

18 (3) for taxable years ending after December
19 31, 2005:

20 (i) for property on which a bonus
21 depreciation deduction of 30% of the adjusted
22 basis was taken, "x" equals "y" multiplied by
23 30 and then divided by 70 (or "y" multiplied by
24 0.429); and

25 (ii) for property on which a bonus
26 depreciation deduction of 50% of the adjusted

1 basis was taken, "x" equals "y" multiplied by
2 1.0.

3 The aggregate amount deducted under this
4 subparagraph in all taxable years for any one piece of
5 property may not exceed the amount of the bonus
6 depreciation deduction taken on that property on the
7 taxpayer's federal income tax return under subsection
8 (k) of Section 168 of the Internal Revenue Code. This
9 subparagraph (Z) is exempt from the provisions of
10 Section 250;

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

16 If the taxpayer continues to own property through
17 the last day of the last tax year for which the
18 taxpayer may claim a depreciation deduction for
19 federal income tax purposes and for which the taxpayer
20 was required in any taxable year to make an addition
21 modification under subparagraph (D-15), then an amount
22 equal to that addition modification.

23 The taxpayer is allowed to take the deduction under
24 this subparagraph only once with respect to any one
25 piece of property.

26 This subparagraph (AA) is exempt from the

1 provisions of Section 250;

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

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

22 (DD) An amount equal to the interest income taken
23 into account for the taxable year (net of the
24 deductions allocable thereto) with respect to
25 transactions with (i) a foreign person who would be a
26 member of the taxpayer's unitary business group but for

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

16 (EE) An amount equal to the income from intangible
17 property taken into account for the taxable year (net
18 of the deductions allocable thereto) with respect to
19 transactions with (i) a foreign person who would be a
20 member of the taxpayer's unitary business group but for
21 the fact that the foreign person's business activity
22 outside the United States is 80% or more of that
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, but not to exceed the
5 addition modification required to be made for the same
6 taxable year under Section 203(a)(2)(D-18) for
7 intangible expenses and costs paid, accrued, or
8 incurred, directly or indirectly, to the same foreign
9 person. This subparagraph (EE) is exempt from the
10 provisions of Section 250;

11 (FF) An amount equal to any amount awarded to the
12 taxpayer during the taxable year by the Court of Claims
13 under subsection (c) of Section 8 of the Court of
14 Claims Act for time unjustly served in a State prison.
15 This subparagraph (FF) is exempt from the provisions of
16 Section 250;

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

1 the election provided for by this subparagraph (GG),
2 the insurer to which the premiums were paid must add
3 back to income the amount subtracted by the taxpayer
4 pursuant to this subparagraph (GG). This subparagraph
5 (GG) is exempt from the provisions of Section 250; and

6 (HH) For taxable years beginning on or after
7 January 1, 2018 and prior to January 1, 2023, a maximum
8 of \$10,000 contributed in the taxable year to a
9 qualified ABLE account under Section 16.6 of the State
10 Treasurer Act, except that amounts excluded from gross
11 income under Section 529(c)(3)(C)(i) or Section
12 529A(c)(1)(C) of the Internal Revenue Code shall not be
13 considered moneys contributed under this subparagraph
14 (HH). For purposes of this subparagraph (HH),
15 contributions made by an employer on behalf of an
16 employee, or matching contributions made by an
17 employee, shall be treated as made by the employee.

18 (b) Corporations.

19 (1) In general. In the case of a corporation, 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 and all distributions
2 received from regulated investment companies during
3 the taxable year to the extent excluded from gross
4 income in the computation of taxable income;

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

8 (C) In the case of a regulated investment company,
9 an amount equal to the excess of (i) the net long-term
10 capital gain for the taxable year, over (ii) the amount
11 of the capital gain dividends designated as such in
12 accordance with Section 852(b)(3)(C) of the Internal
13 Revenue Code and any amount designated under Section
14 852(b)(3)(D) of the Internal Revenue Code,
15 attributable to the taxable year (this amendatory Act
16 of 1995 (Public Act 89-89) is declarative of existing
17 law and is not a new enactment);

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

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

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

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

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

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

26 (E-5) For taxable years ending after December 31,

1 1997, an amount equal to any eligible remediation costs
2 that the corporation deducted in computing adjusted
3 gross income and for which the corporation claims a
4 credit under subsection (l) of Section 201;

5 (E-10) For taxable years 2001 and thereafter, an
6 amount equal to the bonus depreciation deduction taken
7 on the taxpayer's federal income tax return for the
8 taxable year under subsection (k) of Section 168 of the
9 Internal Revenue Code;

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

17 If the taxpayer continues to own property through
18 the last day of the last tax year for which the
19 taxpayer may claim a depreciation deduction for
20 federal income tax purposes and for which the taxpayer
21 was allowed in any taxable year to make a subtraction
22 modification under subparagraph (T), then an amount
23 equal to that subtraction modification.

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

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

1 incurred.

2 This paragraph shall not apply to the following:

3 (i) an item of interest paid, accrued, or
4 incurred, directly or indirectly, to a person who
5 is subject in a foreign country or state, other
6 than a state which requires mandatory unitary
7 reporting, to a tax on or measured by net income
8 with respect to such interest; or

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

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

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

24 (iii) the taxpayer can establish, based on
25 clear and convincing evidence, that the interest
26 paid, accrued, or incurred relates to a contract or

1 agreement entered into at arm's-length rates and
2 terms and the principal purpose for the payment is
3 not federal or Illinois tax avoidance; or

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

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

20 (E-13) An amount equal to the amount of intangible
21 expenses and costs otherwise allowed as a deduction in
22 computing base income, and that were paid, accrued, or
23 incurred, directly or indirectly, (i) for taxable
24 years ending on or after December 31, 2004, to a
25 foreign person who would be a member of the same
26 unitary business group but for the fact that the

1 foreign person's business activity outside the United
2 States is 80% or more of that person's total business
3 activity and (ii) for taxable years ending on or after
4 December 31, 2008, to a person who would be a member of
5 the same unitary business group but for the fact that
6 the person is prohibited under Section 1501(a)(27)
7 from being included in the unitary business group
8 because he or she is ordinarily required to apportion
9 business income under different subsections of Section
10 304. The addition modification required by this
11 subparagraph shall be reduced to the extent that
12 dividends were included in base income of the unitary
13 group for the same taxable year and received by the
14 taxpayer or by a member of the taxpayer's unitary
15 business group (including amounts included in gross
16 income pursuant to Sections 951 through 964 of the
17 Internal Revenue Code and amounts included in gross
18 income under Section 78 of the Internal Revenue Code)
19 with respect to the stock of the same person to whom
20 the intangible expenses and costs were directly or
21 indirectly paid, incurred, or accrued. The preceding
22 sentence shall not apply to the extent that the same
23 dividends caused a reduction to the addition
24 modification required under Section 203(b)(2)(E-12) of
25 this Act. As used in this subparagraph, the term
26 "intangible expenses and costs" includes (1) expenses,

1 losses, and costs for, or related to, the direct or
2 indirect acquisition, use, maintenance or management,
3 ownership, sale, exchange, or any other disposition of
4 intangible property; (2) losses incurred, directly or
5 indirectly, from factoring transactions or discounting
6 transactions; (3) royalty, patent, technical, and
7 copyright fees; (4) licensing fees; and (5) other
8 similar expenses and costs. For purposes of this
9 subparagraph, "intangible property" includes patents,
10 patent applications, trade names, trademarks, service
11 marks, copyrights, mask works, trade secrets, and
12 similar types of intangible assets.

13 This paragraph shall not apply to the following:

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

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

26 (a) the person during the same taxable

1 year paid, accrued, or incurred, the
2 intangible expense or cost to a person that is
3 not a related member, and

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

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

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

1 under Section 404 of this Act;

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

1 Section 203(b) (2) (E-13) of this Act;

2 (E-15) For taxable years beginning after December
3 31, 2008, any deduction for dividends paid by a captive
4 real estate investment trust that is allowed to a real
5 estate investment trust under Section 857(b) (2) (B) of
6 the Internal Revenue Code for dividends paid;

7 (E-16) An amount equal to the credit allowable to
8 the taxpayer under Section 218(a) of this Act,
9 determined without regard to Section 218(c) of this
10 Act;

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

15 (E-18) for taxable years beginning after December
16 31, 2018, an amount equal to the deduction allowed
17 under Section 250(a) (1) (A) of the Internal Revenue
18 Code for the taxable year.

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

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

26 (H) In the case of a regulated investment company,

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

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

1 the case of a life insurance company allowed a
2 deduction for an increase in reserves for the tax
3 year); the provisions of this subparagraph are exempt
4 from the provisions of Section 250;

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

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

22 (L) An amount equal to those dividends included in
23 such total that were paid by a corporation that
24 conducts business operations in a federally designated
25 Foreign Trade Zone or Sub-Zone and that is designated a
26 High Impact Business located in Illinois; provided

1 that dividends eligible for the deduction provided in
2 subparagraph (K) of paragraph 2 of this subsection
3 shall not be eligible for the deduction provided under
4 this subparagraph (L);

5 (M) For any taxpayer that is a financial
6 organization within the meaning of Section 304(c) of
7 this Act, an amount included in such total as interest
8 income from a loan or loans made by such taxpayer to a
9 borrower, to the extent that such a loan is secured by
10 property which is eligible for the River Edge
11 Redevelopment Zone Investment Credit. To determine the
12 portion of a loan or loans that is secured by property
13 eligible for a Section 201(f) investment credit to the
14 borrower, the entire principal amount of the loan or
15 loans between the taxpayer and the borrower should be
16 divided into the basis of the Section 201(f) investment
17 credit property which secures the loan or loans, using
18 for this purpose the original basis of such property on
19 the date that it was placed in service in the River
20 Edge Redevelopment Zone. The subtraction modification
21 available to the taxpayer in any year under this
22 subsection shall be that portion of the total interest
23 paid by the borrower with respect to such loan
24 attributable to the eligible property as calculated
25 under the previous sentence. This subparagraph (M) is
26 exempt from the provisions of Section 250;

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

26 (N) Two times any contribution made during the

1 taxable year to a designated zone organization to the
2 extent that the contribution (i) qualifies as a
3 charitable contribution under subsection (c) of
4 Section 170 of the Internal Revenue Code and (ii) must,
5 by its terms, be used for a project approved by the
6 Department of Commerce and Economic Opportunity under
7 Section 11 of the Illinois Enterprise Zone Act or under
8 Section 10-10 of the River Edge Redevelopment Zone Act.
9 This subparagraph (N) is exempt from the provisions of
10 Section 250;

11 (O) An amount equal to: (i) 85% for taxable years
12 ending on or before December 31, 1992, or, a percentage
13 equal to the percentage allowable under Section
14 243(a)(1) of the Internal Revenue Code of 1986 for
15 taxable years ending after December 31, 1992, of the
16 amount by which dividends included in taxable income
17 and received from a corporation that is not created or
18 organized under the laws of the United States or any
19 state or political subdivision thereof, including, for
20 taxable years ending on or after December 31, 1988,
21 dividends received or deemed received or paid or deemed
22 paid under Sections 951 through 965 of the Internal
23 Revenue Code, exceed the amount of the modification
24 provided under subparagraph (G) of paragraph (2) of
25 this subsection (b) which is related to such dividends,
26 and including, for taxable years ending on or after

1 December 31, 2008, dividends received from a captive
2 real estate investment trust; plus (ii) 100% of the
3 amount by which dividends, included in taxable income
4 and received, including, for taxable years ending on or
5 after December 31, 1988, dividends received or deemed
6 received or paid or deemed paid under Sections 951
7 through 964 of the Internal Revenue Code and including,
8 for taxable years ending on or after December 31, 2008,
9 dividends received from a captive real estate
10 investment trust, from any such corporation specified
11 in clause (i) that would but for the provisions of
12 Section 1504(b)(3) of the Internal Revenue Code be
13 treated as a member of the affiliated group which
14 includes the dividend recipient, exceed the amount of
15 the modification provided under subparagraph (G) of
16 paragraph (2) of this subsection (b) which is related
17 to such dividends. This subparagraph (O) is exempt from
18 the provisions of Section 250 of this Act;

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

22 (Q) An amount equal to the amount of the deduction
23 used to compute the federal income tax credit for
24 restoration of substantial amounts held under claim of
25 right for the taxable year pursuant to Section 1341 of
26 the Internal Revenue Code;

1 (R) On and after July 20, 1999, in the case of an
2 attorney-in-fact with respect to whom an interinsurer
3 or a reciprocal insurer has made the election under
4 Section 835 of the Internal Revenue Code, 26 U.S.C.
5 835, an amount equal to the excess, if any, of the
6 amounts paid or incurred by that interinsurer or
7 reciprocal insurer in the taxable year to the
8 attorney-in-fact over the deduction allowed to that
9 interinsurer or reciprocal insurer with respect to the
10 attorney-in-fact under Section 835(b) of the Internal
11 Revenue Code for the taxable year; the provisions of
12 this subparagraph are exempt from the provisions of
13 Section 250;

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

24 (T) For taxable years 2001 and thereafter, for the
25 taxable year in which the bonus depreciation deduction
26 is taken on the taxpayer's federal income tax return

1 under subsection (k) of Section 168 of the Internal
2 Revenue Code and for each applicable taxable year
3 thereafter, an amount equal to "x", where:

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

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

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

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

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

26 The aggregate amount deducted under this

1 subparagraph in all taxable years for any one piece of
2 property may not exceed the amount of the bonus
3 depreciation deduction taken on that property on the
4 taxpayer's federal income tax return under subsection
5 (k) of Section 168 of the Internal Revenue Code. This
6 subparagraph (T) is exempt from the provisions of
7 Section 250;

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

13 If the taxpayer continues to own property through
14 the last day of the last tax year for which the
15 taxpayer may claim a depreciation deduction for
16 federal income tax purposes and for which the taxpayer
17 was required in any taxable year to make an addition
18 modification under subparagraph (E-10), then an amount
19 equal to that addition modification.

20 The taxpayer is allowed to take the deduction under
21 this subparagraph only once with respect to any one
22 piece of property.

23 This subparagraph (U) is exempt from the
24 provisions of Section 250;

25 (V) The amount of: (i) any interest income (net of
26 the deductions allocable thereto) taken into account

1 for the taxable year with respect to a transaction with
2 a taxpayer that is required to make an addition
3 modification with respect to such transaction under
4 Section 203(a) (2) (D-17), 203(b) (2) (E-12),
5 203(c) (2) (G-12), or 203(d) (2) (D-7), but not to exceed
6 the amount of such addition modification, (ii) any
7 income from intangible property (net of the deductions
8 allocable thereto) taken into account for the taxable
9 year with respect to a transaction with a taxpayer that
10 is required to make an addition modification with
11 respect to such transaction under Section
12 203(a) (2) (D-18), 203(b) (2) (E-13), 203(c) (2) (G-13), or
13 203(d) (2) (D-8), but not to exceed the amount of such
14 addition modification, and (iii) any insurance premium
15 income (net of deductions allocable thereto) taken
16 into account for the taxable year with respect to a
17 transaction with a taxpayer that is required to make an
18 addition modification with respect to such transaction
19 under Section 203(a) (2) (D-19), Section
20 203(b) (2) (E-14), Section 203(c) (2) (G-14), or Section
21 203(d) (2) (D-9), but not to exceed the amount of that
22 addition modification. This subparagraph (V) is exempt
23 from the provisions of Section 250;

24 (W) An amount equal to the interest income taken
25 into account for the taxable year (net of the
26 deductions allocable thereto) with respect to

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

18 (X) An amount equal to the income from intangible
19 property taken into account for the taxable year (net
20 of the deductions allocable thereto) with respect to
21 transactions with (i) a foreign person who would be a
22 member of the taxpayer's unitary business group but for
23 the fact that the foreign person's business activity
24 outside the United States is 80% or more of that
25 person's total business activity and (ii) for taxable
26 years ending on or after December 31, 2008, to a person

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

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

1 (Y) is exempt from the provisions of Section 250; and
2 (Z) The difference between the nondeductible
3 controlled foreign corporation dividends under Section
4 965(e) (3) of the Internal Revenue Code over the taxable
5 income of the taxpayer, computed without regard to
6 Section 965(e) (2) (A) of the Internal Revenue Code, and
7 without regard to any net operating loss deduction.
8 This subparagraph (Z) is exempt from the provisions of
9 Section 250.

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

18 (c) Trusts and estates.

19 (1) In general. In the case of a trust or estate, 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. Subject to the provisions of
23 paragraph (3), the taxable income referred to in paragraph
24 (1) shall be modified by adding thereto the sum of the
25 following amounts:

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

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

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

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

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

1 they are listed:

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

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

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

22 (F) For taxable years ending on or after January 1,
23 1989, an amount equal to the tax deducted pursuant to
24 Section 164 of the Internal Revenue Code if the trust
25 or estate is claiming the same tax for purposes of the
26 Illinois foreign tax credit under Section 601 of this

1 Act;

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

6 (G-5) For taxable years ending after December 31,
7 1997, an amount equal to any eligible remediation costs
8 that the trust or estate deducted in computing adjusted
9 gross income and for which the trust or estate claims a
10 credit under subsection (l) of Section 201;

11 (G-10) For taxable years 2001 and thereafter, 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 the
15 Internal Revenue Code; and

16 (G-11) If the taxpayer sells, transfers, abandons,
17 or otherwise disposes of property for which the
18 taxpayer was required in any taxable year to make an
19 addition modification under subparagraph (G-10), then
20 an amount equal to the aggregate amount of the
21 deductions taken in all taxable years under
22 subparagraph (R) with respect to that property.

23 If the taxpayer continues to own property through
24 the last day of the last tax year for which the
25 taxpayer may claim a depreciation deduction for
26 federal income tax purposes and for which the taxpayer

1 was allowed in any taxable year to make a subtraction
2 modification under subparagraph (R), then an amount
3 equal to that subtraction modification.

4 The taxpayer is required to make the addition
5 modification under this subparagraph only once with
6 respect to any one piece of property;

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

1 taxpayer's unitary business group (including amounts
2 included in gross income pursuant to Sections 951
3 through 964 of the Internal Revenue Code and amounts
4 included in gross income under Section 78 of the
5 Internal Revenue Code) with respect to the stock of the
6 same person to whom the interest was paid, accrued, or
7 incurred.

8 This paragraph shall not apply to the following:

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

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

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

23 (b) the transaction giving rise to the
24 interest expense between the taxpayer and the
25 person did not have as a principal purpose the
26 avoidance of Illinois income tax, and is paid

1 pursuant to a contract or agreement that
2 reflects an arm's-length interest rate and
3 terms; or

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

10 (iv) 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
19 otherwise allowed under Section 404 of this Act for
20 any tax year beginning after the effective date of
21 this amendment provided such adjustment is made
22 pursuant to regulation adopted by the Department
23 and such regulations provide methods and standards
24 by which the Department will utilize its authority
25 under Section 404 of this Act;

26 (G-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(c)(2)(G-12) of
5 this Act. As used in this subparagraph, the term
6 "intangible expenses and costs" includes: (1)
7 expenses, losses, and costs for or related to the
8 direct or indirect acquisition, use, maintenance or
9 management, ownership, sale, exchange, or any other
10 disposition of intangible property; (2) losses
11 incurred, directly or indirectly, from factoring
12 transactions or discounting transactions; (3) royalty,
13 patent, technical, and copyright fees; (4) licensing
14 fees; and (5) other similar expenses and costs. For
15 purposes of this subparagraph, "intangible property"
16 includes patents, patent applications, trade names,
17 trademarks, service marks, copyrights, mask works,
18 trade secrets, and similar types of intangible assets.

19 This paragraph shall not apply to the following:

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

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

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

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

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

25 Nothing in this subsection shall preclude the
26 Director from making any other adjustment

1 otherwise allowed under Section 404 of this Act for
2 any tax year beginning after the effective date of
3 this amendment provided such adjustment is made
4 pursuant to regulation adopted by the Department
5 and such regulations provide methods and standards
6 by which the Department will utilize its authority
7 under Section 404 of this Act;

8 (G-14) For taxable years ending on or after
9 December 31, 2008, an amount equal to the amount of
10 insurance premium expenses and costs otherwise allowed
11 as a deduction in computing base income, and that were
12 paid, accrued, or incurred, directly or indirectly, to
13 a person who would be a member of the same unitary
14 business group but for the fact that the person is
15 prohibited under Section 1501(a)(27) from being
16 included in the unitary business group because he or
17 she is ordinarily required to apportion business
18 income under different subsections of Section 304. The
19 addition modification required by this subparagraph
20 shall be reduced to the extent that dividends were
21 included in base income of the unitary group for the
22 same taxable year and received by the taxpayer or by a
23 member of the taxpayer's unitary business group
24 (including amounts included in gross income under
25 Sections 951 through 964 of the Internal Revenue Code
26 and amounts included in gross income under Section 78

1 of the Internal Revenue Code) with respect to the stock
2 of the same person to whom the premiums and costs were
3 directly or indirectly paid, incurred, or accrued. The
4 preceding sentence does not apply to the extent that
5 the same dividends caused a reduction to the addition
6 modification required under Section 203(c)(2)(G-12) or
7 Section 203(c)(2)(G-13) of this Act;

8 (G-15) An amount equal to the credit allowable to
9 the taxpayer under Section 218(a) of this Act,
10 determined without regard to Section 218(c) of this
11 Act;

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

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 such
19 total pursuant to the provisions of Sections 402(a),
20 402(c), 403(a), 403(b), 406(a), 407(a) and 408 of the
21 Internal Revenue Code or included in such total as
22 distributions under the provisions of any retirement
23 or disability plan for employees of any governmental
24 agency or unit, or retirement payments to retired
25 partners, which payments are excluded in computing net
26 earnings from self employment by Section 1402 of the

1 Internal Revenue Code and regulations adopted pursuant
2 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 statutes
11 or Constitution or by reason of the Constitution,
12 treaties or statutes of the United States; provided
13 that, in the case of any statute of this State that
14 exempts income derived from bonds or other obligations
15 from the tax imposed under this Act, the amount
16 exempted shall be the interest net of bond premium
17 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) ~~265(1)~~
24 of the Internal Revenue Code; and (ii) for taxable
25 years 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 45G(e) (3)
3 of the Internal Revenue Code and, for taxable years
4 ending on or after December 31, 2008, any amount
5 included in gross income under Section 87 of the
6 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
11 conducts business operations in a River Edge
12 Redevelopment Zone or zones created under the River
13 Edge Redevelopment Zone Act and conducts substantially
14 all of its operations in a River Edge Redevelopment
15 Zone or zones. This subparagraph (M) is exempt from the
16 provisions of Section 250;

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

20 (O) An amount equal to those dividends included in
21 such total that were paid by a corporation that
22 conducts business operations in a federally designated
23 Foreign Trade Zone or Sub-Zone and that is designated a
24 High Impact Business located in Illinois; provided
25 that dividends eligible for the deduction provided in
26 subparagraph (M) of paragraph (2) of this subsection

1 shall not be eligible for the deduction provided under
2 this subparagraph (O);

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

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

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

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

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

1 the bonus depreciation deduction;

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

6 (3) for taxable years ending after December
7 31, 2005:

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

13 (ii) for property on which a bonus
14 depreciation deduction of 50% of the adjusted
15 basis was taken, "x" equals "y" multiplied by
16 1.0.

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

25 (S) If the taxpayer sells, transfers, abandons, or
26 otherwise disposes of property for which the taxpayer

1 was required in any taxable year to make an addition
2 modification under subparagraph (G-10), then an amount
3 equal to that addition modification.

4 If the taxpayer continues to own property through
5 the last day of the last tax year for which the
6 taxpayer may claim a depreciation deduction for
7 federal income tax purposes and for which the taxpayer
8 was required in any taxable year to make an addition
9 modification under subparagraph (G-10), then an amount
10 equal to that addition modification.

11 The taxpayer is allowed to take the deduction under
12 this subparagraph only once with respect to any one
13 piece of property.

14 This subparagraph (S) is exempt from the
15 provisions of Section 250;

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

1 is required to make an addition modification with
2 respect to such transaction under Section
3 203(a)(2)(D-18), 203(b)(2)(E-13), 203(c)(2)(G-13), or
4 203(d)(2)(D-8), but not to exceed the amount of such
5 addition modification. This subparagraph (T) is exempt
6 from the provisions of Section 250;

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

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

22 (W) in the case of an estate, an amount equal to
23 all amounts included in such total pursuant to the
24 provisions of Section 111 of the Internal Revenue Code
25 as a recovery of items previously deducted by the
26 decendent from adjusted gross income in the computation

1 of taxable income. This subparagraph (W) is exempt from
2 Section 250;

3 (X) an amount equal to the refund included in such
4 total of any tax deducted for federal income tax
5 purposes, to the extent that deduction was added back
6 under subparagraph (F). This subparagraph (X) is
7 exempt from the provisions of Section 250; ~~and~~

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

23 (Z) For taxable years beginning after December 31,
24 2018 and before January 1, 2026, the amount of excess
25 business loss of the taxpayer disallowed as a deduction
26 by Section 461(1)(1)(B) of the Internal Revenue Code.

1 (3) Limitation. The amount of any modification
2 otherwise required under this subsection shall, under
3 regulations prescribed by the Department, be adjusted by
4 any amounts included therein which were properly paid,
5 credited, or required to be distributed, or permanently set
6 aside for charitable purposes pursuant to Internal Revenue
7 Code Section 642(c) during the taxable year.

8 (d) Partnerships.

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

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

15 (A) An amount equal to all amounts paid or accrued
16 to the taxpayer as interest or dividends during the
17 taxable year to the extent excluded from gross income
18 in the computation of taxable income;

19 (B) An amount equal to the amount of tax imposed by
20 this Act to the extent deducted from gross income for
21 the taxable year;

22 (C) The amount of deductions allowed to the
23 partnership pursuant to Section 707 (c) of the Internal
24 Revenue Code in calculating its taxable income;

25 (D) An amount equal to the amount of the capital

1 gain deduction allowable under the Internal Revenue
2 Code, to the extent deducted from gross income in the
3 computation of taxable income;

4 (D-5) For taxable years 2001 and thereafter, an
5 amount equal to the bonus depreciation deduction taken
6 on the taxpayer's federal income tax return for the
7 taxable year under subsection (k) of Section 168 of the
8 Internal Revenue Code;

9 (D-6) If the taxpayer sells, transfers, abandons,
10 or otherwise disposes of property for which the
11 taxpayer was required in any taxable year to make an
12 addition modification under subparagraph (D-5), then
13 an amount equal to the aggregate amount of the
14 deductions taken in all taxable years under
15 subparagraph (O) with respect to that property.

16 If the taxpayer continues to own property through
17 the last day of the last tax year for which the
18 taxpayer may claim a depreciation deduction for
19 federal income tax purposes and for which the taxpayer
20 was allowed in any taxable year to make a subtraction
21 modification under subparagraph (O), then an amount
22 equal to that subtraction modification.

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

26 (D-7) An amount equal to the amount otherwise

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

1 This paragraph shall not apply to the following:

2 (i) an item of interest paid, accrued, or
3 incurred, directly or indirectly, to a person who
4 is subject in a foreign country or state, other
5 than a state which requires mandatory unitary
6 reporting, to a tax on or measured by net income
7 with respect to such interest; or

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

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

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

23 (iii) the taxpayer can establish, based on
24 clear and convincing evidence, that the interest
25 paid, accrued, or incurred relates to a contract or
26 agreement entered into at arm's-length rates and

1 terms and the principal purpose for the payment is
2 not federal or Illinois tax avoidance; or

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

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

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

1 States is 80% or more of that person's total business
2 activity and (ii) for taxable years ending on or after
3 December 31, 2008, to a person who would be a member of
4 the same unitary business group but for the fact that
5 the person is prohibited under Section 1501(a)(27)
6 from being included in the unitary business group
7 because he or she is ordinarily required to apportion
8 business income under different subsections of Section
9 304. The addition modification required by this
10 subparagraph shall be reduced to the extent that
11 dividends were included in base income of the unitary
12 group for the same taxable year and received by the
13 taxpayer or by a member of the taxpayer's unitary
14 business group (including amounts included in gross
15 income pursuant to Sections 951 through 964 of the
16 Internal Revenue Code and amounts included in gross
17 income under Section 78 of the Internal Revenue Code)
18 with respect to the stock of the same person to whom
19 the intangible expenses and costs were directly or
20 indirectly paid, incurred or accrued. The preceding
21 sentence shall not apply to the extent that the same
22 dividends caused a reduction to the addition
23 modification required under Section 203(d)(2)(D-7) of
24 this Act. As used in this subparagraph, the term
25 "intangible expenses and costs" includes (1) expenses,
26 losses, and costs for, or related to, the direct or

1 indirect acquisition, use, maintenance or management,
2 ownership, sale, exchange, or any other disposition of
3 intangible property; (2) losses incurred, directly or
4 indirectly, from factoring transactions or discounting
5 transactions; (3) royalty, patent, technical, and
6 copyright fees; (4) licensing fees; and (5) other
7 similar expenses and costs. For purposes of this
8 subparagraph, "intangible property" includes patents,
9 patent applications, trade names, trademarks, service
10 marks, copyrights, mask works, trade secrets, and
11 similar types of intangible assets;

12 This paragraph shall not apply to the following:

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

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

25 (a) the person during the same taxable
26 year paid, accrued, or incurred, the

1 intangible expense or cost to a person that is
2 not a related member, and

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

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

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

1 (D-9) For taxable years ending on or after December
2 31, 2008, an amount equal to the amount of insurance
3 premium expenses and costs otherwise allowed as a
4 deduction in computing base income, and that were paid,
5 accrued, or incurred, directly or indirectly, to a
6 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 stock
21 of the same person to whom the premiums and costs were
22 directly or indirectly paid, incurred, or accrued. The
23 preceding sentence does not apply to the extent that
24 the same dividends caused a reduction to the addition
25 modification required under Section 203(d)(2)(D-7) or
26 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 and by deducting from the total so obtained the following
10 amounts:

11 (E) The valuation limitation amount;

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

15 (G) An amount equal to all amounts included in
16 taxable income as modified by subparagraphs (A), (B),
17 (C) and (D) which are exempt from taxation by this
18 State either by reason of its statutes or Constitution
19 or by reason of the Constitution, treaties or statutes
20 of the United States; provided that, in the case of any
21 statute of this State that exempts income derived from
22 bonds or other obligations from the tax imposed under
23 this Act, the amount exempted shall be the interest net
24 of bond premium amortization;

25 (H) Any income of the partnership which
26 constitutes personal service income as defined in

1 Section 1348(b)(1) of the Internal Revenue Code (as in
2 effect December 31, 1981) or a reasonable allowance for
3 compensation paid or accrued for services rendered by
4 partners to the partnership, whichever is greater;
5 this subparagraph (H) is exempt from the provisions of
6 Section 250;

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

15 (J) With the exception of any amounts subtracted
16 under subparagraph (G), an amount equal to the sum of
17 all amounts disallowed as deductions by (i) Sections
18 171(a)(2), and 265(a)(2) ~~265(2)~~ of the Internal
19 Revenue Code, and all amounts of expenses allocable to
20 interest and disallowed as deductions by Section
21 265(a)(1) ~~265(1)~~ of the Internal Revenue Code; and (ii)
22 for taxable years ending on or after August 13, 1999,
23 Sections 171(a)(2), 265, 280C, and 832(b)(5)(B)(i) of
24 the Internal Revenue Code, plus, (iii) for taxable
25 years ending on or after December 31, 2011, Section
26 45G(e)(3) of the Internal Revenue Code and, for taxable

1 years ending on or after December 31, 2008, any amount
2 included in gross income under Section 87 of the
3 Internal Revenue Code; the provisions of this
4 subparagraph are exempt from the provisions of Section
5 250;

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

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

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

26 (N) An amount equal to the amount of the deduction

1 used to compute the federal income tax credit for
2 restoration of substantial amounts held under claim of
3 right for the taxable year pursuant to Section 1341 of
4 the Internal Revenue Code;

5 (0) For taxable years 2001 and thereafter, for the
6 taxable year in which the bonus depreciation deduction
7 is taken on the taxpayer's federal income tax return
8 under subsection (k) of Section 168 of the Internal
9 Revenue Code and for each applicable taxable year
10 thereafter, an amount equal to "x", where:

11 (1) "y" equals the amount of the depreciation
12 deduction taken for the taxable year on the
13 taxpayer's federal income tax return on property
14 for which the bonus depreciation deduction was
15 taken in any year under subsection (k) of Section
16 168 of the Internal Revenue Code, but not including
17 the bonus depreciation deduction;

18 (2) for taxable years ending on or before
19 December 31, 2005, "x" equals "y" multiplied by 30
20 and then divided by 70 (or "y" multiplied by
21 0.429); and

22 (3) for taxable years ending after December
23 31, 2005:

24 (i) for property on which a bonus
25 depreciation deduction of 30% of the adjusted
26 basis was taken, "x" equals "y" multiplied by

1 30 and then divided by 70 (or "y" multiplied by
2 0.429); and

3 (ii) for property on which a bonus
4 depreciation deduction of 50% of the adjusted
5 basis was taken, "x" equals "y" multiplied by
6 1.0.

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

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

20 If the taxpayer continues to own property through
21 the last day of the last tax year for which the
22 taxpayer may claim a depreciation deduction for
23 federal income tax purposes and for which the taxpayer
24 was required in any taxable year to make an addition
25 modification under subparagraph (D-5), then an amount
26 equal to that addition modification.

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

4 This subparagraph (P) is exempt from the
5 provisions of Section 250;

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

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

17 (S) An amount equal to the income from intangible
18 property taken into account for the taxable year (net
19 of the deductions allocable thereto) with respect to
20 transactions with (i) a foreign person who would be a
21 member of the taxpayer's unitary business group but for
22 the fact that the foreign person's business activity
23 outside the United States is 80% or more of that
24 person's total business activity and (ii) for taxable
25 years ending on or after December 31, 2008, to a person
26 who would be a member of the same unitary business

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

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

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

2 (1) In general. Subject to the provisions of paragraph
3 (2) and subsection (b) (3), for purposes of this Section and
4 Section 803(e), a taxpayer's gross income, adjusted gross
5 income, or taxable income for the taxable year shall mean
6 the amount of gross income, adjusted gross income or
7 taxable income properly reportable for federal income tax
8 purposes for the taxable year under the provisions of the
9 Internal Revenue Code. Taxable income may be less than
10 zero. However, for taxable years ending on or after
11 December 31, 1986, net operating loss carryforwards from
12 taxable years ending prior to December 31, 1986, may not
13 exceed the sum of federal taxable income for the taxable
14 year before net operating loss deduction, plus the excess
15 of addition modifications over subtraction modifications
16 for the taxable year. For taxable years ending prior to
17 December 31, 1986, taxable income may never be an amount in
18 excess of the net operating loss for the taxable year as
19 defined in subsections (c) and (d) of Section 172 of the
20 Internal Revenue Code, provided that when taxable income of
21 a corporation (other than a Subchapter S corporation),
22 trust, or estate is less than zero and addition
23 modifications, other than those provided by subparagraph
24 (E) of paragraph (2) of subsection (b) for corporations or
25 subparagraph (E) of paragraph (2) of subsection (c) for
26 trusts and estates, exceed subtraction modifications, an

1 addition modification must be made under those
2 subparagraphs for any other taxable year to which the
3 taxable income less than zero (net operating loss) is
4 applied under Section 172 of the Internal Revenue Code or
5 under subparagraph (E) of paragraph (2) of this subsection
6 (e) applied in conjunction with Section 172 of the Internal
7 Revenue Code.

8 (2) Special rule. For purposes of paragraph (1) of this
9 subsection, the taxable income properly reportable for
10 federal income tax purposes shall mean:

11 (A) Certain life insurance companies. In the case
12 of a life insurance company subject to the tax imposed
13 by Section 801 of the Internal Revenue Code, life
14 insurance company taxable income, plus the amount of
15 distribution from pre-1984 policyholder surplus
16 accounts as calculated under Section 815a of the
17 Internal Revenue Code;

18 (B) Certain other insurance companies. In the case
19 of mutual insurance companies subject to the tax
20 imposed by Section 831 of the Internal Revenue Code,
21 insurance company taxable income;

22 (C) Regulated investment companies. In the case of
23 a regulated investment company subject to the tax
24 imposed by Section 852 of the Internal Revenue Code,
25 investment company taxable income;

26 (D) Real estate investment trusts. In the case of a

1 real estate investment trust subject to the tax imposed
2 by Section 857 of the Internal Revenue Code, real
3 estate investment trust taxable income;

4 (E) Consolidated corporations. In the case of a
5 corporation which is a member of an affiliated group of
6 corporations filing a consolidated income tax return
7 for the taxable year for federal income tax purposes,
8 taxable income determined as if such corporation had
9 filed a separate return for federal income tax purposes
10 for the taxable year and each preceding taxable year
11 for which it was a member of an affiliated group. For
12 purposes of this subparagraph, the taxpayer's separate
13 taxable income shall be determined as if the election
14 provided by Section 243(b)(2) of the Internal Revenue
15 Code had been in effect for all such years;

16 (F) Cooperatives. In the case of a cooperative
17 corporation or association, the taxable income of such
18 organization determined in accordance with the
19 provisions of Section 1381 through 1388 of the Internal
20 Revenue Code, but without regard to the prohibition
21 against offsetting losses from patronage activities
22 against income from nonpatronage activities; except
23 that a cooperative corporation or association may make
24 an election to follow its federal income tax treatment
25 of patronage losses and nonpatronage losses. In the
26 event such election is made, such losses shall be

1 computed and carried over in a manner consistent with
2 subsection (a) of Section 207 of this Act and
3 apportioned by the apportionment factor reported by
4 the cooperative on its Illinois income tax return filed
5 for the taxable year in which the losses are incurred.
6 The election shall be effective for all taxable years
7 with original returns due on or after the date of the
8 election. In addition, the cooperative may file an
9 amended return or returns, as allowed under this Act,
10 to provide that the election shall be effective for
11 losses incurred or carried forward for taxable years
12 occurring prior to the date of the election. Once made,
13 the election may only be revoked upon approval of the
14 Director. The Department shall adopt rules setting
15 forth requirements for documenting the elections and
16 any resulting Illinois net loss and the standards to be
17 used by the Director in evaluating requests to revoke
18 elections. Public Act 96-932 is declaratory of
19 existing law;

20 (G) Subchapter S corporations. In the case of: (i)
21 a Subchapter S corporation for which there is in effect
22 an election for the taxable year under Section 1362 of
23 the Internal Revenue Code, the taxable income of such
24 corporation determined in accordance with Section
25 1363(b) of the Internal Revenue Code, except that
26 taxable income shall take into account those items

1 which are required by Section 1363(b)(1) of the
2 Internal Revenue Code to be separately stated; and (ii)
3 a Subchapter S corporation for which there is in effect
4 a federal election to opt out of the provisions of the
5 Subchapter S Revision Act of 1982 and have applied
6 instead the prior federal Subchapter S rules as in
7 effect on July 1, 1982, the taxable income of such
8 corporation determined in accordance with the federal
9 Subchapter S rules as in effect on July 1, 1982; and

10 (H) Partnerships. In the case of a partnership,
11 taxable income determined in accordance with Section
12 703 of the Internal Revenue Code, except that taxable
13 income shall take into account those items which are
14 required by Section 703(a)(1) to be separately stated
15 but which would be taken into account by an individual
16 in calculating his taxable income.

17 (3) Recapture of business expenses on disposition of
18 asset or business. Notwithstanding any other law to the
19 contrary, if in prior years income from an asset or
20 business has been classified as business income and in a
21 later year is demonstrated to be non-business income, then
22 all expenses, without limitation, deducted in such later
23 year and in the 2 immediately preceding taxable years
24 related to that asset or business that generated the
25 non-business income shall be added back and recaptured as
26 business income in the year of the disposition of the asset

1 or business. Such amount shall be apportioned to Illinois
2 using the greater of the apportionment fraction computed
3 for the business under Section 304 of this Act for the
4 taxable year or the average of the apportionment fractions
5 computed for the business under Section 304 of this Act for
6 the taxable year and for the 2 immediately preceding
7 taxable years.

8 (f) Valuation limitation amount.

9 (1) In general. The valuation limitation amount
10 referred to in subsections (a)(2)(G), (c)(2)(I) and
11 (d)(2)(E) is an amount equal to:

12 (A) The sum of the pre-August 1, 1969 appreciation
13 amounts (to the extent consisting of gain reportable
14 under the provisions of Section 1245 or 1250 of the
15 Internal Revenue Code) for all property in respect of
16 which such gain was reported for the taxable year; plus

17 (B) The lesser of (i) the sum of the pre-August 1,
18 1969 appreciation amounts (to the extent consisting of
19 capital gain) for all property in respect of which such
20 gain was reported for federal income tax purposes for
21 the taxable year, or (ii) the net capital gain for the
22 taxable year, reduced in either case by any amount of
23 such gain included in the amount determined under
24 subsection (a)(2)(F) or (c)(2)(H).

25 (2) Pre-August 1, 1969 appreciation amount.

1 (A) If the fair market value of property referred
2 to in paragraph (1) was readily ascertainable on August
3 1, 1969, the pre-August 1, 1969 appreciation amount for
4 such property is the lesser of (i) the excess of such
5 fair market value over the taxpayer's basis (for
6 determining gain) for such property on that date
7 (determined under the Internal Revenue Code as in
8 effect on that date), or (ii) the total gain realized
9 and reportable for federal income tax purposes in
10 respect of the sale, exchange or other disposition of
11 such property.

12 (B) If the fair market value of property referred
13 to in paragraph (1) was not readily ascertainable on
14 August 1, 1969, the pre-August 1, 1969 appreciation
15 amount for such property is that amount which bears the
16 same ratio to the total gain reported in respect of the
17 property for federal income tax purposes for the
18 taxable year, as the number of full calendar months in
19 that part of the taxpayer's holding period for the
20 property ending July 31, 1969 bears to the number of
21 full calendar months in the taxpayer's entire holding
22 period for the property.

23 (C) The Department shall prescribe such
24 regulations as may be necessary to carry out the
25 purposes of this paragraph.

1 (g) Double deductions. Unless specifically provided
2 otherwise, nothing in this Section shall permit the same item
3 to be deducted more than once.

4 (h) Legislative intention. Except as expressly provided by
5 this Section there shall be no modifications or limitations on
6 the amounts of income, gain, loss or deduction taken into
7 account in determining gross income, adjusted gross income or
8 taxable income for federal income tax purposes for the taxable
9 year, or in the amount of such items entering into the
10 computation of base income and net income under this Act for
11 such taxable year, whether in respect of property values as of
12 August 1, 1969 or otherwise.

13 (Source: P.A. 100-22, eff. 7-6-17; 100-905, eff. 8-17-18;
14 revised 10-29-18.)

15 Section 10-10. The Use Tax Act is amended by changing
16 Section 2 and by adding Section 2d as follows:

17 (35 ILCS 105/2) (from Ch. 120, par. 439.2)

18 Sec. 2. Definitions.

19 "Use" means the exercise by any person of any right or
20 power over tangible personal property incident to the ownership
21 of that property, except that it does not include the sale of
22 such property in any form as tangible personal property in the
23 regular course of business to the extent that such property is

1 not first subjected to a use for which it was purchased, and
2 does not include the use of such property by its owner for
3 demonstration purposes: Provided that the property purchased
4 is deemed to be purchased for the purpose of resale, despite
5 first being used, to the extent to which it is resold as an
6 ingredient of an intentionally produced product or by-product
7 of manufacturing. "Use" does not mean the demonstration use or
8 interim use of tangible personal property by a retailer before
9 he sells that tangible personal property. For watercraft or
10 aircraft, if the period of demonstration use or interim use by
11 the retailer exceeds 18 months, the retailer shall pay on the
12 retailers' original cost price the tax imposed by this Act, and
13 no credit for that tax is permitted if the watercraft or
14 aircraft is subsequently sold by the retailer. "Use" does not
15 mean the physical incorporation of tangible personal property,
16 to the extent not first subjected to a use for which it was
17 purchased, as an ingredient or constituent, into other tangible
18 personal property (a) which is sold in the regular course of
19 business or (b) which the person incorporating such ingredient
20 or constituent therein has undertaken at the time of such
21 purchase to cause to be transported in interstate commerce to
22 destinations outside the State of Illinois: Provided that the
23 property purchased is deemed to be purchased for the purpose of
24 resale, despite first being used, to the extent to which it is
25 resold as an ingredient of an intentionally produced product or
26 by-product of manufacturing.

1 "Watercraft" means a Class 2, Class 3, or Class 4
2 watercraft as defined in Section 3-2 of the Boat Registration
3 and Safety Act, a personal watercraft, or any boat equipped
4 with an inboard motor.

5 "Purchase at retail" means the acquisition of the ownership
6 of or title to tangible personal property through a sale at
7 retail.

8 "Purchaser" means anyone who, through a sale at retail,
9 acquires the ownership of tangible personal property for a
10 valuable consideration.

11 "Sale at retail" means any transfer of the ownership of or
12 title to tangible personal property to a purchaser, for the
13 purpose of use, and not for the purpose of resale in any form
14 as tangible personal property to the extent not first subjected
15 to a use for which it was purchased, for a valuable
16 consideration: Provided that the property purchased is deemed
17 to be purchased for the purpose of resale, despite first being
18 used, to the extent to which it is resold as an ingredient of
19 an intentionally produced product or by-product of
20 manufacturing. For this purpose, slag produced as an incident
21 to manufacturing pig iron or steel and sold is considered to be
22 an intentionally produced by-product of manufacturing. "Sale
23 at retail" includes any such transfer made for resale unless
24 made in compliance with Section 2c of the Retailers' Occupation
25 Tax Act, as incorporated by reference into Section 12 of this
26 Act. Transactions whereby the possession of the property is

1 transferred but the seller retains the title as security for
2 payment of the selling price are sales.

3 "Sale at retail" shall also be construed to include any
4 Illinois florist's sales transaction in which the purchase
5 order is received in Illinois by a florist and the sale is for
6 use or consumption, but the Illinois florist has a florist in
7 another state deliver the property to the purchaser or the
8 purchaser's donee in such other state.

9 Nonreusable tangible personal property that is used by
10 persons engaged in the business of operating a restaurant,
11 cafeteria, or drive-in is a sale for resale when it is
12 transferred to customers in the ordinary course of business as
13 part of the sale of food or beverages and is used to deliver,
14 package, or consume food or beverages, regardless of where
15 consumption of the food or beverages occurs. Examples of those
16 items include, but are not limited to nonreusable, paper and
17 plastic cups, plates, baskets, boxes, sleeves, buckets or other
18 containers, utensils, straws, placemats, napkins, doggie bags,
19 and wrapping or packaging materials that are transferred to
20 customers as part of the sale of food or beverages in the
21 ordinary course of business.

22 The purchase, employment and transfer of such tangible
23 personal property as newsprint and ink for the primary purpose
24 of conveying news (with or without other information) is not a
25 purchase, use or sale of tangible personal property.

26 "Selling price" means the consideration for a sale valued

1 in money whether received in money or otherwise, including
2 cash, credits, property other than as hereinafter provided, and
3 services, but not including the value of or credit given for
4 traded-in tangible personal property where the item that is
5 traded-in is of like kind and character as that which is being
6 sold, and shall be determined without any deduction on account
7 of the cost of the property sold, the cost of materials used,
8 labor or service cost or any other expense whatsoever, but does
9 not include interest or finance charges which appear as
10 separate items on the bill of sale or sales contract nor
11 charges that are added to prices by sellers on account of the
12 seller's tax liability under the "Retailers' Occupation Tax
13 Act", or on account of the seller's duty to collect, from the
14 purchaser, the tax that is imposed by this Act, or, except as
15 otherwise provided with respect to any cigarette tax imposed by
16 a home rule unit, on account of the seller's tax liability
17 under any local occupation tax administered by the Department,
18 or, except as otherwise provided with respect to any cigarette
19 tax imposed by a home rule unit on account of the seller's duty
20 to collect, from the purchasers, the tax that is imposed under
21 any local use tax administered by the Department. Effective
22 December 1, 1985, "selling price" shall include charges that
23 are added to prices by sellers on account of the seller's tax
24 liability under the Cigarette Tax Act, on account of the
25 seller's duty to collect, from the purchaser, the tax imposed
26 under the Cigarette Use Tax Act, and on account of the seller's

1 duty to collect, from the purchaser, any cigarette tax imposed
2 by a home rule unit.

3 Notwithstanding any law to the contrary, for any motor
4 vehicle, as defined in Section 1-146 of the Vehicle Code, that
5 is sold on or after January 1, 2015 for the purpose of leasing
6 the vehicle for a defined period that is longer than one year
7 and (1) is a motor vehicle of the second division that: (A) is
8 a self-contained motor vehicle designed or permanently
9 converted to provide living quarters for recreational,
10 camping, or travel use, with direct walk through access to the
11 living quarters from the driver's seat; (B) is of the van
12 configuration designed for the transportation of not less than
13 7 nor more than 16 passengers; or (C) has a gross vehicle
14 weight rating of 8,000 pounds or less or (2) is a motor vehicle
15 of the first division, "selling price" or "amount of sale"
16 means the consideration received by the lessor pursuant to the
17 lease contract, including amounts due at lease signing and all
18 monthly or other regular payments charged over the term of the
19 lease. Also included in the selling price is any amount
20 received by the lessor from the lessee for the leased vehicle
21 that is not calculated at the time the lease is executed,
22 including, but not limited to, excess mileage charges and
23 charges for excess wear and tear. For sales that occur in
24 Illinois, with respect to any amount received by the lessor
25 from the lessee for the leased vehicle that is not calculated
26 at the time the lease is executed, the lessor who purchased the

1 motor vehicle does not incur the tax imposed by the Use Tax Act
2 on those amounts, and the retailer who makes the retail sale of
3 the motor vehicle to the lessor is not required to collect the
4 tax imposed by this Act or to pay the tax imposed by the
5 Retailers' Occupation Tax Act on those amounts. However, the
6 lessor who purchased the motor vehicle assumes the liability
7 for reporting and paying the tax on those amounts directly to
8 the Department in the same form (Illinois Retailers' Occupation
9 Tax, and local retailers' occupation taxes, if applicable) in
10 which the retailer would have reported and paid such tax if the
11 retailer had accounted for the tax to the Department. For
12 amounts received by the lessor from the lessee that are not
13 calculated at the time the lease is executed, the lessor must
14 file the return and pay the tax to the Department by the due
15 date otherwise required by this Act for returns other than
16 transaction returns. If the retailer is entitled under this Act
17 to a discount for collecting and remitting the tax imposed
18 under this Act to the Department with respect to the sale of
19 the motor vehicle to the lessor, then the right to the discount
20 provided in this Act shall be transferred to the lessor with
21 respect to the tax paid by the lessor for any amount received
22 by the lessor from the lessee for the leased vehicle that is
23 not calculated at the time the lease is executed; provided that
24 the discount is only allowed if the return is timely filed and
25 for amounts timely paid. The "selling price" of a motor vehicle
26 that is sold on or after January 1, 2015 for the purpose of

1 leasing for a defined period of longer than one year shall not
2 be reduced by the value of or credit given for traded-in
3 tangible personal property owned by the lessor, nor shall it be
4 reduced by the value of or credit given for traded-in tangible
5 personal property owned by the lessee, regardless of whether
6 the trade-in value thereof is assigned by the lessee to the
7 lessor. In the case of a motor vehicle that is sold for the
8 purpose of leasing for a defined period of longer than one
9 year, the sale occurs at the time of the delivery of the
10 vehicle, regardless of the due date of any lease payments. A
11 lessor who incurs a Retailers' Occupation Tax liability on the
12 sale of a motor vehicle coming off lease may not take a credit
13 against that liability for the Use Tax the lessor paid upon the
14 purchase of the motor vehicle (or for any tax the lessor paid
15 with respect to any amount received by the lessor from the
16 lessee for the leased vehicle that was not calculated at the
17 time the lease was executed) if the selling price of the motor
18 vehicle at the time of purchase was calculated using the
19 definition of "selling price" as defined in this paragraph.
20 Notwithstanding any other provision of this Act to the
21 contrary, lessors shall file all returns and make all payments
22 required under this paragraph to the Department by electronic
23 means in the manner and form as required by the Department.
24 This paragraph does not apply to leases of motor vehicles for
25 which, at the time the lease is entered into, the term of the
26 lease is not a defined period, including leases with a defined

1 initial period with the option to continue the lease on a
2 month-to-month or other basis beyond the initial defined
3 period.

4 The phrase "like kind and character" shall be liberally
5 construed (including but not limited to any form of motor
6 vehicle for any form of motor vehicle, or any kind of farm or
7 agricultural implement for any other kind of farm or
8 agricultural implement), while not including a kind of item
9 which, if sold at retail by that retailer, would be exempt from
10 retailers' occupation tax and use tax as an isolated or
11 occasional sale.

12 "Department" means the Department of Revenue.

13 "Person" means any natural individual, firm, partnership,
14 association, joint stock company, joint adventure, public or
15 private corporation, limited liability company, or a receiver,
16 executor, trustee, guardian or other representative appointed
17 by order of any court.

18 "Retailer" means and includes every person engaged in the
19 business of making sales at retail as defined in this Section.

20 A person who holds himself or herself out as being engaged
21 (or who habitually engages) in selling tangible personal
22 property at retail is a retailer hereunder with respect to such
23 sales (and not primarily in a service occupation)
24 notwithstanding the fact that such person designs and produces
25 such tangible personal property on special order for the
26 purchaser and in such a way as to render the property of value

1 only to such purchaser, if such tangible personal property so
2 produced on special order serves substantially the same
3 function as stock or standard items of tangible personal
4 property that are sold at retail.

5 A person whose activities are organized and conducted
6 primarily as a not-for-profit service enterprise, and who
7 engages in selling tangible personal property at retail
8 (whether to the public or merely to members and their guests)
9 is a retailer with respect to such transactions, excepting only
10 a person organized and operated exclusively for charitable,
11 religious or educational purposes either (1), to the extent of
12 sales by such person to its members, students, patients or
13 inmates of tangible personal property to be used primarily for
14 the purposes of such person, or (2), to the extent of sales by
15 such person of tangible personal property which is not sold or
16 offered for sale by persons organized for profit. The selling
17 of school books and school supplies by schools at retail to
18 students is not "primarily for the purposes of" the school
19 which does such selling. This paragraph does not apply to nor
20 subject to taxation occasional dinners, social or similar
21 activities of a person organized and operated exclusively for
22 charitable, religious or educational purposes, whether or not
23 such activities are open to the public.

24 A person who is the recipient of a grant or contract under
25 Title VII of the Older Americans Act of 1965 (P.L. 92-258) and
26 serves meals to participants in the federal Nutrition Program

1 for the Elderly in return for contributions established in
2 amount by the individual participant pursuant to a schedule of
3 suggested fees as provided for in the federal Act is not a
4 retailer under this Act with respect to such transactions.

5 Persons who engage in the business of transferring tangible
6 personal property upon the redemption of trading stamps are
7 retailers hereunder when engaged in such business.

8 The isolated or occasional sale of tangible personal
9 property at retail by a person who does not hold himself out as
10 being engaged (or who does not habitually engage) in selling
11 such tangible personal property at retail or a sale through a
12 bulk vending machine does not make such person a retailer
13 hereunder. However, any person who is engaged in a business
14 which is not subject to the tax imposed by the "Retailers'
15 Occupation Tax Act" because of involving the sale of or a
16 contract to sell real estate or a construction contract to
17 improve real estate, but who, in the course of conducting such
18 business, transfers tangible personal property to users or
19 consumers in the finished form in which it was purchased, and
20 which does not become real estate, under any provision of a
21 construction contract or real estate sale or real estate sales
22 agreement entered into with some other person arising out of or
23 because of such nontaxable business, is a retailer to the
24 extent of the value of the tangible personal property so
25 transferred. If, in such transaction, a separate charge is made
26 for the tangible personal property so transferred, the value of

1 such property, for the purposes of this Act, is the amount so
2 separately charged, but not less than the cost of such property
3 to the transferor; if no separate charge is made, the value of
4 such property, for the purposes of this Act, is the cost to the
5 transferor of such tangible personal property.

6 "Retailer maintaining a place of business in this State",
7 or any like term, means and includes any of the following
8 retailers:

9 (1) A retailer having or maintaining within this State,
10 directly or by a subsidiary, an office, distribution house,
11 sales house, warehouse or other place of business, or any
12 agent or other representative operating within this State
13 under the authority of the retailer or its subsidiary,
14 irrespective of whether such place of business or agent or
15 other representative is located here permanently or
16 temporarily, or whether such retailer or subsidiary is
17 licensed to do business in this State. However, the
18 ownership of property that is located at the premises of a
19 printer with which the retailer has contracted for printing
20 and that consists of the final printed product, property
21 that becomes a part of the final printed product, or copy
22 from which the printed product is produced shall not result
23 in the retailer being deemed to have or maintain an office,
24 distribution house, sales house, warehouse, or other place
25 of business within this State.

26 (1.1) A retailer having a contract with a person

1 located in this State under which the person, for a
2 commission or other consideration based upon the sale of
3 tangible personal property by the retailer, directly or
4 indirectly refers potential customers to the retailer by
5 providing to the potential customers a promotional code or
6 other mechanism that allows the retailer to track purchases
7 referred by such persons. Examples of mechanisms that allow
8 the retailer to track purchases referred by such persons
9 include but are not limited to the use of a link on the
10 person's Internet website, promotional codes distributed
11 through the person's hand-delivered or mailed material,
12 and promotional codes distributed by the person through
13 radio or other broadcast media. The provisions of this
14 paragraph (1.1) shall apply only if the cumulative gross
15 receipts from sales of tangible personal property by the
16 retailer to customers who are referred to the retailer by
17 all persons in this State under such contracts exceed
18 \$10,000 during the preceding 4 quarterly periods ending on
19 the last day of March, June, September, and December. A
20 retailer meeting the requirements of this paragraph (1.1)
21 shall be presumed to be maintaining a place of business in
22 this State but may rebut this presumption by submitting
23 proof that the referrals or other activities pursued within
24 this State by such persons were not sufficient to meet the
25 nexus standards of the United States Constitution during
26 the preceding 4 quarterly periods.

1 (1.2) Beginning July 1, 2011, a retailer having a
2 contract with a person located in this State under which:

3 (A) the retailer sells the same or substantially
4 similar line of products as the person located in this
5 State and does so using an identical or substantially
6 similar name, trade name, or trademark as the person
7 located in this State; and

8 (B) the retailer provides a commission or other
9 consideration to the person located in this State based
10 upon the sale of tangible personal property by the
11 retailer.

12 The provisions of this paragraph (1.2) shall apply only if
13 the cumulative gross receipts from sales of tangible
14 personal property by the retailer to customers in this
15 State under all such contracts exceed \$10,000 during the
16 preceding 4 quarterly periods ending on the last day of
17 March, June, September, and December.

18 (2) A retailer soliciting orders for tangible personal
19 property by means of a telecommunication or television
20 shopping system (which utilizes toll free numbers) which is
21 intended by the retailer to be broadcast by cable
22 television or other means of broadcasting, to consumers
23 located in this State.

24 (3) A retailer, pursuant to a contract with a
25 broadcaster or publisher located in this State, soliciting
26 orders for tangible personal property by means of

1 advertising which is disseminated primarily to consumers
2 located in this State and only secondarily to bordering
3 jurisdictions.

4 (4) A retailer soliciting orders for tangible personal
5 property by mail if the solicitations are substantial and
6 recurring and if the retailer benefits from any banking,
7 financing, debt collection, telecommunication, or
8 marketing activities occurring in this State or benefits
9 from the location in this State of authorized installation,
10 servicing, or repair facilities.

11 (5) A retailer that is owned or controlled by the same
12 interests that own or control any retailer engaging in
13 business in the same or similar line of business in this
14 State.

15 (6) A retailer having a franchisee or licensee
16 operating under its trade name if the franchisee or
17 licensee is required to collect the tax under this Section.

18 (7) A retailer, pursuant to a contract with a cable
19 television operator located in this State, soliciting
20 orders for tangible personal property by means of
21 advertising which is transmitted or distributed over a
22 cable television system in this State.

23 (8) A retailer engaging in activities in Illinois,
24 which activities in the state in which the retail business
25 engaging in such activities is located would constitute
26 maintaining a place of business in that state.

1 (9) Beginning October 1, 2018, a retailer making sales
2 of tangible personal property to purchasers in Illinois
3 from outside of Illinois if:

4 (A) the cumulative gross receipts from sales of
5 tangible personal property to purchasers in Illinois
6 are \$100,000 or more; or

7 (B) the retailer enters into 200 or more separate
8 transactions for the sale of tangible personal
9 property to purchasers in Illinois.

10 The retailer shall determine on a quarterly basis,
11 ending on the last day of March, June, September, and
12 December, whether he or she meets the criteria of either
13 subparagraph (A) or (B) of this paragraph (9) for the
14 preceding 12-month period. If the retailer meets the
15 criteria of either subparagraph (A) or (B) for a 12-month
16 period, he or she is considered a retailer maintaining a
17 place of business in this State and is required to collect
18 and remit the tax imposed under this Act and file returns
19 for one year. At the end of that one-year period, the
20 retailer shall determine whether the retailer met the
21 criteria of either subparagraph (A) or (B) during the
22 preceding 12-month period. If the retailer met the criteria
23 in either subparagraph (A) or (B) for the preceding
24 12-month period, he or she is considered a retailer
25 maintaining a place of business in this State and is
26 required to collect and remit the tax imposed under this

1 Act and file returns for the subsequent year. If at the end
2 of a one-year period a retailer that was required to
3 collect and remit the tax imposed under this Act determines
4 that he or she did not meet the criteria in either
5 subparagraph (A) or (B) during the preceding 12-month
6 period, the retailer shall subsequently determine on a
7 quarterly basis, ending on the last day of March, June,
8 September, and December, whether he or she meets the
9 criteria of either subparagraph (A) or (B) for the
10 preceding 12-month period.

11 Beginning January 1, 2020, neither the gross receipts
12 from nor the number of separate transactions for sales of
13 tangible personal property to purchasers in Illinois that a
14 retailer makes through a marketplace facilitator and for
15 which the retailer has received a certification from the
16 marketplace facilitator pursuant to Section 2d of this Act
17 shall be included for purposes of determining whether he or
18 she has met the thresholds of this paragraph (9).

19 (10) Beginning January 1, 2020, a marketplace
20 facilitator, as defined in Section 2d of this Act.

21 "Bulk vending machine" means a vending machine, containing
22 unsorted confections, nuts, toys, or other items designed
23 primarily to be used or played with by children which, when a
24 coin or coins of a denomination not larger than \$0.50 are
25 inserted, are dispensed in equal portions, at random and
26 without selection by the customer.

1 (Source: P.A. 99-78, eff. 7-20-15; 100-587, eff. 6-4-18.)

2 (35 ILCS 105/2d new)

3 Sec. 2d. Marketplace facilitators and marketplace sellers.

4 (a) As used in this Section:

5 "Affiliate" means a person that, with respect to another
6 person: (i) has a direct or indirect ownership interest of more
7 than 5 percent in the other person; or (ii) is related to the
8 other person because a third person, or a group of third
9 persons who are affiliated with each other as defined in this
10 subsection, holds a direct or indirect ownership interest of
11 more than 5% in the related person.

12 "Marketplace" means a physical or electronic place, forum,
13 platform, application, or other method by which a marketplace
14 seller sells or offers to sell items.

15 "Marketplace facilitator" means a person who, pursuant to
16 an agreement with a marketplace seller, facilitates sales of
17 tangible personal property by that marketplace seller. A person
18 facilitates a sale of tangible personal property by, directly
19 or indirectly through one or more affiliates, doing both of the
20 following: (i) listing or otherwise making available for sale
21 the tangible personal property of the marketplace seller
22 through a marketplace owned or operated by the marketplace
23 facilitator; and (ii) processing sales or payments for
24 marketplace sellers.

25 "Marketplace seller" means a person that sells or offers to

1 sell tangible personal property through a marketplace.

2 (b) Beginning on January 1, 2020, a marketplace facilitator
3 who meets either of the following criteria is considered the
4 retailer of each sale of tangible personal property made on the
5 marketplace:

6 (1) the cumulative gross receipts from sales of
7 tangible personal property to purchasers in Illinois by the
8 marketplace facilitator and by marketplace sellers are
9 \$100,000 or more; or

10 (2) the marketplace facilitator and marketplace
11 sellers cumulatively enter into 200 or more separate
12 transactions for the sale of tangible personal property to
13 purchasers in Illinois.

14 A marketplace facilitator shall determine on a quarterly
15 basis, ending on the last day of March, June, September, and
16 December, whether he or she meets the criteria of either
17 paragraph (1) or (2) of this subsection (b) for the preceding
18 12-month period. If the marketplace facilitator meets the
19 criteria of either paragraph (1) or (2) for a 12-month period,
20 he or she is considered a retailer maintaining a place of
21 business in this State and is required to collect and remit the
22 tax imposed under this Act and file returns for one year. At
23 the end of that one-year period, the marketplace facilitator
24 shall determine whether the marketplace facilitator met the
25 criteria of either paragraph (1) or (2) during the preceding
26 12-month period. If the marketplace facilitator met the

1 criteria in either paragraph (1) or (2) for the preceding
2 12-month period, he or she is considered a retailer maintaining
3 a place of business in this State and is required to collect
4 and remit the tax imposed under this Act and file returns for
5 the subsequent year. If at the end of a one-year period a
6 marketplace facilitator that was required to collect and remit
7 the tax imposed under this Act determines that he or she did
8 not meet the criteria in either paragraph (1) or (2) during the
9 preceding 12-month period, the marketplace facilitator shall
10 subsequently determine on a quarterly basis, ending on the last
11 day of March, June, September, and December, whether he or she
12 meets the criteria of either paragraph (1) or (2) for the
13 preceding 12-month period.

14 (c) A marketplace facilitator that meets either of the
15 thresholds in subsection (b) of this Section is considered the
16 retailer of each sale made through its marketplace and is
17 liable for collecting and remitting the tax under this Act on
18 all such sales. The marketplace facilitator has all the rights
19 and duties, and is required to comply with the same
20 requirements and procedures, as all other retailers
21 maintaining a place of business in this State who are
22 registered or who are required to be registered to collect and
23 remit the tax imposed by this Act.

24 (d) A marketplace facilitator shall:

25 (1) certify to each marketplace seller that the
26 marketplace facilitator assumes the rights and duties of a

1 retailer under this Act with respect to sales made by the
2 marketplace seller through the marketplace; and

3 (2) collect taxes imposed by this Act as required by
4 Section 3-45 of this Act for sales made through the
5 marketplace.

6 (e) A marketplace seller shall retain books and records for
7 all sales made through a marketplace in accordance with the
8 requirements of Section 11.

9 (f) A marketplace seller shall furnish to the marketplace
10 facilitator information that is necessary for the marketplace
11 facilitator to correctly collect and remit taxes for a retail
12 sale. The information may include a certification that an item
13 being sold is taxable, not taxable, exempt from taxation, or
14 taxable at a specified rate. A marketplace seller shall be held
15 harmless for liability for the tax imposed under this Act when
16 a marketplace facilitator fails to correctly collect and remit
17 tax after having been provided with information by a
18 marketplace seller to correctly collect and remit taxes imposed
19 under this Act.

20 (g) Except as provided in subsection (h), if the
21 marketplace facilitator demonstrates to the satisfaction of
22 the Department that its failure to correctly collect and remit
23 tax on a retail sale resulted from the marketplace
24 facilitator's good faith reliance on incorrect or insufficient
25 information provided by a marketplace seller, it shall be
26 relieved of liability for the tax on that retail sale. In this

1 case, a marketplace seller is liable for any resulting tax due.

2 (h) A marketplace facilitator and marketplace seller that
3 are affiliates, as defined by subsection (a), are jointly and
4 severally liable for tax liability resulting from a sale made
5 by the affiliated marketplace seller through the marketplace.

6 (i) This Section does not affect the tax liability of a
7 purchaser under this Act.

8 (j) The Department may adopt rules for the administration
9 and enforcement of the provisions of this Section.

10 Section 10-15. The Service Use Tax Act is amended by
11 changing Section 2 and by adding Section 2d as follows:

12 (35 ILCS 110/2) (from Ch. 120, par. 439.32)

13 Sec. 2. Definitions. In this Act:

14 "Use" means the exercise by any person of any right or
15 power over tangible personal property incident to the ownership
16 of that property, but does not include the sale or use for
17 demonstration by him of that property in any form as tangible
18 personal property in the regular course of business. "Use" does
19 not mean the interim use of tangible personal property nor the
20 physical incorporation of tangible personal property, as an
21 ingredient or constituent, into other tangible personal
22 property, (a) which is sold in the regular course of business
23 or (b) which the person incorporating such ingredient or
24 constituent therein has undertaken at the time of such purchase

1 to cause to be transported in interstate commerce to
2 destinations outside the State of Illinois.

3 "Purchased from a serviceman" means the acquisition of the
4 ownership of, or title to, tangible personal property through a
5 sale of service.

6 "Purchaser" means any person who, through a sale of
7 service, acquires the ownership of, or title to, any tangible
8 personal property.

9 "Cost price" means the consideration paid by the serviceman
10 for a purchase valued in money, whether paid in money or
11 otherwise, including cash, credits and services, and shall be
12 determined without any deduction on account of the supplier's
13 cost of the property sold or on account of any other expense
14 incurred by the supplier. When a serviceman contracts out part
15 or all of the services required in his sale of service, it
16 shall be presumed that the cost price to the serviceman of the
17 property transferred to him or her by his or her subcontractor
18 is equal to 50% of the subcontractor's charges to the
19 serviceman in the absence of proof of the consideration paid by
20 the subcontractor for the purchase of such property.

21 "Selling price" means the consideration for a sale valued
22 in money whether received in money or otherwise, including
23 cash, credits and service, and shall be determined without any
24 deduction on account of the serviceman's cost of the property
25 sold, the cost of materials used, labor or service cost or any
26 other expense whatsoever, but does not include interest or

1 finance charges which appear as separate items on the bill of
2 sale or sales contract nor charges that are added to prices by
3 sellers on account of the seller's duty to collect, from the
4 purchaser, the tax that is imposed by this Act.

5 "Department" means the Department of Revenue.

6 "Person" means any natural individual, firm, partnership,
7 association, joint stock company, joint venture, public or
8 private corporation, limited liability company, and any
9 receiver, executor, trustee, guardian or other representative
10 appointed by order of any court.

11 "Sale of service" means any transaction except:

12 (1) a retail sale of tangible personal property taxable
13 under the Retailers' Occupation Tax Act or under the Use
14 Tax Act.

15 (2) a sale of tangible personal property for the
16 purpose of resale made in compliance with Section 2c of the
17 Retailers' Occupation Tax Act.

18 (3) except as hereinafter provided, a sale or transfer
19 of tangible personal property as an incident to the
20 rendering of service for or by any governmental body, or
21 for or by any corporation, society, association,
22 foundation or institution organized and operated
23 exclusively for charitable, religious or educational
24 purposes or any not-for-profit corporation, society,
25 association, foundation, institution or organization which
26 has no compensated officers or employees and which is

1 organized and operated primarily for the recreation of
2 persons 55 years of age or older. A limited liability
3 company may qualify for the exemption under this paragraph
4 only if the limited liability company is organized and
5 operated exclusively for educational purposes.

6 (4) (blank).

7 (4a) a sale or transfer of tangible personal property
8 as an incident to the rendering of service for owners,
9 lessors, or shippers of tangible personal property which is
10 utilized by interstate carriers for hire for use as rolling
11 stock moving in interstate commerce so long as so used by
12 interstate carriers for hire, and equipment operated by a
13 telecommunications provider, licensed as a common carrier
14 by the Federal Communications Commission, which is
15 permanently installed in or affixed to aircraft moving in
16 interstate commerce.

17 (4a-5) on and after July 1, 2003 and through June 30,
18 2004, a sale or transfer of a motor vehicle of the second
19 division with a gross vehicle weight in excess of 8,000
20 pounds as an incident to the rendering of service if that
21 motor vehicle is subject to the commercial distribution fee
22 imposed under Section 3-815.1 of the Illinois Vehicle Code.
23 Beginning on July 1, 2004 and through June 30, 2005, the
24 use in this State of motor vehicles of the second division:
25 (i) with a gross vehicle weight rating in excess of 8,000
26 pounds; (ii) that are subject to the commercial

1 distribution fee imposed under Section 3-815.1 of the
2 Illinois Vehicle Code; and (iii) that are primarily used
3 for commercial purposes. Through June 30, 2005, this
4 exemption applies to repair and replacement parts added
5 after the initial purchase of such a motor vehicle if that
6 motor vehicle is used in a manner that would qualify for
7 the rolling stock exemption otherwise provided for in this
8 Act. For purposes of this paragraph, "used for commercial
9 purposes" means the transportation of persons or property
10 in furtherance of any commercial or industrial enterprise
11 whether for-hire or not.

12 (5) a sale or transfer of machinery and equipment used
13 primarily in the process of the manufacturing or
14 assembling, either in an existing, an expanded or a new
15 manufacturing facility, of tangible personal property for
16 wholesale or retail sale or lease, whether such sale or
17 lease is made directly by the manufacturer or by some other
18 person, whether the materials used in the process are owned
19 by the manufacturer or some other person, or whether such
20 sale or lease is made apart from or as an incident to the
21 seller's engaging in a service occupation and the
22 applicable tax is a Service Use Tax or Service Occupation
23 Tax, rather than Use Tax or Retailers' Occupation Tax. The
24 exemption provided by this paragraph (5) does not include
25 machinery and equipment used in (i) the generation of
26 electricity for wholesale or retail sale; (ii) the

1 generation or treatment of natural or artificial gas for
2 wholesale or retail sale that is delivered to customers
3 through pipes, pipelines, or mains; or (iii) the treatment
4 of water for wholesale or retail sale that is delivered to
5 customers through pipes, pipelines, or mains. The
6 provisions of Public Act 98-583 are declaratory of existing
7 law as to the meaning and scope of this exemption. The
8 exemption under this paragraph (5) is exempt from the
9 provisions of Section 3-75.

10 (5a) the repairing, reconditioning or remodeling, for
11 a common carrier by rail, of tangible personal property
12 which belongs to such carrier for hire, and as to which
13 such carrier receives the physical possession of the
14 repaired, reconditioned or remodeled item of tangible
15 personal property in Illinois, and which such carrier
16 transports, or shares with another common carrier in the
17 transportation of such property, out of Illinois on a
18 standard uniform bill of lading showing the person who
19 repaired, reconditioned or remodeled the property to a
20 destination outside Illinois, for use outside Illinois.

21 (5b) a sale or transfer of tangible personal property
22 which is produced by the seller thereof on special order in
23 such a way as to have made the applicable tax the Service
24 Occupation Tax or the Service Use Tax, rather than the
25 Retailers' Occupation Tax or the Use Tax, for an interstate
26 carrier by rail which receives the physical possession of

1 such property in Illinois, and which transports such
2 property, or shares with another common carrier in the
3 transportation of such property, out of Illinois on a
4 standard uniform bill of lading showing the seller of the
5 property as the shipper or consignor of such property to a
6 destination outside Illinois, for use outside Illinois.

7 (6) until July 1, 2003, a sale or transfer of
8 distillation machinery and equipment, sold as a unit or kit
9 and assembled or installed by the retailer, which machinery
10 and equipment is certified by the user to be used only for
11 the production of ethyl alcohol that will be used for
12 consumption as motor fuel or as a component of motor fuel
13 for the personal use of such user and not subject to sale
14 or resale.

15 (7) at the election of any serviceman not required to
16 be otherwise registered as a retailer under Section 2a of
17 the Retailers' Occupation Tax Act, made for each fiscal
18 year sales of service in which the aggregate annual cost
19 price of tangible personal property transferred as an
20 incident to the sales of service is less than 35%, or 75%
21 in the case of servicemen transferring prescription drugs
22 or servicemen engaged in graphic arts production, of the
23 aggregate annual total gross receipts from all sales of
24 service. The purchase of such tangible personal property by
25 the serviceman shall be subject to tax under the Retailers'
26 Occupation Tax Act and the Use Tax Act. However, if a

1 primary serviceman who has made the election described in
2 this paragraph subcontracts service work to a secondary
3 serviceman who has also made the election described in this
4 paragraph, the primary serviceman does not incur a Use Tax
5 liability if the secondary serviceman (i) has paid or will
6 pay Use Tax on his or her cost price of any tangible
7 personal property transferred to the primary serviceman
8 and (ii) certifies that fact in writing to the primary
9 serviceman.

10 Tangible personal property transferred incident to the
11 completion of a maintenance agreement is exempt from the tax
12 imposed pursuant to this Act.

13 Exemption (5) also includes machinery and equipment used in
14 the general maintenance or repair of such exempt machinery and
15 equipment or for in-house manufacture of exempt machinery and
16 equipment. On and after July 1, 2017, exemption (5) also
17 includes graphic arts machinery and equipment, as defined in
18 paragraph (5) of Section 3-5. The machinery and equipment
19 exemption does not include machinery and equipment used in (i)
20 the generation of electricity for wholesale or retail sale;
21 (ii) the generation or treatment of natural or artificial gas
22 for wholesale or retail sale that is delivered to customers
23 through pipes, pipelines, or mains; or (iii) the treatment of
24 water for wholesale or retail sale that is delivered to
25 customers through pipes, pipelines, or mains. The provisions of
26 Public Act 98-583 are declaratory of existing law as to the

1 meaning and scope of this exemption. For the purposes of
2 exemption (5), each of these terms shall have the following
3 meanings: (1) "manufacturing process" shall mean the
4 production of any article of tangible personal property,
5 whether such article is a finished product or an article for
6 use in the process of manufacturing or assembling a different
7 article of tangible personal property, by procedures commonly
8 regarded as manufacturing, processing, fabricating, or
9 refining which changes some existing material or materials into
10 a material with a different form, use or name. In relation to a
11 recognized integrated business composed of a series of
12 operations which collectively constitute manufacturing, or
13 individually constitute manufacturing operations, the
14 manufacturing process shall be deemed to commence with the
15 first operation or stage of production in the series, and shall
16 not be deemed to end until the completion of the final product
17 in the last operation or stage of production in the series; and
18 further, for purposes of exemption (5), photoprocessing is
19 deemed to be a manufacturing process of tangible personal
20 property for wholesale or retail sale; (2) "assembling process"
21 shall mean the production of any article of tangible personal
22 property, whether such article is a finished product or an
23 article for use in the process of manufacturing or assembling a
24 different article of tangible personal property, by the
25 combination of existing materials in a manner commonly regarded
26 as assembling which results in a material of a different form,

1 use or name; (3) "machinery" shall mean major mechanical
2 machines or major components of such machines contributing to a
3 manufacturing or assembling process; and (4) "equipment" shall
4 include any independent device or tool separate from any
5 machinery but essential to an integrated manufacturing or
6 assembly process; including computers used primarily in a
7 manufacturer's computer assisted design, computer assisted
8 manufacturing (CAD/CAM) system; or any subunit or assembly
9 comprising a component of any machinery or auxiliary, adjunct
10 or attachment parts of machinery, such as tools, dies, jigs,
11 fixtures, patterns and molds; or any parts which require
12 periodic replacement in the course of normal operation; but
13 shall not include hand tools. Equipment includes chemicals or
14 chemicals acting as catalysts but only if the chemicals or
15 chemicals acting as catalysts effect a direct and immediate
16 change upon a product being manufactured or assembled for
17 wholesale or retail sale or lease. The purchaser of such
18 machinery and equipment who has an active resale registration
19 number shall furnish such number to the seller at the time of
20 purchase. The user of such machinery and equipment and tools
21 without an active resale registration number shall prepare a
22 certificate of exemption for each transaction stating facts
23 establishing the exemption for that transaction, which
24 certificate shall be available to the Department for inspection
25 or audit. The Department shall prescribe the form of the
26 certificate.

1 Any informal rulings, opinions or letters issued by the
2 Department in response to an inquiry or request for any opinion
3 from any person regarding the coverage and applicability of
4 exemption (5) to specific devices shall be published,
5 maintained as a public record, and made available for public
6 inspection and copying. If the informal ruling, opinion or
7 letter contains trade secrets or other confidential
8 information, where possible the Department shall delete such
9 information prior to publication. Whenever such informal
10 rulings, opinions, or letters contain any policy of general
11 applicability, the Department shall formulate and adopt such
12 policy as a rule in accordance with the provisions of the
13 Illinois Administrative Procedure Act.

14 On and after July 1, 1987, no entity otherwise eligible
15 under exemption (3) of this Section shall make tax-free
16 purchases unless it has an active exemption identification
17 number issued by the Department.

18 The purchase, employment and transfer of such tangible
19 personal property as newsprint and ink for the primary purpose
20 of conveying news (with or without other information) is not a
21 purchase, use or sale of service or of tangible personal
22 property within the meaning of this Act.

23 "Serviceman" means any person who is engaged in the
24 occupation of making sales of service.

25 "Sale at retail" means "sale at retail" as defined in the
26 Retailers' Occupation Tax Act.

1 "Supplier" means any person who makes sales of tangible
2 personal property to servicemen for the purpose of resale as an
3 incident to a sale of service.

4 "Serviceman maintaining a place of business in this State",
5 or any like term, means and includes any serviceman:

6 (1) having or maintaining within this State, directly
7 or by a subsidiary, an office, distribution house, sales
8 house, warehouse or other place of business, or any agent
9 or other representative operating within this State under
10 the authority of the serviceman or its subsidiary,
11 irrespective of whether such place of business or agent or
12 other representative is located here permanently or
13 temporarily, or whether such serviceman or subsidiary is
14 licensed to do business in this State;

15 (1.1) having a contract with a person located in this
16 State under which the person, for a commission or other
17 consideration based on the sale of service by the
18 serviceman, directly or indirectly refers potential
19 customers to the serviceman by providing to the potential
20 customers a promotional code or other mechanism that allows
21 the serviceman to track purchases referred by such persons.
22 Examples of mechanisms that allow the serviceman to track
23 purchases referred by such persons include but are not
24 limited to the use of a link on the person's Internet
25 website, promotional codes distributed through the
26 person's hand-delivered or mailed material, and

1 promotional codes distributed by the person through radio
2 or other broadcast media. The provisions of this paragraph
3 (1.1) shall apply only if the cumulative gross receipts
4 from sales of service by the serviceman to customers who
5 are referred to the serviceman by all persons in this State
6 under such contracts exceed \$10,000 during the preceding 4
7 quarterly periods ending on the last day of March, June,
8 September, and December; a serviceman meeting the
9 requirements of this paragraph (1.1) shall be presumed to
10 be maintaining a place of business in this State but may
11 rebut this presumption by submitting proof that the
12 referrals or other activities pursued within this State by
13 such persons were not sufficient to meet the nexus
14 standards of the United States Constitution during the
15 preceding 4 quarterly periods;

16 (1.2) beginning July 1, 2011, having a contract with a
17 person located in this State under which:

18 (A) the serviceman sells the same or substantially
19 similar line of services as the person located in this
20 State and does so using an identical or substantially
21 similar name, trade name, or trademark as the person
22 located in this State; and

23 (B) the serviceman provides a commission or other
24 consideration to the person located in this State based
25 upon the sale of services by the serviceman.

26 The provisions of this paragraph (1.2) shall apply only if

1 the cumulative gross receipts from sales of service by the
2 serviceman to customers in this State under all such
3 contracts exceed \$10,000 during the preceding 4 quarterly
4 periods ending on the last day of March, June, September,
5 and December;

6 (2) soliciting orders for tangible personal property
7 by means of a telecommunication or television shopping
8 system (which utilizes toll free numbers) which is intended
9 by the retailer to be broadcast by cable television or
10 other means of broadcasting, to consumers located in this
11 State;

12 (3) pursuant to a contract with a broadcaster or
13 publisher located in this State, soliciting orders for
14 tangible personal property by means of advertising which is
15 disseminated primarily to consumers located in this State
16 and only secondarily to bordering jurisdictions;

17 (4) soliciting orders for tangible personal property
18 by mail if the solicitations are substantial and recurring
19 and if the retailer benefits from any banking, financing,
20 debt collection, telecommunication, or marketing
21 activities occurring in this State or benefits from the
22 location in this State of authorized installation,
23 servicing, or repair facilities;

24 (5) being owned or controlled by the same interests
25 which own or control any retailer engaging in business in
26 the same or similar line of business in this State;

1 (6) having a franchisee or licensee operating under its
2 trade name if the franchisee or licensee is required to
3 collect the tax under this Section;

4 (7) pursuant to a contract with a cable television
5 operator located in this State, soliciting orders for
6 tangible personal property by means of advertising which is
7 transmitted or distributed over a cable television system
8 in this State;

9 (8) engaging in activities in Illinois, which
10 activities in the state in which the supply business
11 engaging in such activities is located would constitute
12 maintaining a place of business in that state; or

13 (9) beginning October 1, 2018, making sales of service
14 to purchasers in Illinois from outside of Illinois if:

15 (A) the cumulative gross receipts from sales of
16 service to purchasers in Illinois are \$100,000 or more;
17 or

18 (B) the serviceman enters into 200 or more separate
19 transactions for sales of service to purchasers in
20 Illinois.

21 The serviceman shall determine on a quarterly basis,
22 ending on the last day of March, June, September, and
23 December, whether he or she meets the criteria of either
24 subparagraph (A) or (B) of this paragraph (9) for the
25 preceding 12-month period. If the serviceman meets the
26 criteria of either subparagraph (A) or (B) for a 12-month

1 period, he or she is considered a serviceman maintaining a
2 place of business in this State and is required to collect
3 and remit the tax imposed under this Act and file returns
4 for one year. At the end of that one-year period, the
5 serviceman shall determine whether the serviceman met the
6 criteria of either subparagraph (A) or (B) during the
7 preceding 12-month period. If the serviceman met the
8 criteria in either subparagraph (A) or (B) for the
9 preceding 12-month period, he or she is considered a
10 serviceman maintaining a place of business in this State
11 and is required to collect and remit the tax imposed under
12 this Act and file returns for the subsequent year. If at
13 the end of a one-year period a serviceman that was required
14 to collect and remit the tax imposed under this Act
15 determines that he or she did not meet the criteria in
16 either subparagraph (A) or (B) during the preceding
17 12-month period, the serviceman subsequently shall
18 determine on a quarterly basis, ending on the last day of
19 March, June, September, and December, whether he or she
20 meets the criteria of either subparagraph (A) or (B) for
21 the preceding 12-month period.

22 Beginning January 1, 2020, neither the gross receipts
23 from nor the number of separate transactions for sales of
24 service to purchasers in Illinois that a serviceman makes
25 through a marketplace facilitator and for which the
26 serviceman has received a certification from the

1 marketplace facilitator pursuant to Section 2d of this Act
2 shall be included for purposes of determining whether he or
3 she has met the thresholds of this paragraph (9).

4 (10) Beginning January 1, 2020, a marketplace
5 facilitator, as defined in Section 2d of this Act.

6 (Source: P.A. 100-22, eff. 7-6-17; 100-321, eff. 8-24-17;
7 100-587, eff. 6-4-18; 100-863, eff. 8-14-18.)

8 (35 ILCS 110/2d new)

9 Sec. 2d. Marketplace facilitators and marketplace
10 servicemen.

11 (a) Definitions. For purposes of this Section:

12 "Affiliate" means a person that, with respect to another
13 person: (i) has a direct or indirect ownership interest of more
14 than 5% in the other person; or (ii) is related to the other
15 person because a third person, or group of third persons who
16 are affiliated with each other as defined in this subsection,
17 holds a direct or indirect ownership interest of more than 5%
18 in the related person.

19 "Marketplace" means a physical or electronic place, forum,
20 platform, application or other method by which a marketplace
21 serviceman makes or offers to make sales of service.

22 "Marketplace facilitator" means a person who, pursuant to
23 an agreement with a marketplace serviceman, facilitates sales
24 of service by that marketplace serviceman. A person facilitates
25 a sale of service by, directly or indirectly through one or

1 more affiliates, doing both of the following: (i) listing or
2 otherwise making available a sale of service of the marketplace
3 serviceman through a marketplace owned or operated by the
4 marketplace facilitator; and (ii) processing sales of service
5 for, or payments for sales of service by, marketplace
6 servicemen.

7 "Marketplace serviceman" means a person that makes or
8 offers to make a sale of service through a marketplace.

9 (b) Beginning January 1, 2020, a marketplace facilitator
10 who meets either of the following criteria is considered the
11 serviceman for each sale of service made on the marketplace:

12 (1) the cumulative gross receipts from sales of service
13 to purchasers in Illinois by the marketplace facilitator
14 and by marketplace servicemen are \$100,000 or more; or

15 (2) the marketplace facilitator and marketplace
16 servicemen cumulatively enter into 200 or more separate
17 transactions for the sale of service to purchasers in
18 Illinois.

19 A marketplace facilitator shall determine on a quarterly
20 basis, ending on the last day of March, June, September, and
21 December, whether he or she meets the criteria of either
22 paragraph (1) or (2) of this subsection (b) for the preceding
23 12-month period. If the marketplace facilitator meets the
24 criteria of either paragraph (1) or (2) for a 12-month period,
25 he or she is considered a serviceman maintaining a place of
26 business in this State and is required to collect and remit the

1 tax imposed under this Act and file returns for one year. At
2 the end of that one-year period, the marketplace facilitator
3 shall determine whether the marketplace facilitator met the
4 criteria of either paragraph (1) or (2) during the preceding
5 12-month period. If the marketplace facilitator met the
6 criteria in either paragraph (1) or (2) for the preceding
7 12-month period, he or she is considered a serviceman
8 maintaining a place of business in this State and is required
9 to collect and remit the tax imposed under this Act and file
10 returns for the subsequent year. If, at the end of a one-year
11 period, a marketplace facilitator that was required to collect
12 and remit the tax imposed under this Act determines that he or
13 she did not meet the criteria in either paragraph (1) or (2)
14 during the preceding 12-month period, the marketplace
15 facilitator shall subsequently determine on a quarterly basis,
16 ending on the last day of March, June, September, and December,
17 whether he or she meets the criteria of either paragraph (1) or
18 (2) for the preceding 12-month period.

19 (c) A marketplace facilitator that meets either of the
20 thresholds in subsection (b) of this Section is considered the
21 serviceman for each sale of service made through its
22 marketplace and is liable for collecting and remitting the tax
23 under this Act on all such sales. The marketplace facilitator
24 has all the rights and duties, and is required to comply with
25 the same requirements and procedures, as all other servicemen
26 maintaining a place of business in this State who are

1 registered or who are required to be registered to collect and
2 remit the tax imposed by this Act.

3 (d) A marketplace facilitator shall:

4 (1) certify to each marketplace serviceman that the
5 marketplace facilitator assumes the rights and duties of a
6 serviceman under this Act with respect to sales of service
7 made by the marketplace serviceman through the
8 marketplace; and

9 (2) collect taxes imposed by this Act as required by
10 Section 3-40 of this Act for sales of service made through
11 the marketplace.

12 (e) A marketplace serviceman shall retain books and records
13 for all sales of service made through a marketplace in
14 accordance with the requirements of Section 11.

15 (f) A marketplace serviceman shall furnish to the
16 marketplace facilitator information that is necessary for the
17 marketplace facilitator to correctly collect and remit taxes
18 for a sale of service. The information may include a
19 certification that an item transferred incident to a sale of
20 service under this Act is taxable, not taxable, exempt from
21 taxation, or taxable at a specified rate. A marketplace
22 serviceman shall be held harmless for liability for the tax
23 imposed under this Act when a marketplace facilitator fails to
24 correctly collect and remit tax after having been provided with
25 information by a marketplace serviceman to correctly collect
26 and remit taxes imposed under this Act.

1 (g) Except as provided in subsection (h), if the
2 marketplace facilitator demonstrates to the satisfaction of
3 the Department that its failure to correctly collect and remit
4 tax on a sale of service resulted from the marketplace
5 facilitator's good faith reliance on incorrect or insufficient
6 information provided by a marketplace serviceman, it shall be
7 relieved of liability for the tax on that sale of service. In
8 this case, a marketplace serviceman is liable for any resulting
9 tax due.

10 (h) A marketplace facilitator and marketplace serviceman
11 that are affiliates, as defined by subsection (a), are jointly
12 and severally liable for tax liability resulting from a sale of
13 service made by the affiliated marketplace serviceman through
14 the marketplace.

15 (i) This Section does not affect the tax liability of a
16 purchaser under this Act.

17 (j) The Department may adopt rules for the administration
18 and enforcement of the provisions of this Section.

19 Section 10-35. The Tax Delinquency Amnesty Act is amended
20 by changing Section 10 as follows:

21 (35 ILCS 745/10)

22 Sec. 10. Amnesty program. The Department shall establish an
23 amnesty program for all taxpayers owing any tax imposed by
24 reason of or pursuant to authorization by any law of the State

1 of Illinois and collected by the Department.

2 The amnesty program shall be for a period from October 1,
3 2003 through November 15, 2003 and for a period beginning on
4 October 1, 2010 and ending November 8, 2010 and for a period
5 beginning on October 1, 2019 and ending on November 15, 2019.

6 The amnesty program shall provide that, upon payment by a
7 taxpayer of all taxes due from that taxpayer to the State of
8 Illinois for any taxable period ending (i) after June 30, 1983
9 and prior to July 1, 2002 for the tax amnesty period occurring
10 from October 1, 2003 through November 15, 2003, ~~and~~ (ii) after
11 June 30, 2002 and prior to July 1, 2009 for the tax amnesty
12 period beginning on October 1, 2010 through November 8, 2010,
13 and (iii) after June 30, 2011 and prior to July 1, 2018 for the
14 tax amnesty period beginning on October 1, 2019 through
15 November 15, 2019, the Department shall abate and not seek to
16 collect any interest or penalties that may be applicable and
17 the Department shall not seek civil or criminal prosecution for
18 any taxpayer for the period of time for which amnesty has been
19 granted to the taxpayer. Failure to pay all taxes due to the
20 State for a taxable period shall invalidate any amnesty granted
21 under this Act. Amnesty shall be granted only if all amnesty
22 conditions are satisfied by the taxpayer.

23 Amnesty shall not be granted to taxpayers who are a party
24 to any criminal investigation or to any civil or criminal
25 litigation that is pending in any circuit court or appellate
26 court or the Supreme Court of this State for nonpayment,

1 delinquency, or fraud in relation to any State tax imposed by
2 any law of the State of Illinois.

3 Participation in an amnesty program shall not preclude a
4 taxpayer from claiming a refund for an overpayment of tax on an
5 issue unrelated to the issues for which the taxpayer claimed
6 amnesty or for an overpayment of tax by taxpayers estimating a
7 non-final liability for the amnesty program pursuant to Section
8 506(b) of the Illinois Income Tax Act (35 ILCS 5/506(b)).

9 Voluntary payments made under this Act shall be made by
10 cash, check, guaranteed remittance, or ACH debit.

11 The Department shall adopt rules as necessary to implement
12 the provisions of this Act.

13 Except as otherwise provided in this Section, all money
14 collected under this Act that would otherwise be deposited into
15 the General Revenue Fund shall be deposited as follows: (i)
16 one-half into the Common School Fund; (ii) one-half into the
17 General Revenue Fund. Two percent of all money collected under
18 this Act shall be deposited by the State Treasurer into the Tax
19 Compliance and Administration Fund and, subject to
20 appropriation, shall be used by the Department to cover costs
21 associated with the administration of this Act.

22 (Source: P.A. 96-1435, eff. 8-16-10.)

23 Section 10-40. The Health Maintenance Organization Act is
24 amended by changing Section 5-5 and by adding Section 5-10 as
25 follows:

1 (215 ILCS 125/5-5) (from Ch. 111 1/2, par. 1413)

2 Sec. 5-5. Suspension, revocation or denial of
3 certification of authority. The Director may suspend or revoke
4 any certificate of authority issued to a health maintenance
5 organization under this Act or deny an application for a
6 certificate of authority if he finds any of the following:

7 (a) The health maintenance organization is operating
8 significantly in contravention of its basic organizational
9 document, its health care plan, or in a manner contrary to that
10 described in any information submitted under Section 2-1 or
11 4-12.

12 (b) The health maintenance organization issues contracts
13 or evidences of coverage or uses a schedule of charges for
14 health care services that do not comply with the requirement of
15 Section 2-1 or 4-12.

16 (c) The health care plan does not provide or arrange for
17 basic health care services, except as provided in Section 4-13
18 concerning mental health services for clients of the Department
19 of Children and Family Services.

20 (d) The Director of Public Health certifies to the Director
21 that (1) the health maintenance organization does not meet the
22 requirements of Section 2-2 or (2) the health maintenance
23 organization is unable to fulfill its obligations to furnish
24 health care services as required under its health care plan.
25 The Department of Public Health shall promulgate by rule,

1 pursuant to the Illinois Administrative Procedure Act, the
2 precise standards used for determining what constitutes a
3 material misrepresentation, what constitutes a material
4 violation of a contract or evidence of coverage, or what
5 constitutes good faith with regard to certification under this
6 paragraph.

7 (e) The health maintenance organization is no longer
8 financially responsible and may reasonably be expected to be
9 unable to meet its obligations to enrollees or prospective
10 enrollees.

11 (f) The health maintenance organization, or any person on
12 its behalf, has advertised or merchandised its services in an
13 untrue, misrepresentative, misleading, deceptive, or unfair
14 manner.

15 (g) The continued operation of the health maintenance
16 organization would be hazardous to its enrollees.

17 (h) The health maintenance organization has neglected to
18 correct, within the time prescribed by subsection (c) of
19 Section 2-4, any deficiency occurring due to the organization's
20 prescribed minimum net worth or special contingent reserve
21 being impaired.

22 (i) The health maintenance organization has otherwise
23 failed to substantially comply with this Act.

24 (j) The health maintenance organization has failed to meet
25 the requirements for issuance of a certificate of authority set
26 forth in Section 2-2.

1 When the certificate of authority of a health maintenance
2 organization is revoked, the organization shall proceed,
3 immediately following the effective date of the order of
4 revocation, to wind up its affairs and shall conduct no further
5 business except as may be essential to the orderly conclusion
6 of the affairs of the organization. The Director may permit
7 further operation of the organization that he finds to be in
8 the best interest of enrollees to the end that the enrollees
9 will be afforded the greatest practical opportunity to obtain
10 health care services.

11 (k) The health maintenance organization has failed to pay
12 any assessment due under Article V-H of the Public Aid Code for
13 60 days following the due date of the payment (as extended by
14 any grace period granted).

15 (Source: P.A. 88-487.)

16 (215 ILCS 125/5-10 new)

17 Sec. 5-10. Managed care organizations; revenue data.

18 (a) No managed care organization shall pass the cost of the
19 assessment imposed pursuant to Article V-H of the Public Aid
20 Code on to consumers as a discrete addition to their premiums.

21 (b) The Department shall provide the Department of
22 Healthcare and Family Services with member months and premium
23 revenue data needed for implementing the assessment imposed
24 under Article V-H of the Public Aid Code.

1 Section 10-45. The Illinois Public Aid Code is amended by
2 adding the Article V-H as follows:

3 (305 ILCS 5/Art. V-H heading new)

4 ARTICLE V-H. MANAGED CARE ORGANIZATION PROVIDER ASSESSMENT.

5 (305 ILCS 5/5H-1 new)

6 Sec. 5H-1. Definitions. As used in this Article:

7 "Base year" means the 12-month period from January 1, 2018
8 to December 31, 2018.

9 "Department" means the Department of Healthcare and Family
10 Services.

11 "Federal employee health benefit" means the program of
12 health benefits plans, as defined in 5 U.S.C. 8901, available
13 to federal employees under 5 U.S.C. 8901 to 8914.

14 "Fund" means the Healthcare Provider Relief Fund.

15 "Managed care organization" means an entity operating
16 under a certificate of authority issued pursuant to the Health
17 Maintenance Organization Act or as a Managed Care Community
18 Network pursuant to Section 5-11 of the Public Aid Code.

19 "Medicaid managed care organization" means a managed care
20 organization under contract with the Department to provide
21 services to recipients of benefits in the medical assistance
22 program pursuant to Article V of the Public Aid Code, the
23 Children's Health Insurance Program Act, or the Covering ALL
24 KIDS Health Insurance Act. It does not include contracts the

1 same entity or an affiliated entity has for other business.

2 "Medicare" means the federal Medicare program established
3 under Title XVIII of the federal Social Security Act.

4 "Member months" means the aggregate total number of months
5 all individuals are enrolled for coverage in a Managed Care
6 Organization during the base year. Member months are determined
7 by the Department for Medicaid Managed Care Organizations based
8 on enrollment data in its Medicaid Management Information
9 System and by the Department of Insurance for other Managed
10 Care Organizations based on required filings with the
11 Department of Insurance. Member months do not include months
12 individuals are enrolled in a Limited Health Services
13 Organization, including stand-alone dental or vision plans, a
14 Medicare Advantage Plan, a Medicare Supplement Plan, a Medicaid
15 Medicare Alignment Initiate Plan pursuant to a Memorandum of
16 Understanding between the Department and the Federal Centers
17 for Medicare and Medicaid Services or a Federal Employee Health
18 Benefits Plan.

19 (305 ILCS 5/5H-2 new)

20 Sec. 5H-2. Federal waivers. The Department shall request a
21 waiver from the federal Centers for Medicare and Medicaid
22 Services of the broad-based and uniformity provisions of
23 Section 1903(w) (3) (B) and (C) of Title XIX of the Social
24 Security Act, 42 U.S.C. 1396b, relating to the assessment
25 imposed under this Article. The assessment required pursuant to

1 Section 5H-3 shall not be due and payable until such waiver has
2 been approved and all other federal requirements necessary to
3 obtain federal financial participation have been approved by
4 the Centers for Medicare and Medicaid Services.

5 (305 ILCS 5/5H-3 new)

6 Sec. 5H-3. Managed care assessment.

7 (a) For State Fiscal year 2020 through State Fiscal Year
8 2025, there is imposed upon managed care organization member
9 months an assessment, calculated on base year data, as set
10 forth below for the appropriate tier:

11 (1) Tier 1: \$60.20 per member month.

12 (2) Tier 2: \$1.20 per member month.

13 (3) Tier 3: \$2.40 per member month.

14 (b) The tiers are established as follows:

15 (1) Tier 1 includes the first 4,195,000 member months
16 in a Medicaid managed care organization for the base year;

17 (ii) Tier 2 includes member months over 4,195,000 in a
18 Medicaid managed care organization during the base year;

19 and

20 (iv) Tier 3 includes member months during the base year
21 in a managed care organization that is not a Medicaid
22 managed care organization.

23 (c) For State fiscal year 2020 through State fiscal year
24 2025, the Department may by rule adjust rates or tier
25 parameters or both in order to maximize the revenue generated

1 by the assessment consistent with federal regulations and to
2 meet federal statistical tests necessary for federal financial
3 participation. Any upward adjustment to the Tier 3 rate shall
4 be the minimum necessary to meet federal statistical tests.

5 (305 ILCS 5/5H-4 new)

6 Sec. 5H-4. Payment of assessment.

7 (a) The assessment payable pursuant to Section 5H-3 shall
8 be due and payable in monthly installments, each equaling
9 one-twelfth of the assessment for the year, on the first State
10 business day of each month.

11 (b) If the approval of the waivers required under Section
12 5H-2 is delayed beyond the start of State fiscal year 2020,
13 then the first installment shall be due on the first business
14 day of the first month that begins more than 15 days after the
15 date of such approval. In the event approval results in
16 installments beginning after July 1, 2019, the amount of each
17 installment for that fiscal year shall equal the full amount of
18 the annual assessment divided by the number of payments that
19 will be paid in fiscal year 2020.

20 (c) The Department shall notify each managed care
21 organization of its annual fiscal year 2020 assessment and the
22 installment due dates no later than 30 days prior to the first
23 installment due date and the annual assessment and due dates
24 for each subsequent year at least 30 days prior to the start of
25 each fiscal year.

1 (d) Proceeds from the assessment levied pursuant to Section
2 5H-3 shall be deposited into the Fund.

3 (305 ILCS 5/5H-5 new)

4 Sec. 5H-5. Liability or resultant entities. In the event of
5 a merger, acquisition, or any similar transaction involving
6 entities subject to the assessment under this Article, the
7 resultant entity shall be responsible for the full amount of
8 the assessment for all entities involved in the transaction
9 with the member months allotted to tiers as they were prior to
10 the transaction and no member months shall change tiers as a
11 result of any transaction. A managed care organization that
12 ceases doing business in the State during any fiscal year shall
13 be liable only for the monthly installments due in months that
14 they operated in the State. The Department shall by rule
15 establish a methodology to set the assessment base member
16 months for a managed care organization that begins operating in
17 the State at any time after 2018. Nothing in this Section shall
18 be construed to limit authority granted in subsection (c) of
19 Section 5H-3.

20 (305 ILCS 5/5H-6 new)

21 Sec. 5H-6. Recordkeeping; penalties.

22 (a) A managed care organization that is liable for the
23 assessment under this Article shall keep accurate and complete
24 records and pertinent documents as may be required by the

1 Department. Records required by the Department shall be
2 retained for a period of 4 years after the assessment imposed
3 under this Act to which the records apply is due or as
4 otherwise provided by law. The Department or the Department of
5 Insurance may audit all records necessary to ensure compliance
6 with this Article and make adjustments to assessment amounts
7 previously calculated based on the results of any such audit.

8 (b) If a managed care organization fails to make a payment
9 due under this Article in a timely fashion, they shall pay an
10 additional penalty of 5% of the amount of the installment not
11 paid on or before the due date, or any grace period granted,
12 plus 5% of the portion thereof remaining unpaid on the last day
13 of each 30-day period thereafter. The Department is authorized
14 to grant grace periods of up to 30 days upon request of a
15 managed care organization for good cause due to financial or
16 other difficulties, as determined by the Department. If a
17 managed care organization fails to make a payment within 60
18 days after the due date the Department shall additionally
19 impose a contractual sanction allowed against a Medicaid
20 managed care organization and may terminate any such contract.
21 The Department of Insurance shall take action against the
22 certificate of authority of a non-Medicaid managed care
23 organization that fails to pay an installment within 60 days
24 after the due date.

1 Sec. 5H-7. Rulemaking. The Department may by rule modify or
2 make adjustments to any methodology, assessment amount,
3 assessment tier, or other similar provision specified in this
4 Article, including broadening the tax base in subsection (a) of
5 Section 5H-3, to the extent necessary to meet the requirements
6 of federal law or regulations, obtain federal approval, or to
7 ensure federal financial participation is available. However,
8 upward adjustments to Tier 3 rates shall be the minimum
9 necessary to meet federal statistical tests to receive federal
10 financial participation. The Department shall adopt rules to
11 implement this Article under the Illinois Administrative
12 Procedure Act.

13 (305 ILCS 5/5H-8 new)

14 Sec. 5H-8. Duties of the Department.

15 (a) The Department shall ensure that rates to Medicaid
16 managed care organizations are actuarially sound including
17 appropriate incorporation of assessments under this Article,
18 other taxes and administrative expenses, including
19 standardization of processes, and cost of medical care.

20 (b) The Department shall pay to each Medicaid managed care
21 organization the amount required to be included in its rates
22 due to the assessment under this Article in order to ensure
23 actuarial soundness within 10 business days of receipt of each
24 assessment payment from the Medicaid managed care
25 organization. The Department shall extend the deadline for any

1 assessment payment due after the initial assessment payment if
2 the payment to the managed care organizations under this
3 subsection for the previous assessment payment has not been
4 paid. Such extension shall extend until 7 business days after
5 receipt by the managed care organization of the late payment
6 under this subsection.

7 (c) Reimbursement of assessments paid under this Article
8 shall not be required to count as revenue towards any
9 calculation of the managed care organization's medical loss
10 ratio, net worth, risk based capital or other deposit
11 requirements as may otherwise be required under the Insurance
12 Code. Such reimbursements will be considered revenue in
13 calculating the 6% limit under 42 U.S.C. 433.68(f) (3).

14 (d) The Department shall include in its annual report,
15 beginning with its fiscal year 2020 report, and every year
16 thereafter, information on the revenues collected from this
17 assessment, the federal funds drawn based on those revenues,
18 the rates set in Section 5H-3 or any alterations thereof by
19 administrative rule, and other impacts this gross revenue has
20 had on the Medicaid program.

21 Section 10-50. The Franchise Tax and License Fee Amnesty
22 Act of 2007 is amended by changing Section 5-10 as follows:

23 (805 ILCS 8/5-10)

24 Sec. 5-10. Amnesty program. The Secretary shall establish

1 an amnesty program for all taxpayers owing any franchise tax or
2 license fee imposed by Article XV of the Business Corporation
3 Act of 1983. The amnesty program shall be for a period from
4 February 1, 2008 through March 15, 2008. The amnesty program
5 shall also be for a period between October 1, 2019 and November
6 15, 2019, and shall apply to franchise tax or license fee
7 liabilities for any tax period ending after March 15, 2008 and
8 on or before June 30, 2019. The amnesty program shall provide
9 that, upon payment by a taxpayer of all franchise taxes and
10 license fees due from that taxpayer to the State of Illinois
11 for any taxable period, the Secretary shall abate and not seek
12 to collect any interest or penalties that may be applicable,
13 and the Secretary shall not seek civil or criminal prosecution
14 for any taxpayer for the period of time for which amnesty has
15 been granted to the taxpayer. Failure to pay all taxes due to
16 the State for a taxable period shall not invalidate any amnesty
17 granted under this Act with respect to the taxes paid pursuant
18 to the amnesty program. Amnesty shall be granted only if all
19 amnesty conditions are satisfied by the taxpayer. Amnesty shall
20 not be granted to taxpayers who are a party to any criminal
21 investigation or to any civil or criminal litigation that is
22 pending in any circuit court or appellate court or the Supreme
23 Court of this State for nonpayment, delinquency, or fraud in
24 relation to any franchise tax or license fee imposed by Article
25 XV of the Business Corporation Act of 1983. Voluntary payments
26 made under this Act shall be made by check, guaranteed

1 remittance, or ACH debit. The Secretary shall adopt rules as
2 necessary to implement the provisions of this Act. Except as
3 otherwise provided in this Section, all money collected under
4 this Act that would otherwise be deposited into the General
5 Revenue Fund shall be deposited into the General Revenue Fund.
6 Two percent of all money collected under this Act shall be
7 deposited by the State Treasurer into the Franchise Tax and
8 License Fee Amnesty Administration Fund and, subject to
9 appropriation, shall be used by the Secretary to cover costs
10 associated with the administration of this Act.

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

12 ARTICLE 20. BLUE COLLAR JOBS ACT

13 Section 20-1. This Act may be referred to as the Blue
14 Collar Jobs Act.

15 Section 20-5. The Illinois Enterprise Zone Act is amended
16 by changing Section 5.5 and by adding Section 13 as follows:

17 (20 ILCS 655/5.5) (from Ch. 67 1/2, par. 609.1)

18 Sec. 5.5. High Impact Business.

19 (a) In order to respond to unique opportunities to assist
20 in the encouragement, development, growth and expansion of the
21 private sector through large scale investment and development
22 projects, the Department is authorized to receive and approve

1 applications for the designation of "High Impact Businesses" in
2 Illinois subject to the following conditions:

3 (1) such applications may be submitted at any time
4 during the year;

5 (2) such business is not located, at the time of
6 designation, in an enterprise zone designated pursuant to
7 this Act;

8 (3) the business intends to do one or more of the
9 following:

10 (A) the business intends to make a minimum
11 investment of \$12,000,000 which will be placed in
12 service in qualified property and intends to create 500
13 full-time equivalent jobs at a designated location in
14 Illinois or intends to make a minimum investment of
15 \$30,000,000 which will be placed in service in
16 qualified property and intends to retain 1,500
17 full-time retained jobs at a designated location in
18 Illinois. The business must certify in writing that the
19 investments would not be placed in service in qualified
20 property and the job creation or job retention would
21 not occur without the tax credits and exemptions set
22 forth in subsection (b) of this Section. The terms
23 "placed in service" and "qualified property" have the
24 same meanings as described in subsection (h) of Section
25 201 of the Illinois Income Tax Act; or

26 (B) the business intends to establish a new

1 electric generating facility at a designated location
2 in Illinois. "New electric generating facility", for
3 purposes of this Section, means a newly-constructed
4 electric generation plant or a newly-constructed
5 generation capacity expansion at an existing electric
6 generation plant, including the transmission lines and
7 associated equipment that transfers electricity from
8 points of supply to points of delivery, and for which
9 such new foundation construction commenced not sooner
10 than July 1, 2001. Such facility shall be designed to
11 provide baseload electric generation and shall operate
12 on a continuous basis throughout the year; and (i)
13 shall have an aggregate rated generating capacity of at
14 least 1,000 megawatts for all new units at one site if
15 it uses natural gas as its primary fuel and foundation
16 construction of the facility is commenced on or before
17 December 31, 2004, or shall have an aggregate rated
18 generating capacity of at least 400 megawatts for all
19 new units at one site if it uses coal or gases derived
20 from coal as its primary fuel and shall support the
21 creation of at least 150 new Illinois coal mining jobs,
22 or (ii) shall be funded through a federal Department of
23 Energy grant before December 31, 2010 and shall support
24 the creation of Illinois coal-mining jobs, or (iii)
25 shall use coal gasification or integrated
26 gasification-combined cycle units that generate

1 electricity or chemicals, or both, and shall support
2 the creation of Illinois coal-mining jobs. The
3 business must certify in writing that the investments
4 necessary to establish a new electric generating
5 facility would not be placed in service and the job
6 creation in the case of a coal-fueled plant would not
7 occur without the tax credits and exemptions set forth
8 in subsection (b-5) of this Section. The term "placed
9 in service" has the same meaning as described in
10 subsection (h) of Section 201 of the Illinois Income
11 Tax Act; or

12 (B-5) the business intends to establish a new
13 gasification facility at a designated location in
14 Illinois. As used in this Section, "new gasification
15 facility" means a newly constructed coal gasification
16 facility that generates chemical feedstocks or
17 transportation fuels derived from coal (which may
18 include, but are not limited to, methane, methanol, and
19 nitrogen fertilizer), that supports the creation or
20 retention of Illinois coal-mining jobs, and that
21 qualifies for financial assistance from the Department
22 before December 31, 2010. A new gasification facility
23 does not include a pilot project located within
24 Jefferson County or within a county adjacent to
25 Jefferson County for synthetic natural gas from coal;
26 or

1 (C) the business intends to establish production
2 operations at a new coal mine, re-establish production
3 operations at a closed coal mine, or expand production
4 at an existing coal mine at a designated location in
5 Illinois not sooner than July 1, 2001; provided that
6 the production operations result in the creation of 150
7 new Illinois coal mining jobs as described in
8 subdivision (a)(3)(B) of this Section, and further
9 provided that the coal extracted from such mine is
10 utilized as the predominant source for a new electric
11 generating facility. The business must certify in
12 writing that the investments necessary to establish a
13 new, expanded, or reopened coal mine would not be
14 placed in service and the job creation would not occur
15 without the tax credits and exemptions set forth in
16 subsection (b-5) of this Section. The term "placed in
17 service" has the same meaning as described in
18 subsection (h) of Section 201 of the Illinois Income
19 Tax Act; or

20 (D) the business intends to construct new
21 transmission facilities or upgrade existing
22 transmission facilities at designated locations in
23 Illinois, for which construction commenced not sooner
24 than July 1, 2001. For the purposes of this Section,
25 "transmission facilities" means transmission lines
26 with a voltage rating of 115 kilovolts or above,

1 including associated equipment, that transfer
2 electricity from points of supply to points of delivery
3 and that transmit a majority of the electricity
4 generated by a new electric generating facility
5 designated as a High Impact Business in accordance with
6 this Section. The business must certify in writing that
7 the investments necessary to construct new
8 transmission facilities or upgrade existing
9 transmission facilities would not be placed in service
10 without the tax credits and exemptions set forth in
11 subsection (b-5) of this Section. The term "placed in
12 service" has the same meaning as described in
13 subsection (h) of Section 201 of the Illinois Income
14 Tax Act; or

15 (E) the business intends to establish a new wind
16 power facility at a designated location in Illinois.
17 For purposes of this Section, "new wind power facility"
18 means a newly constructed electric generation
19 facility, or a newly constructed expansion of an
20 existing electric generation facility, placed in
21 service on or after July 1, 2009, that generates
22 electricity using wind energy devices, and such
23 facility shall be deemed to include all associated
24 transmission lines, substations, and other equipment
25 related to the generation of electricity from wind
26 energy devices. For purposes of this Section, "wind

1 energy device" means any device, with a nameplate
2 capacity of at least 0.5 megawatts, that is used in the
3 process of converting kinetic energy from the wind to
4 generate electricity; or

5 (F) the business commits to (i) make a minimum
6 investment of \$500,000,000, which will be placed in
7 service in a qualified property, (ii) create 125
8 full-time equivalent jobs at a designated location in
9 Illinois, (iii) establish a fertilizer plant at a
10 designated location in Illinois that complies with the
11 set-back standards as described in Table 1: Initial
12 Isolation and Protective Action Distances in the 2012
13 Emergency Response Guidebook published by the United
14 States Department of Transportation, (iv) pay a
15 prevailing wage for employees at that location who are
16 engaged in construction activities, and (v) secure an
17 appropriate level of general liability insurance to
18 protect against catastrophic failure of the fertilizer
19 plant or any of its constituent systems; in addition,
20 the business must agree to enter into a construction
21 project labor agreement including provisions
22 establishing wages, benefits, and other compensation
23 for employees performing work under the project labor
24 agreement at that location; for the purposes of this
25 Section, "fertilizer plant" means a newly constructed
26 or upgraded plant utilizing gas used in the production

1 of anhydrous ammonia and downstream nitrogen
2 fertilizer products for resale; for the purposes of
3 this Section, "prevailing wage" means the hourly cash
4 wages plus fringe benefits for training and
5 apprenticeship programs approved by the U.S.
6 Department of Labor, Bureau of Apprenticeship and
7 Training, health and welfare, insurance, vacations and
8 pensions paid generally, in the locality in which the
9 work is being performed, to employees engaged in work
10 of a similar character on public works; this paragraph
11 (F) applies only to businesses that submit an
12 application to the Department within 60 days after the
13 effective date of this amendatory Act of the 98th
14 General Assembly; and

15 (4) no later than 90 days after an application is
16 submitted, the Department shall notify the applicant of the
17 Department's determination of the qualification of the
18 proposed High Impact Business under this Section.

19 (b) Businesses designated as High Impact Businesses
20 pursuant to subdivision (a) (3) (A) of this Section shall qualify
21 for the credits and exemptions described in the following Acts:
22 Section 9-222 and Section 9-222.1A of the Public Utilities Act,
23 subsection (h) of Section 201 of the Illinois Income Tax Act,
24 and Section 1d of the Retailers' Occupation Tax Act; provided
25 that these credits and exemptions described in these Acts shall
26 not be authorized until the minimum investments set forth in

1 subdivision (a) (3) (A) of this Section have been placed in
2 service in qualified properties and, in the case of the
3 exemptions described in the Public Utilities Act and Section 1d
4 of the Retailers' Occupation Tax Act, the minimum full-time
5 equivalent jobs or full-time retained jobs set forth in
6 subdivision (a) (3) (A) of this Section have been created or
7 retained. Businesses designated as High Impact Businesses
8 under this Section shall also qualify for the exemption
9 described in Section 51 of the Retailers' Occupation Tax Act.
10 The credit provided in subsection (h) of Section 201 of the
11 Illinois Income Tax Act shall be applicable to investments in
12 qualified property as set forth in subdivision (a) (3) (A) of
13 this Section.

14 (b-5) Businesses designated as High Impact Businesses
15 pursuant to subdivisions (a) (3) (B), (a) (3) (B-5), (a) (3) (C),
16 and (a) (3) (D) of this Section shall qualify for the credits and
17 exemptions described in the following Acts: Section 51 of the
18 Retailers' Occupation Tax Act, Section 9-222 and Section
19 9-222.1A of the Public Utilities Act, and subsection (h) of
20 Section 201 of the Illinois Income Tax Act; however, the
21 credits and exemptions authorized under Section 9-222 and
22 Section 9-222.1A of the Public Utilities Act, and subsection
23 (h) of Section 201 of the Illinois Income Tax Act shall not be
24 authorized until the new electric generating facility, the new
25 gasification facility, the new transmission facility, or the
26 new, expanded, or reopened coal mine is operational, except

1 that a new electric generating facility whose primary fuel
2 source is natural gas is eligible only for the exemption under
3 Section 51 of the Retailers' Occupation Tax Act.

4 (b-6) Businesses designated as High Impact Businesses
5 pursuant to subdivision (a) (3) (E) of this Section shall qualify
6 for the exemptions described in Section 51 of the Retailers'
7 Occupation Tax Act; any business so designated as a High Impact
8 Business being, for purposes of this Section, a "Wind Energy
9 Business".

10 (b-7) Beginning on January 1, 2021, businesses designated
11 as High Impact Businesses by the Department shall qualify for
12 the High Impact Business construction jobs credit under
13 subsection (h-5) of Section 201 of the Illinois Income Tax Act
14 if the business meets the criteria set forth in subsection (i)
15 of this Section. The total aggregate amount of credits awarded
16 under the Blue Collar Jobs Act (Article 20 of this amendatory
17 Act of the 101st General Assembly) shall not exceed \$20,000,000
18 in any State fiscal year.

19 (c) High Impact Businesses located in federally designated
20 foreign trade zones or sub-zones are also eligible for
21 additional credits, exemptions and deductions as described in
22 the following Acts: Section 9-221 and Section 9-222.1 of the
23 Public Utilities Act; and subsection (g) of Section 201, and
24 Section 203 of the Illinois Income Tax Act.

25 (d) Except for businesses contemplated under subdivision
26 (a) (3) (E) of this Section, existing Illinois businesses which

1 apply for designation as a High Impact Business must provide
2 the Department with the prospective plan for which 1,500
3 full-time retained jobs would be eliminated in the event that
4 the business is not designated.

5 (e) Except for new wind power facilities contemplated under
6 subdivision (a)(3)(E) of this Section, new proposed facilities
7 which apply for designation as High Impact Business must
8 provide the Department with proof of alternative non-Illinois
9 sites which would receive the proposed investment and job
10 creation in the event that the business is not designated as a
11 High Impact Business.

12 (f) Except for businesses contemplated under subdivision
13 (a)(3)(E) of this Section, in the event that a business is
14 designated a High Impact Business and it is later determined
15 after reasonable notice and an opportunity for a hearing as
16 provided under the Illinois Administrative Procedure Act, that
17 the business would have placed in service in qualified property
18 the investments and created or retained the requisite number of
19 jobs without the benefits of the High Impact Business
20 designation, the Department shall be required to immediately
21 revoke the designation and notify the Director of the
22 Department of Revenue who shall begin proceedings to recover
23 all wrongfully exempted State taxes with interest. The business
24 shall also be ineligible for all State funded Department
25 programs for a period of 10 years.

26 (g) The Department shall revoke a High Impact Business

1 designation if the participating business fails to comply with
2 the terms and conditions of the designation. However, the
3 penalties for new wind power facilities or Wind Energy
4 Businesses for failure to comply with any of the terms or
5 conditions of the Illinois Prevailing Wage Act shall be only
6 those penalties identified in the Illinois Prevailing Wage Act,
7 and the Department shall not revoke a High Impact Business
8 designation as a result of the failure to comply with any of
9 the terms or conditions of the Illinois Prevailing Wage Act in
10 relation to a new wind power facility or a Wind Energy
11 Business.

12 (h) Prior to designating a business, the Department shall
13 provide the members of the General Assembly and Commission on
14 Government Forecasting and Accountability with a report
15 setting forth the terms and conditions of the designation and
16 guarantees that have been received by the Department in
17 relation to the proposed business being designated.

18 (i) High Impact Business construction jobs credit.
19 Beginning on January 1, 2021, a High Impact Business may
20 receive a tax credit against the tax imposed under subsections
21 (a) and (b) of Section 201 of the Illinois Income Tax Act in an
22 amount equal to 50% of the amount of the incremental income tax
23 attributable to High Impact Business construction jobs credit
24 employees employed in the course of completing a High Impact
25 Business construction jobs project. However, the High Impact
26 Business construction jobs credit may equal 75% of the amount

1 of the incremental income tax attributable to High Impact
2 Business construction jobs credit employees if the High Impact
3 Business construction jobs credit project is located in an
4 underserved area.

5 The Department shall certify to the Department of Revenue:
6 (1) the identity of taxpayers that are eligible for the High
7 Impact Business construction jobs credit; and (2) the amount of
8 High Impact Business construction jobs credits that are claimed
9 pursuant to subsection (h-5) of Section 201 of the Illinois
10 Income Tax Act in each taxable year. Any business entity that
11 receives a High Impact Business construction jobs credit shall
12 maintain a certified payroll pursuant to subsection (j) of this
13 Section.

14 As used in this subsection (i):

15 "High Impact Business construction jobs credit" means an
16 amount equal to 50% (or 75% if the High Impact Business
17 construction project is located in an underserved area) of the
18 incremental income tax attributable to High Impact Business
19 construction job employees. The total aggregate amount of
20 credits awarded under the Blue Collar Jobs Act (Article 20 of
21 this amendatory Act of the 101st General Assembly) shall not
22 exceed \$20,000,000 in any State fiscal year

23 "High Impact Business construction job employee" means a
24 laborer or worker who is employed by an Illinois contractor or
25 subcontractor in the actual construction work on the site of a
26 High Impact Business construction job project.

1 "High Impact Business construction jobs project" means
2 building a structure or building or making improvements of any
3 kind to real property, undertaken and commissioned by a
4 business that was designated as a High Impact Business by the
5 Department. The term "High Impact Business construction jobs
6 project" does not include the routine operation, routine
7 repair, or routine maintenance of existing structures,
8 buildings, or real property.

9 "Incremental income tax" means the total amount withheld
10 during the taxable year from the compensation of High Impact
11 Business construction job employees.

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

14 (1) the area has a poverty rate of at least 20%
15 according to the latest federal decennial census;

16 (2) 75% or more of the children in the area participate
17 in the federal free lunch program according to reported
18 statistics from the State Board of Education;

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

22 (4) the area has an average unemployment rate, as
23 determined by the Illinois Department of Employment
24 Security, that is more than 120% of the national
25 unemployment average, as determined by the U.S. Department
26 of Labor, for a period of at least 2 consecutive calendar

1 years preceding the date of the application.

2 (j) Each contractor and subcontractor who is engaged in and
3 executing a High Impact Business Construction jobs project, as
4 defined under subsection (i) of this Section, for a business
5 that is entitled to a credit pursuant to subsection (i) of this
6 Section shall:

7 (1) make and keep, for a period of 5 years from the
8 date of the last payment made on or after the effective
9 date of this amendatory Act of the 101st General Assembly
10 on a contract or subcontract for a High Impact Business
11 Construction Jobs Project, records for all laborers and
12 other workers employed by the contractor or subcontractor
13 on the project; the records shall include:

14 (A) the worker's name;

15 (B) the worker's address;

16 (C) the worker's telephone number, if available;

17 (D) the worker's social security number;

18 (E) the worker's classification or
19 classifications;

20 (F) the worker's gross and net wages paid in each
21 pay period;

22 (G) the worker's number of hours worked each day;

23 (H) the worker's starting and ending times of work
24 each day;

25 (I) the worker's hourly wage rate; and

26 (J) the worker's hourly overtime wage rate;

1 (2) no later than the 15th day of each calendar month,
2 provide a certified payroll for the immediately preceding
3 month to the taxpayer in charge of the High Impact Business
4 construction jobs project; within 5 business days after
5 receiving the certified payroll, the taxpayer shall file
6 the certified payroll with the Department of Labor and the
7 Department of Commerce and Economic Opportunity; a
8 certified payroll must be filed for only those calendar
9 months during which construction on a High Impact Business
10 construction jobs project has occurred; the certified
11 payroll shall consist of a complete copy of the records
12 identified in paragraph (1) of this subsection (j), but may
13 exclude the starting and ending times of work each day; the
14 certified payroll shall be accompanied by a statement
15 signed by the contractor or subcontractor or an officer,
16 employee, or agent of the contractor or subcontractor which
17 avers that:

18 (A) he or she has examined the certified payroll
19 records required to be submitted by the Act and such
20 records are true and accurate; and

21 (B) the contractor or subcontractor is aware that
22 filing a certified payroll that he or she knows to be
23 false is a Class A misdemeanor.

24 A general contractor is not prohibited from relying on a
25 certified payroll of a lower-tier subcontractor, provided the
26 general contractor does not knowingly rely upon a

1 subcontractor's false certification.

2 Any contractor or subcontractor subject to this
3 subsection, and any officer, employee, or agent of such
4 contractor or subcontractor whose duty as an officer, employee,
5 or agent it is to file a certified payroll under this
6 subsection, who willfully fails to file such a certified
7 payroll on or before the date such certified payroll is
8 required by this paragraph to be filed and any person who
9 willfully files a false certified payroll that is false as to
10 any material fact is in violation of this Act and guilty of a
11 Class A misdemeanor.

12 The taxpayer in charge of the project shall keep the
13 records submitted in accordance with this subsection on or
14 after the effective date of this amendatory Act of the 101st
15 General Assembly for a period of 5 years from the date of the
16 last payment for work on a contract or subcontract for the High
17 Impact Business construction jobs project.

18 The records submitted in accordance with this subsection
19 shall be considered public records, except an employee's
20 address, telephone number, and social security number, and made
21 available in accordance with the Freedom of Information Act.
22 The Department of Labor shall accept any reasonable submissions
23 by the contractor that meet the requirements of this subsection
24 (j) and shall share the information with the Department in
25 order to comply with the awarding of a High Impact Business
26 construction jobs credit. A contractor, subcontractor, or

1 public body may retain records required under this Section in
2 paper or electronic format.

3 (k) Upon 7 business days' notice, each contractor and
4 subcontractor shall make available for inspection and copying
5 at a location within this State during reasonable hours, the
6 records identified in this subsection (j) to the taxpayer in
7 charge of the High Impact Business construction jobs project,
8 its officers and agents, the Director of the Department of
9 Labor and his deputies and agents, and to federal, State, or
10 local law enforcement agencies and prosecutors.

11 (Source: P.A. 97-905, eff. 8-7-12; 98-109, eff. 7-25-13.)

12 (20 ILCS 655/13 new)

13 Sec. 13. Enterprise Zone construction jobs credit.

14 (a) Beginning on January 1, 2021, a business entity in a
15 certified Enterprise Zone that makes a capital investment of at
16 least \$10,000,000 in an Enterprise Zone construction jobs
17 project may receive an Enterprise Zone construction jobs credit
18 against the tax imposed under subsections (a) and (b) of
19 Section 201 of the Illinois Income Tax Act in an amount equal
20 to 50% of the amount of the incremental income tax attributable
21 to Enterprise Zone construction jobs credit employees employed
22 in the course of completing an Enterprise Zone construction
23 jobs project. However, the Enterprise Zone construction jobs
24 credit may equal 75% of the amount of the incremental income
25 tax attributable to Enterprise Zone construction jobs credit

1 employees if the project is located in an underserved area.

2 (b) A business entity seeking a credit under this Section
3 must submit an application to the Department and must receive
4 approval from the designating municipality or county and the
5 Department for the Enterprise Zone construction jobs credit
6 project. The application must describe the nature and benefit
7 of the project to the certified Enterprise Zone and its
8 potential contributors. The total aggregate amount of credits
9 awarded under the Blue Collar Jobs Act (Article 20 of this
10 amendatory Act of the 101st General Assembly) shall not exceed
11 \$20,000,000 in any State fiscal year.

12 Within 45 days after receipt of an application, the
13 Department shall give notice to the applicant as to whether the
14 application has been approved or disapproved. If the Department
15 disapproves the application, it shall specify the reasons for
16 this decision and allow 60 days for the applicant to amend and
17 resubmit its application. The Department shall provide
18 assistance upon request to applicants. Resubmitted
19 applications shall receive the Department's approval or
20 disapproval within 30 days after the application is
21 resubmitted. Those resubmitted applications satisfying initial
22 Department objectives shall be approved unless reasonable
23 circumstances warrant disapproval.

24 On an annual basis, the designated zone organization shall
25 furnish a statement to the Department on the programmatic and
26 financial status of any approved project and an audited

1 financial statement of the project.

2 The Department shall certify to the Department of Revenue
3 the identity of taxpayers who are eligible for the credits and
4 the amount of credits that are claimed pursuant to subparagraph
5 (8) of subsection (f) of Section 201 the Illinois Income Tax
6 Act.

7 The Enterprise Zone construction jobs credit project must
8 be undertaken by the business entity in the course of
9 completing a project that complies with the criteria contained
10 in Section 4 of this Act and is undertaken in a certified
11 Enterprise Zone. The Department shall adopt any necessary rules
12 for the implementation of this subsection (b).

13 (c) Any business entity that receives an Enterprise Zone
14 construction jobs credit shall maintain a certified payroll
15 pursuant to subsection (d) of this Section.

16 (d) Each contractor and subcontractor who is engaged in and
17 is executing an Enterprise Zone Construction jobs credit
18 project for a business that is entitled to a credit pursuant to
19 this Section shall:

20 (1) make and keep, for a period of 5 years from the
21 date of the last payment made on or after the effective
22 date of this amendatory Act of the 101st General Assembly
23 on a contract or subcontract for an Enterprise Zone
24 construction jobs credit project, records for all laborers
25 and other workers employed by them on the project; the
26 records shall include:

- 1 (A) the worker's name;
2 (B) the worker's address;
3 (C) the worker's telephone number, if available;
4 (D) the worker's social security number;
5 (E) the worker's classification or
6 classifications;
7 (F) the worker's gross and net wages paid in each
8 pay period;
9 (G) the worker's number of hours worked each day;
10 (H) the worker's starting and ending times of work
11 each day;
12 (I) the worker's hourly wage rate; and
13 (J) the worker's hourly overtime wage rate;
14 (2) no later than the 15th day of each calendar month,
15 provide a certified payroll for the immediately preceding
16 month to the taxpayer in charge of the project; within 5
17 business days after receiving the certified payroll, the
18 taxpayer shall file the certified payroll with the
19 Department of Labor and the Department of Commerce and
20 Economic Opportunity; a certified payroll must be filed for
21 only those calendar months during which construction on an
22 Enterprise Zone construction jobs project has occurred;
23 the certified payroll shall consist of a complete copy of
24 the records identified in paragraph (1) of this subsection
25 (d), but may exclude the starting and ending times of work
26 each day; the certified payroll shall be accompanied by a

1 statement signed by the contractor or subcontractor or an
2 officer, employee, or agent of the contractor or
3 subcontractor which avers that:

4 (A) he or she has examined the certified payroll
5 records required to be submitted by the Act and such
6 records are true and accurate; and

7 (B) the contractor or subcontractor is aware that
8 filing a certified payroll that he or she knows to be
9 false is a Class A misdemeanor.

10 A general contractor is not prohibited from relying on a
11 certified payroll of a lower-tier subcontractor, provided the
12 general contractor does not knowingly rely upon a
13 subcontractor's false certification.

14 Any contractor or subcontractor subject to this
15 subsection, and any officer, employee, or agent of such
16 contractor or subcontractor whose duty as an officer, employee,
17 or agent it is to file a certified payroll under this
18 subsection, who willfully fails to file such a certified
19 payroll on or before the date such certified payroll is
20 required by this paragraph to be filed and any person who
21 willfully files a false certified payroll that is false as to
22 any material fact is in violation of this Act and guilty of a
23 Class A misdemeanor.

24 The taxpayer in charge of the project shall keep the
25 records submitted in accordance with this subsection on or
26 after the effective date of this amendatory Act of the 101st

1 General Assembly for a period of 5 years from the date of the
2 last payment for work on a contract or subcontract for the
3 project.

4 The records submitted in accordance with this subsection
5 shall be considered public records, except an employee's
6 address, telephone number, and social security number, and made
7 available in accordance with the Freedom of Information Act.
8 The Department of Labor shall accept any reasonable submissions
9 by the contractor that meet the requirements of this subsection
10 and shall share the information with the Department in order to
11 comply with the awarding of Enterprise Zone construction jobs
12 credits. A contractor, subcontractor, or public body may retain
13 records required under this Section in paper or electronic
14 format.

15 Upon 7 business days' notice, the contractor and each
16 subcontractor shall make available for inspection and copying
17 at a location within this State during reasonable hours, the
18 records identified in paragraph (1) of this subsection to the
19 taxpayer in charge of the project, its officers and agents, the
20 Director of Labor and his deputies and agents, and to federal,
21 State, or local law enforcement agencies and prosecutors.

22 (e) As used in this Section:

23 "Enterprise Zone construction jobs credit" means an amount
24 equal to 50% (or 75% if the project is located in an
25 underserved area) of the incremental income tax attributable to
26 Enterprise Zone construction jobs credit employees.

1 "Enterprise Zone construction jobs credit employee" means
2 a laborer or worker who is employed by an Illinois contractor
3 or subcontractor in the actual construction work on the site of
4 an Enterprise Zone construction jobs credit project.

5 "Enterprise Zone construction jobs credit project" means
6 building a structure or building or making improvements of any
7 kind to real property commissioned and paid for by a business
8 that has applied and been approved for an Enterprise Zone
9 construction jobs credit pursuant to this Section. "Enterprise
10 Zone construction jobs credit project" does not include the
11 routine operation, routine repair, or routine maintenance of
12 existing structures, buildings, or real property.

13 "Incremental income tax" means the total amount withheld
14 during the taxable year from the compensation of Enterprise
15 Zone construction jobs credit employees.

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

18 (1) the area has a poverty rate of at least 20%
19 according to the latest federal decennial census;

20 (2) 75% or more of the children in the area participate
21 in the federal free lunch program according to reported
22 statistics from the State Board of Education;

23 (3) at least 20% of the households in the area receive
24 assistance under the Supplemental Nutrition Assistance
25 Program (SNAP); or

26 (4) the area has an average unemployment rate, as

1 determined by the Illinois Department of Employment
2 Security, that is more than 120% of the national
3 unemployment average, as determined by the U.S. Department
4 of Labor, for a period of at least 2 consecutive calendar
5 years preceding the date of the application.

6 Section 20-10. The Illinois Income Tax Act is amended by
7 changing Sections 201, 211, and 221 as follows:

8 (35 ILCS 5/201) (from Ch. 120, par. 2-201)

9 Sec. 201. Tax imposed.

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

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

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

24 (2) In the case of an individual, trust or estate, for

1 taxable years beginning prior to July 1, 1989 and ending
2 after June 30, 1989, an amount equal to the sum of (i) 2
3 1/2% of the taxpayer's net income for the period prior to
4 July 1, 1989, as calculated under Section 202.3, and (ii)
5 3% of the taxpayer's net income for the period after June
6 30, 1989, as calculated under Section 202.3.

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

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

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

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

1 (ii) 3.75% of the taxpayer's net income for the period
2 after December 31, 2014, as calculated under Section 202.5.

3 (5.2) In the case of an individual, trust, or estate,
4 for taxable years beginning on or after January 1, 2015,
5 and ending prior to July 1, 2017, an amount equal to 3.75%
6 of the taxpayer's net income for the taxable year.

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

14 (5.4) In the case of an individual, trust, or estate,
15 for taxable years beginning on or after July 1, 2017, an
16 amount equal to 4.95% of the taxpayer's net income for the
17 taxable year.

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

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

1 as calculated under Section 202.3.

2 (8) In the case of a corporation, for taxable years
3 beginning after June 30, 1989, and ending prior to January
4 1, 2011, an amount equal to 4.8% of the taxpayer's net
5 income for the taxable year.

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

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

17 (11) In the case of a corporation, for taxable years
18 beginning prior to January 1, 2015, and ending after
19 December 31, 2014, an amount equal to the sum of (i) 7% of
20 the taxpayer's net income for the period prior to January
21 1, 2015, as calculated under Section 202.5, and (ii) 5.25%
22 of the taxpayer's net income for the period after December
23 31, 2014, as calculated under Section 202.5.

24 (12) In the case of a corporation, for taxable years
25 beginning on or after January 1, 2015, and ending prior to
26 July 1, 2017, an amount equal to 5.25% of the taxpayer's

1 net income for the taxable year.

2 (13) In the case of a corporation, for taxable years
3 beginning prior to July 1, 2017, and ending after June 30,
4 2017, an amount equal to the sum of (i) 5.25% of the
5 taxpayer's net income for the period prior to July 1, 2017,
6 as calculated under Section 202.5, and (ii) 7% of the
7 taxpayer's net income for the period after June 30, 2017,
8 as calculated under Section 202.5.

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

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

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

1 (d) Additional Personal Property Tax Replacement Income
2 Tax Rates. The personal property tax replacement income tax
3 imposed by this subsection and subsection (c) of this Section
4 in the case of a corporation, other than a Subchapter S
5 corporation and except as adjusted by subsection (d-1), shall
6 be an additional amount equal to 2.85% of such taxpayer's net
7 income for the taxable year, except that beginning on January
8 1, 1981, and thereafter, the rate of 2.85% specified in this
9 subsection shall be reduced to 2.5%, and in the case of a
10 partnership, trust or a Subchapter S corporation shall be an
11 additional amount equal to 1.5% of such taxpayer's net income
12 for the taxable year.

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

1 shall equal (i) the total amount of tax that would be imposed
2 on the foreign insurer's net income allocable to Illinois for
3 the taxable year by such foreign insurer's state or country of
4 domicile if that net income were subject to all income taxes
5 and taxes measured by net income imposed by such foreign
6 insurer's state or country of domicile, net of all credits
7 allowed or (ii) a rate of zero if no such tax is imposed on such
8 income by the foreign insurer's state of domicile. For the
9 purposes of this subsection (d-1), an inter-affiliate includes
10 a mutual insurer under common management.

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

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

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

22 equals 1.25% for taxable years ending prior to December 31,
23 2003, or 1.75% for taxable years ending on or after
24 December 31, 2003, of the net taxable premiums written for
25 the taxable year, as described by subsection (1) of Section
26 409 of the Illinois Insurance Code. This paragraph will in

1 no event increase the rates imposed under subsections (b)
2 and (d).

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

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

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

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

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

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

21 (2) The term "qualified property" means property
22 which:

23 (A) is tangible, whether new or used, including
24 buildings and structural components of buildings and
25 signs that are real property, but not including land or
26 improvements to real property that are not a structural

1 component of a building such as landscaping, sewer
2 lines, local access roads, fencing, parking lots, and
3 other appurtenances;

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

9 (C) is acquired by purchase as defined in Section
10 179(d) of the Internal Revenue Code;

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

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

21 (3) For purposes of this subsection (e),
22 "manufacturing" means the material staging and production
23 of tangible personal property by procedures commonly
24 regarded as manufacturing, processing, fabrication, or
25 assembling which changes some existing material into new
26 shapes, new qualities, or new combinations. For purposes of

1 this subsection (e) the term "mining" shall have the same
2 meaning as the term "mining" in Section 613(c) of the
3 Internal Revenue Code. For purposes of this subsection (e),
4 the term "retailing" means the sale of tangible personal
5 property for use or consumption and not for resale, or
6 services rendered in conjunction with the sale of tangible
7 personal property for use or consumption and not for
8 resale. For purposes of this subsection (e), "tangible
9 personal property" has the same meaning as when that term
10 is used in the Retailers' Occupation Tax Act, and, for
11 taxable years ending after December 31, 2008, does not
12 include the generation, transmission, or distribution of
13 electricity.

14 (4) The basis of qualified property shall be the basis
15 used to compute the depreciation deduction for federal
16 income tax purposes.

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

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

24 (7) If during any taxable year, any property ceases to
25 be qualified property in the hands of the taxpayer within
26 48 months after being placed in service, or the situs of

1 any qualified property is moved outside Illinois within 48
2 months after being placed in service, the Personal Property
3 Tax Replacement Income Tax for such taxable year shall be
4 increased. Such increase shall be determined by (i)
5 recomputing the investment credit which would have been
6 allowed for the year in which credit for such property was
7 originally allowed by eliminating such property from such
8 computation and, (ii) subtracting such recomputed credit
9 from the amount of credit previously allowed. For the
10 purposes of this paragraph (7), a reduction of the basis of
11 qualified property resulting from a redetermination of the
12 purchase price shall be deemed a disposition of qualified
13 property to the extent of such reduction.

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

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

1 partnership in accordance with the rules set forth in
2 Section 704(b) of the Internal Revenue Code, and the rules
3 promulgated under that Section, and the allocated amount of
4 the credits shall be allowed to the partners for that
5 taxable year. The partnership shall make this election on
6 its Personal Property Tax Replacement Income Tax return for
7 that taxable year. The election to pass through the credits
8 shall be irrevocable.

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

23 (f) Investment credit; Enterprise Zone; River Edge
24 Redevelopment Zone.

25 (1) A taxpayer shall be allowed a credit against the
26 tax imposed by subsections (a) and (b) of this Section for

1 investment in qualified property which is placed in service
2 in an Enterprise Zone created pursuant to the Illinois
3 Enterprise Zone Act or, for property placed in service on
4 or after July 1, 2006, a River Edge Redevelopment Zone
5 established pursuant to the River Edge Redevelopment Zone
6 Act. For partners, shareholders of Subchapter S
7 corporations, and owners of limited liability companies,
8 if the liability company is treated as a partnership for
9 purposes of federal and State income taxation, there shall
10 be allowed a credit under this subsection (f) to be
11 determined in accordance with the determination of income
12 and distributive share of income under Sections 702 and 704
13 and Subchapter S of the Internal Revenue Code. The credit
14 shall be .5% of the basis for such property. The credit
15 shall be available only in the taxable year in which the
16 property is placed in service in the Enterprise Zone or
17 River Edge Redevelopment Zone and shall not be allowed to
18 the extent that it would reduce a taxpayer's liability for
19 the tax imposed by subsections (a) and (b) of this Section
20 to below zero. For tax years ending on or after December
21 31, 1985, the credit shall be allowed for the tax year in
22 which the property is placed in service, or, if the amount
23 of the credit exceeds the tax liability for that year,
24 whether it exceeds the original liability or the liability
25 as later amended, such excess may be carried forward and
26 applied to the tax liability of the 5 taxable years

1 following the excess credit year. The credit shall be
2 applied to the earliest year for which there is a
3 liability. If there is credit from more than one tax year
4 that is available to offset a liability, the credit
5 accruing first in time shall be applied first.

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

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

9 (B) is depreciable pursuant to Section 167 of the
10 Internal Revenue Code, except that "3-year property"
11 as defined in Section 168(c)(2)(A) of that Code is not
12 eligible for the credit provided by this subsection
13 (f);

14 (C) is acquired by purchase as defined in Section
15 179(d) of the Internal Revenue Code;

16 (D) is used in the Enterprise Zone or River Edge
17 Redevelopment Zone by the taxpayer; and

18 (E) has not been previously used in Illinois in
19 such a manner and by such a person as would qualify for
20 the credit provided by this subsection (f) or
21 subsection (e).

22 (3) The basis of qualified property shall be the basis
23 used to compute the depreciation deduction for federal
24 income tax purposes.

25 (4) If the basis of the property for federal income tax
26 depreciation purposes is increased after it has been placed

1 in service in the Enterprise Zone or River Edge
2 Redevelopment Zone by the taxpayer, the amount of such
3 increase shall be deemed property placed in service on the
4 date of such increase in basis.

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

7 (6) If during any taxable year, any property ceases to
8 be qualified property in the hands of the taxpayer within
9 48 months after being placed in service, or the situs of
10 any qualified property is moved outside the Enterprise Zone
11 or River Edge Redevelopment Zone within 48 months after
12 being placed in service, the tax imposed under subsections
13 (a) and (b) of this Section for such taxable year shall be
14 increased. Such increase shall be determined by (i)
15 recomputing the investment credit which would have been
16 allowed for the year in which credit for such property was
17 originally allowed by eliminating such property from such
18 computation, and (ii) subtracting such recomputed credit
19 from the amount of credit previously allowed. For the
20 purposes of this paragraph (6), a reduction of the basis of
21 qualified property resulting from a redetermination of the
22 purchase price shall be deemed a disposition of qualified
23 property to the extent of such reduction.

24 (7) There shall be allowed an additional credit equal
25 to 0.5% of the basis of qualified property placed in
26 service during the taxable year in a River Edge

1 Redevelopment Zone, provided such property is placed in
2 service on or after July 1, 2006, and the taxpayer's base
3 employment within Illinois has increased by 1% or more over
4 the preceding year as determined by the taxpayer's
5 employment records filed with the Illinois Department of
6 Employment Security. Taxpayers who are new to Illinois
7 shall be deemed to have met the 1% growth in base
8 employment for the first year in which they file employment
9 records with the Illinois Department of Employment
10 Security. If, in any year, the increase in base employment
11 within Illinois over the preceding year is less than 1%,
12 the additional credit shall be limited to that percentage
13 times a fraction, the numerator of which is 0.5% and the
14 denominator of which is 1%, but shall not exceed 0.5%.

15 (8) For taxable years beginning on or after January 1,
16 2021, there shall be allowed an Enterprise Zone
17 construction jobs credit against the taxes imposed under
18 subsections (a) and (b) of this Section as provided in
19 Section 13 of the Illinois Enterprise Zone Act.

20 The credit or credits may not reduce the taxpayer's
21 liability to less than zero. If the amount of the credit or
22 credits exceeds the taxpayer's liability, the excess may be
23 carried forward and applied against the taxpayer's
24 liability in succeeding calendar years in the same manner
25 provided under paragraph (4) of Section 211 of this Act.
26 The credit or credits shall be applied to the earliest year

1 for which there is a tax liability. If there are credits
2 from more than one taxable year that are available to
3 offset a liability, the earlier credit shall be applied
4 first.

5 For partners, shareholders of Subchapter S
6 corporations, and owners of limited liability companies,
7 if the liability company is treated as a partnership for
8 the purposes of federal and State income taxation, there
9 shall be allowed a credit under this Section to be
10 determined in accordance with the determination of income
11 and distributive share of income under Sections 702 and 704
12 and Subchapter S of the Internal Revenue Code.

13 The total aggregate amount of credits awarded under the
14 Blue Collar Jobs Act (Article 20 of this amendatory Act of
15 the 101st General Assembly) shall not exceed \$20,000,000 in
16 any State fiscal year

17 This paragraph (8) is exempt from the provisions of
18 Section 250.

19 (g) (Blank).

20 (h) Investment credit; High Impact Business.

21 (1) Subject to subsections (b) and (b-5) of Section 5.5
22 of the Illinois Enterprise Zone Act, a taxpayer shall be
23 allowed a credit against the tax imposed by subsections (a)
24 and (b) of this Section for investment in qualified
25 property which is placed in service by a Department of
26 Commerce and Economic Opportunity designated High Impact

1 Business. The credit shall be .5% of the basis for such
2 property. The credit shall not be available (i) until the
3 minimum investments in qualified property set forth in
4 subdivision (a)(3)(A) of Section 5.5 of the Illinois
5 Enterprise Zone Act have been satisfied or (ii) until the
6 time authorized in subsection (b-5) of the Illinois
7 Enterprise Zone Act for entities designated as High Impact
8 Businesses under subdivisions (a)(3)(B), (a)(3)(C), and
9 (a)(3)(D) of Section 5.5 of the Illinois Enterprise Zone
10 Act, and shall not be allowed to the extent that it would
11 reduce a taxpayer's liability for the tax imposed by
12 subsections (a) and (b) of this Section to below zero. The
13 credit applicable to such investments shall be taken in the
14 taxable year in which such investments have been completed.
15 The credit for additional investments beyond the minimum
16 investment by a designated high impact business authorized
17 under subdivision (a)(3)(A) of Section 5.5 of the Illinois
18 Enterprise Zone Act shall be available only in the taxable
19 year in which the property is placed in service and shall
20 not be allowed to the extent that it would reduce a
21 taxpayer's liability for the tax imposed by subsections (a)
22 and (b) of this Section to below zero. For tax years ending
23 on or after December 31, 1987, the credit shall be allowed
24 for the tax year in which the property is placed in
25 service, or, if the amount of the credit exceeds the tax
26 liability for that year, whether it exceeds the original

1 liability or the liability as later amended, such excess
2 may be carried forward and applied to the tax liability of
3 the 5 taxable years following the excess credit year. The
4 credit shall be applied to the earliest year for which
5 there is a liability. If there is credit from more than one
6 tax year that is available to offset a liability, the
7 credit accruing first in time shall be applied first.

8 Changes made in this subdivision (h) (1) by Public Act
9 88-670 restore changes made by Public Act 85-1182 and
10 reflect existing law.

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

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

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

19 (C) is acquired by purchase as defined in Section
20 179(d) of the Internal Revenue Code; and

21 (D) is not eligible for the Enterprise Zone
22 Investment Credit provided by subsection (f) of this
23 Section.

24 (3) The basis of qualified property shall be the basis
25 used to compute the depreciation deduction for federal
26 income tax purposes.

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

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

9 (6) If during any taxable year ending on or before
10 December 31, 1996, any property ceases to be qualified
11 property in the hands of the taxpayer within 48 months
12 after being placed in service, or the situs of any
13 qualified property is moved outside Illinois within 48
14 months after being placed in service, the tax imposed under
15 subsections (a) and (b) of this Section for such taxable
16 year shall be increased. Such increase shall be determined
17 by (i) recomputing the investment credit which would have
18 been allowed for the year in which credit for such property
19 was originally allowed by eliminating such property from
20 such computation, and (ii) subtracting such recomputed
21 credit from the amount of credit previously allowed. For
22 the purposes of this paragraph (6), a reduction of the
23 basis of qualified property resulting from a
24 redetermination of the purchase price shall be deemed a
25 disposition of qualified property to the extent of such
26 reduction.

1 (7) Beginning with tax years ending after December 31,
2 1996, if a taxpayer qualifies for the credit under this
3 subsection (h) and thereby is granted a tax abatement and
4 the taxpayer relocates its entire facility in violation of
5 the explicit terms and length of the contract under Section
6 18-183 of the Property Tax Code, the tax imposed under
7 subsections (a) and (b) of this Section shall be increased
8 for the taxable year in which the taxpayer relocated its
9 facility by an amount equal to the amount of credit
10 received by the taxpayer under this subsection (h).

11 (h-5) High Impact Business constructions jobs credit. For
12 taxable years beginning on or after January 1, 2021, there
13 shall also be allowed a High Impact Business construction jobs
14 credit against the tax imposed under subsections (a) and (b) of
15 this Section as provided in subsections (i) and (j) of Section
16 5.5 of the Illinois Enterprise Zone Act.

17 The credit or credits may not reduce the taxpayer's
18 liability to less than zero. If the amount of the credit or
19 credits exceeds the taxpayer's liability, the excess may be
20 carried forward and applied against the taxpayer's liability in
21 succeeding calendar years in the manner provided under
22 paragraph (4) of Section 211 of this Act. The credit or credits
23 shall be applied to the earliest year for which there is a tax
24 liability. If there are credits from more than one taxable year
25 that are available to offset a liability, the earlier credit
26 shall be applied first.

1 For partners, shareholders of Subchapter S corporations,
2 and owners of limited liability companies, if the liability
3 company is treated as a partnership for the purposes of federal
4 and State income taxation, there shall be allowed a credit
5 under this Section 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.

9 The total aggregate amount of credits awarded under the
10 Blue Collar Jobs Act (Article 20 of this amendatory Act of the
11 101st General Assembly) shall not exceed \$20,000,000 in any
12 State fiscal year

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

15 (i) Credit for Personal Property Tax Replacement Income
16 Tax. For tax years ending prior to December 31, 2003, a credit
17 shall be allowed against the tax imposed by subsections (a) and
18 (b) of this Section for the tax imposed by subsections (c) and
19 (d) of this Section. This credit shall be computed by
20 multiplying the tax imposed by subsections (c) and (d) of this
21 Section by a fraction, the numerator of which is base income
22 allocable to Illinois and the denominator of which is Illinois
23 base income, and further multiplying the product by the tax
24 rate imposed by subsections (a) and (b) of this Section.

25 Any credit earned on or after December 31, 1986 under this
26 subsection which is unused in the year the credit is computed

1 because it exceeds the tax liability imposed by subsections (a)
2 and (b) for that year (whether it exceeds the original
3 liability or the liability as later amended) may be carried
4 forward and applied to the tax liability imposed by subsections
5 (a) and (b) of the 5 taxable years following the excess credit
6 year, provided that no credit may be carried forward to any
7 year ending on or after December 31, 2003. This credit shall be
8 applied first to the earliest year for which there is a
9 liability. If there is a credit under this subsection from more
10 than one tax year that is available to offset a liability the
11 earliest credit arising under this subsection shall be applied
12 first.

13 If, during any taxable year ending on or after December 31,
14 1986, the tax imposed by subsections (c) and (d) of this
15 Section for which a taxpayer has claimed a credit under this
16 subsection (i) is reduced, the amount of credit for such tax
17 shall also be reduced. Such reduction shall be determined by
18 recomputing the credit to take into account the reduced tax
19 imposed by subsections (c) and (d). If any portion of the
20 reduced amount of credit has been carried to a different
21 taxable year, an amended return shall be filed for such taxable
22 year to reduce the amount of credit claimed.

23 (j) Training expense credit. Beginning with tax years
24 ending on or after December 31, 1986 and prior to December 31,
25 2003, a taxpayer shall be allowed a credit against the tax
26 imposed by subsections (a) and (b) under this Section for all

1 amounts paid or accrued, on behalf of all persons employed by
2 the taxpayer in Illinois or Illinois residents employed outside
3 of Illinois by a taxpayer, for educational or vocational
4 training in semi-technical or technical fields or semi-skilled
5 or skilled fields, which were deducted from gross income in the
6 computation of taxable income. The credit against the tax
7 imposed by subsections (a) and (b) shall be 1.6% of such
8 training expenses. For partners, shareholders of subchapter S
9 corporations, and owners of limited liability companies, if the
10 liability company is treated as a partnership for purposes of
11 federal and State income taxation, there shall be allowed a
12 credit under this subsection (j) to be determined in accordance
13 with the determination of income and distributive share of
14 income under Sections 702 and 704 and subchapter S of the
15 Internal Revenue Code.

16 Any credit allowed under this subsection which is unused in
17 the year the credit is earned may be carried forward to each of
18 the 5 taxable years following the year for which the credit is
19 first computed until it is used. This credit shall be applied
20 first to the earliest year for which there is a liability. If
21 there is a credit under this subsection from more than one tax
22 year that is available to offset a liability the earliest
23 credit arising under this subsection shall be applied first. No
24 carryforward credit may be claimed in any tax year ending on or
25 after December 31, 2003.

26 (k) Research and development credit. For tax years ending

1 after July 1, 1990 and prior to December 31, 2003, and
2 beginning again for tax years ending on or after December 31,
3 2004, and ending prior to January 1, 2022, a taxpayer shall be
4 allowed a credit against the tax imposed by subsections (a) and
5 (b) of this Section for increasing research activities in this
6 State. The credit allowed against the tax imposed by
7 subsections (a) and (b) shall be equal to 6 1/2% of the
8 qualifying expenditures for increasing research activities in
9 this State. For partners, shareholders of subchapter S
10 corporations, and owners of limited liability companies, if the
11 liability company is treated as a partnership for purposes of
12 federal and State income taxation, there shall be allowed a
13 credit under this subsection to be determined in accordance
14 with the determination of income and distributive share of
15 income under Sections 702 and 704 and subchapter S of the
16 Internal Revenue Code.

17 For purposes of this subsection, "qualifying expenditures"
18 means the qualifying expenditures as defined for the federal
19 credit for increasing research activities which would be
20 allowable under Section 41 of the Internal Revenue Code and
21 which are conducted in this State, "qualifying expenditures for
22 increasing research activities in this State" means the excess
23 of qualifying expenditures for the taxable year in which
24 incurred over qualifying expenditures for the base period,
25 "qualifying expenditures for the base period" means the average
26 of the qualifying expenditures for each year in the base

1 period, and "base period" means the 3 taxable years immediately
2 preceding the taxable year for which the determination is being
3 made.

4 Any credit in excess of the tax liability for the taxable
5 year may be carried forward. A taxpayer may elect to have the
6 unused credit shown on its final completed return carried over
7 as a credit against the tax liability for the following 5
8 taxable years or until it has been fully used, whichever occurs
9 first; provided that no credit earned in a tax year ending
10 prior to December 31, 2003 may be carried forward to any year
11 ending on or after December 31, 2003.

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

24 No inference shall be drawn from this amendatory Act of the
25 91st General Assembly in construing this Section for taxable
26 years beginning before January 1, 1999.

1 It is the intent of the General Assembly that the research
2 and development credit under this subsection (k) shall apply
3 continuously for all tax years ending on or after December 31,
4 2004 and ending prior to January 1, 2022, including, but not
5 limited to, the period beginning on January 1, 2016 and ending
6 on the effective date of this amendatory Act of the 100th
7 General Assembly. All actions taken in reliance on the
8 continuation of the credit under this subsection (k) by any
9 taxpayer are hereby validated.

10 (1) Environmental Remediation Tax Credit.

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

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

1 shareholders of subchapter S corporations, there shall be
2 allowed a credit under this subsection to be determined in
3 accordance with the determination of income and
4 distributive share of income under Sections 702 and 704 and
5 subchapter S of the Internal Revenue Code.

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. The
10 term "unused credit" does not include any amounts of
11 unreimbursed eligible remediation costs in excess of the
12 maximum credit per site authorized under paragraph (i).
13 This credit shall be applied first to the earliest year for
14 which there is a liability. If there is a credit under this
15 subsection from more than one tax year that is available to
16 offset a liability, the earliest credit arising under this
17 subsection shall be applied first. A credit allowed under
18 this subsection may be sold to a buyer as part of a sale of
19 all or part of the remediation site for which the credit
20 was granted. The purchaser of a remediation site and the
21 tax credit shall succeed to the unused credit and remaining
22 carry-forward period of the seller. To perfect the
23 transfer, the assignor shall record the transfer in the
24 chain of title for the site and provide written notice to
25 the Director of the Illinois Department of Revenue of the
26 assignor's intent to sell the remediation site and the

1 amount of the tax credit to be transferred as a portion of
2 the sale. In no event may a credit be transferred to any
3 taxpayer if the taxpayer or a related party would not be
4 eligible under the provisions of subsection (i).

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

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

1 provisions of Section 250 of this Act.

2 For purposes of this subsection:

3 "Qualifying pupils" means individuals who (i) are
4 residents of the State of Illinois, (ii) are under the age of
5 21 at the close of the school year for which a credit is
6 sought, and (iii) during the school year for which a credit is
7 sought were full-time pupils enrolled in a kindergarten through
8 twelfth grade education program at any school, as defined in
9 this subsection.

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

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

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

24 (n) River Edge Redevelopment Zone site remediation tax
25 credit.

26 (i) For tax years ending on or after December 31, 2006,

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

1 the taxpayer has succeeded to under Section 381 of the
2 Internal Revenue Code and "related party" includes the
3 persons disallowed a deduction for losses by paragraphs
4 (b), (c), and (f) (1) of Section 267 of the Internal Revenue
5 Code by virtue of being a related taxpayer, as well as any
6 of its partners. The credit allowed against the tax imposed
7 by subsections (a) and (b) shall be equal to 25% of the
8 unreimbursed eligible remediation costs in excess of
9 \$100,000 per site.

10 (ii) A credit allowed under this subsection that is
11 unused in the year the credit is earned may be carried
12 forward to each of the 5 taxable years following the year
13 for which the credit is first earned until it is used. This
14 credit shall be applied first to the earliest year for
15 which there is a liability. If there is a credit under this
16 subsection from more than one tax year that is available to
17 offset a liability, the earliest credit arising under this
18 subsection shall be applied first. A credit allowed under
19 this subsection may be sold to a buyer as part of a sale of
20 all or part of the remediation site for which the credit
21 was granted. The purchaser of a remediation site and the
22 tax credit shall succeed to the unused credit and remaining
23 carry-forward period of the seller. To perfect the
24 transfer, the assignor shall record the transfer in the
25 chain of title for the site and provide written notice to
26 the Director of the Illinois Department of Revenue of the

1 assignor's intent to sell the remediation site and the
2 amount of the tax credit to be transferred as a portion of
3 the sale. In no event may a credit be transferred to any
4 taxpayer if the taxpayer or a related party would not be
5 eligible under the provisions of subsection (i).

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

9 (o) For each of taxable years during the Compassionate Use
10 of Medical Cannabis Pilot Program, a surcharge is imposed on
11 all taxpayers on income arising from the sale or exchange of
12 capital assets, depreciable business property, real property
13 used in the trade or business, and Section 197 intangibles of
14 an organization registrant under the Compassionate Use of
15 Medical Cannabis Pilot Program Act. The amount of the surcharge
16 is equal to the amount of federal income tax liability for the
17 taxable year attributable to those sales and exchanges. The
18 surcharge imposed does not apply if:

19 (1) the medical cannabis cultivation center
20 registration, medical cannabis dispensary registration, or
21 the property of a registration is transferred as a result
22 of any of the following:

23 (A) bankruptcy, a receivership, or a debt
24 adjustment initiated by or against the initial
25 registration or the substantial owners of the initial
26 registration;

1 (B) cancellation, revocation, or termination of
2 any registration by the Illinois Department of Public
3 Health;

4 (C) a determination by the Illinois Department of
5 Public Health that transfer of the registration is in
6 the best interests of Illinois qualifying patients as
7 defined by the Compassionate Use of Medical Cannabis
8 Pilot Program Act;

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

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 registration when the registration was issued;
19 or

20 (2) the cannabis cultivation center registration,
21 medical cannabis dispensary registration, or the
22 controlling interest in a registrant's property is
23 transferred in a transaction to lineal descendants in which
24 no gain or loss is recognized or as a result of a
25 transaction in accordance with Section 351 of the Internal
26 Revenue Code in which no gain or loss is recognized.

1 (Source: P.A. 100-22, eff. 7-6-17.)

2 (35 ILCS 5/211)

3 Sec. 211. Economic Development for a Growing Economy Tax
4 Credit. For tax years beginning on or after January 1, 1999, a
5 Taxpayer who has entered into an Agreement (including a New
6 Construction EDGE Agreement) under the Economic Development
7 for a Growing Economy Tax Credit Act is entitled to a credit
8 against the taxes imposed under subsections (a) and (b) of
9 Section 201 of this Act in an amount to be determined in the
10 Agreement. If the Taxpayer is a partnership or Subchapter S
11 corporation, the credit shall be allowed to the partners or
12 shareholders in accordance with the determination of income and
13 distributive share of income under Sections 702 and 704 and
14 subchapter S of the Internal Revenue Code. The Department, in
15 cooperation with the Department of Commerce and Economic
16 Opportunity, shall prescribe rules to enforce and administer
17 the provisions of this Section. This Section is exempt from the
18 provisions of Section 250 of this Act.

19 The credit shall be subject to the conditions set forth in
20 the Agreement and the following limitations:

21 (1) The tax credit shall not exceed the Incremental
22 Income Tax (as defined in Section 5-5 of the Economic
23 Development for a Growing Economy Tax Credit Act) with
24 respect to the project; additionally, the New Construction
25 EDGE Credit shall not exceed the New Construction EDGE

1 Incremental Income Tax (as defined in Section 5-5 of the
2 Economic Development for a Growing Economy Tax Credit Act).

3 (2) The amount of the credit allowed during the tax
4 year plus the sum of all amounts allowed in prior years
5 shall not exceed 100% of the aggregate amount expended by
6 the Taxpayer during all prior tax years on approved costs
7 defined by Agreement.

8 (3) The amount of the credit shall be determined on an
9 annual basis. Except as applied in a carryover year
10 pursuant to Section 211(4) of this Act, the credit may not
11 be applied against any State income tax liability in more
12 than 10 taxable years; provided, however, that (i) an
13 eligible business certified by the Department of Commerce
14 and Economic Opportunity under the Corporate Headquarters
15 Relocation Act may not apply the credit against any of its
16 State income tax liability in more than 15 taxable years
17 and (ii) credits allowed to that eligible business are
18 subject to the conditions and requirements set forth in
19 Sections 5-35 and 5-45 of the Economic Development for a
20 Growing Economy Tax Credit Act and Section 5-51 as
21 applicable to New Construction EDGE Credits.

22 (4) The credit may not exceed the amount of taxes
23 imposed pursuant to subsections (a) and (b) of Section 201
24 of this Act. Any credit that is unused in the year the
25 credit is computed may be carried forward and applied to
26 the tax liability of the 5 taxable years following the

1 excess credit year. The credit shall be applied to the
2 earliest year for which there is a tax liability. If there
3 are credits from more than one tax year that are available
4 to offset a liability, the earlier credit shall be applied
5 first.

6 (5) No credit shall be allowed with respect to any
7 Agreement for any taxable year ending after the
8 Noncompliance Date. Upon receiving notification by the
9 Department of Commerce and Economic Opportunity of the
10 noncompliance of a Taxpayer with an Agreement, the
11 Department shall notify the Taxpayer that no credit is
12 allowed with respect to that Agreement for any taxable year
13 ending after the Noncompliance Date, as stated in such
14 notification. If any credit has been allowed with respect
15 to an Agreement for a taxable year ending after the
16 Noncompliance Date for that Agreement, any refund paid to
17 the Taxpayer for that taxable year shall, to the extent of
18 that credit allowed, be an erroneous refund within the
19 meaning of Section 912 of this Act.

20 (6) For purposes of this Section, the terms
21 "Agreement", "Incremental Income Tax", "New Construction
22 EDGE Agreement", "New Construction EDGE Credit", "New
23 Construction EDGE Incremental Income Tax", and
24 "Noncompliance Date" have the same meaning as when used in
25 the Economic Development for a Growing Economy Tax Credit
26 Act.

1 (Source: P.A. 94-793, eff. 5-19-06.)

2 (35 ILCS 5/221)

3 Sec. 221. Rehabilitation costs; qualified historic
4 properties; River Edge Redevelopment Zone.

5 (a) For taxable years that begin on or after January 1,
6 2012 and begin prior to January 1, 2018, there shall be allowed
7 a tax credit against the tax imposed by subsections (a) and (b)
8 of Section 201 of this Act in an amount equal to 25% of
9 qualified expenditures incurred by a qualified taxpayer during
10 the taxable year in the restoration and preservation of a
11 qualified historic structure located in a River Edge
12 Redevelopment Zone pursuant to a qualified rehabilitation
13 plan, provided that the total amount of such expenditures (i)
14 must equal \$5,000 or more and (ii) must exceed 50% of the
15 purchase price of the property.

16 (a-1) For taxable years that begin on or after January 1,
17 2018 and end prior to January 1, 2022, there shall be allowed a
18 tax credit against the tax imposed by subsections (a) and (b)
19 of Section 201 of this Act in an aggregate amount equal to 25%
20 of qualified expenditures incurred by a qualified taxpayer in
21 the restoration and preservation of a qualified historic
22 structure located in a River Edge Redevelopment Zone pursuant
23 to a qualified rehabilitation plan, provided that the total
24 amount of such expenditures must (i) equal \$5,000 or more and
25 (ii) exceed the adjusted basis of the qualified historic

1 structure on the first day the qualified rehabilitation plan
2 begins. For any rehabilitation project, regardless of duration
3 or number of phases, the project's compliance with the
4 foregoing provisions (i) and (ii) shall be determined based on
5 the aggregate amount of qualified expenditures for the entire
6 project and may include expenditures incurred under subsection
7 (a), this subsection, or both subsection (a) and this
8 subsection. If the qualified rehabilitation plan spans
9 multiple years, the aggregate credit for the entire project
10 shall be allowed in the last taxable year, except for phased
11 rehabilitation projects, which may receive credits upon
12 completion of each phase. Before obtaining the first phased
13 credit: (A) the total amount of such expenditures must meet the
14 requirements of provisions (i) and (ii) of this subsection; (B)
15 the rehabilitated portion of the qualified historic structure
16 must be placed in service; and (C) the requirements of
17 subsection (b) must be met.

18 (a-2) For taxable years beginning on or after January 1,
19 2021 and ending prior to January 1, 2022, there shall be
20 allowed a tax credit against the tax imposed by subsections (a)
21 and (b) of Section 201 as provided in Section 10-10.3 of the
22 River Edge Redevelopment Zone Act. The credit allowed under
23 this subsection (a-2) shall apply only to taxpayers that make a
24 capital investment of at least \$1,000,000 in a qualified
25 rehabilitation plan.

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 in
4 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 year
8 that are available to offset a liability, the earlier credit
9 shall be applied first.

10 For partners, shareholders of Subchapter S corporations,
11 and owners of limited liability companies, if the liability
12 company is treated as a partnership for the purposes of federal
13 and State income taxation, there shall be allowed a credit
14 under this Section to be determined in accordance with the
15 determination of income and distributive share of income under
16 Sections 702 and 704 and Subchapter S of the Internal Revenue
17 Code.

18 The total aggregate amount of credits awarded under the
19 Blue Collar Jobs Act (Article 20 of this amendatory Act of the
20 101st General Assembly) shall not exceed \$20,000,000 in any
21 State fiscal year.

22 (b) To obtain a tax credit pursuant to this Section, the
23 taxpayer must apply with the Department of Natural Resources.
24 The Department of Natural Resources shall determine the amount
25 of eligible rehabilitation costs and expenses in addition to
26 the amount of the River Edge construction jobs credit within 45

1 days of receipt of a complete application. The taxpayer must
2 submit a certification of costs prepared by an independent
3 certified public accountant that certifies (i) the project
4 expenses, (ii) whether those expenses are qualified
5 expenditures, and (iii) that the qualified expenditures exceed
6 the adjusted basis of the qualified historic structure on the
7 first day the qualified rehabilitation plan commenced. The
8 Department of Natural Resources is authorized, but not
9 required, to accept this certification of costs to determine
10 the amount of qualified expenditures and the amount of the
11 credit. The Department of Natural Resources shall provide
12 guidance as to the minimum standards to be followed in the
13 preparation of such certification. The Department of Natural
14 Resources and the National Park Service shall determine whether
15 the rehabilitation is consistent with the United States
16 Secretary of the Interior's Standards for Rehabilitation.

17 (b-1) Upon completion of the project and approval of the
18 complete application, the Department of Natural Resources
19 shall issue a single certificate in the amount of the eligible
20 credits equal to 25% of qualified expenditures incurred during
21 the eligible taxable years, as defined in subsections (a) and
22 (a-1), excepting any credits awarded under subsection (a) prior
23 to January 1, 2019 (the effective date of Public Act 100-629)
24 ~~this amendatory Act of the 100th General Assembly~~ and any
25 phased credits issued prior to the eligible taxable year under
26 subsection (a-1). At the time the certificate is issued, an

1 issuance fee up to the maximum amount of 2% of the amount of
2 the credits issued by the certificate may be collected from the
3 applicant to administer the provisions of this Section. If
4 collected, this issuance fee shall be deposited into the
5 Historic Property Administrative Fund, a special fund created
6 in the State treasury. Subject to appropriation, moneys in the
7 Historic Property Administrative Fund shall be provided to the
8 Department of Natural Resources as reimbursement ~~Department of~~
9 ~~Natural Resources~~ for the costs associated with administering
10 this Section.

11 (c) The taxpayer must attach the certificate to the tax
12 return on which the credits are to be claimed. The tax credit
13 under this Section may not reduce the taxpayer's liability to
14 less than zero. If the amount of the credit exceeds the tax
15 liability for the year, the excess credit may be carried
16 forward and applied to the tax liability of the 5 taxable years
17 following the excess credit year.

18 (c-1) Subject to appropriation, moneys in the Historic
19 Property Administrative Fund shall be used, on a biennial basis
20 beginning at the end of the second fiscal year after January 1,
21 2019 (the effective date of Public Act 100-629) ~~this amendatory~~
22 ~~Act of the 100th General Assembly~~, to hire a qualified third
23 party to prepare a biennial report to assess the overall
24 economic impact to the State from the qualified rehabilitation
25 projects under this Section completed in that year and in
26 previous years. The overall economic impact shall include at

1 least: (1) the direct and indirect or induced economic impacts
2 of completed projects; (2) temporary, permanent, and
3 construction jobs created; (3) sales, income, and property tax
4 generation before, during construction, and after completion;
5 and (4) indirect neighborhood impact after completion. The
6 report shall be submitted to the Governor and the General
7 Assembly. The report to the General Assembly shall be filed
8 with the Clerk of the House of Representatives and the
9 Secretary of the Senate in electronic form only, in the manner
10 that the Clerk and the Secretary shall direct.

11 (c-2) The Department of Natural Resources may adopt rules
12 to implement this Section in addition to the rules expressly
13 authorized in this Section.

14 (d) As used in this Section, the following terms have the
15 following meanings.

16 "Phased rehabilitation" means a project that is completed
17 in phases, as defined under Section 47 of the federal Internal
18 Revenue Code and pursuant to National Park Service regulations
19 at 36 C.F.R. 67.

20 "Placed in service" means the date when the property is
21 placed in a condition or state of readiness and availability
22 for a specifically assigned function as defined under Section
23 47 of the federal Internal Revenue Code and federal Treasury
24 Regulation Sections 1.46 and 1.48.

25 "Qualified expenditure" means all the costs and expenses
26 defined as qualified rehabilitation expenditures under Section

1 47 of the federal Internal Revenue Code that were incurred in
2 connection with a qualified historic structure.

3 "Qualified historic structure" means a certified historic
4 structure as defined under Section 47(c)(3) of the federal
5 Internal Revenue Code.

6 "Qualified rehabilitation plan" means a project that is
7 approved by the Department of Natural Resources and the
8 National Park Service as being consistent with the United
9 States Secretary of the Interior's Standards for
10 Rehabilitation.

11 "Qualified taxpayer" means the owner of the qualified
12 historic structure or any other person who qualifies for the
13 federal rehabilitation credit allowed by Section 47 of the
14 federal Internal Revenue Code with respect to that qualified
15 historic structure. Partners, shareholders of subchapter S
16 corporations, and owners of limited liability companies (if the
17 limited liability company is treated as a partnership for
18 purposes of federal and State income taxation) are entitled to
19 a credit under this Section to be determined in accordance with
20 the determination of income and distributive share of income
21 under Sections 702 and 703 and subchapter S of the Internal
22 Revenue Code, provided that credits granted to a partnership, a
23 limited liability company taxed as a partnership, or other
24 multiple owners of property shall be passed through to the
25 partners, members, or owners respectively on a pro rata basis
26 or pursuant to an executed agreement among the partners,

1 members, or owners documenting any alternate distribution
2 method.

3 (Source: P.A. 99-914, eff. 12-20-16; 100-236, eff. 8-18-17;
4 100-629, eff. 1-1-19; 100-695, eff. 8-3-18; revised 10-18-18.)

5 Section 20-15. The Economic Development for a Growing
6 Economy Tax Credit Act is amended by changing Section 5-5 and
7 by adding Sections 5-51 and 5-56 as follows:

8 (35 ILCS 10/5-5)

9 Sec. 5-5. Definitions. As used in this Act:

10 "Agreement" means the Agreement between a Taxpayer and the
11 Department under the provisions of Section 5-50 of this Act.

12 "Applicant" means a Taxpayer that is operating a business
13 located or that the Taxpayer plans to locate within the State
14 of Illinois and that is engaged in interstate or intrastate
15 commerce for the purpose of manufacturing, processing,
16 assembling, warehousing, or distributing products, conducting
17 research and development, providing tourism services, or
18 providing services in interstate commerce, office industries,
19 or agricultural processing, but excluding retail, retail food,
20 health, or professional services. "Applicant" does not include
21 a Taxpayer who closes or substantially reduces an operation at
22 one location in the State and relocates substantially the same
23 operation to another location in the State. This does not
24 prohibit a Taxpayer from expanding its operations at another

1 location in the State, provided that existing operations of a
2 similar nature located within the State are not closed or
3 substantially reduced. This also does not prohibit a Taxpayer
4 from moving its operations from one location in the State to
5 another location in the State for the purpose of expanding the
6 operation provided that the Department determines that
7 expansion cannot reasonably be accommodated within the
8 municipality in which the business is located, or in the case
9 of a business located in an incorporated area of the county,
10 within the county in which the business is located, after
11 conferring with the chief elected official of the municipality
12 or county and taking into consideration any evidence offered by
13 the municipality or county regarding the ability to accommodate
14 expansion within the municipality or county.

15 "Committee" means the Illinois Business Investment
16 Committee created under Section 5-25 of this Act within the
17 Illinois Economic Development Board.

18 "Credit" means the amount agreed to between the Department
19 and Applicant under this Act, but not to exceed the lesser of:
20 (1) the sum of (i) 50% of the Incremental Income Tax
21 attributable to New Employees at the Applicant's project and
22 (ii) 10% of the training costs of New Employees; or (2) 100% of
23 the Incremental Income Tax attributable to New Employees at the
24 Applicant's project. However, if the project is located in an
25 underserved area, then the amount of the Credit may not exceed
26 the lesser of: (1) the sum of (i) 75% of the Incremental Income

1 Tax attributable to New Employees at the Applicant's project
2 and (ii) 10% of the training costs of New Employees; or (2)
3 100% of the Incremental Income Tax attributable to New
4 Employees at the Applicant's project. If an Applicant agrees to
5 hire the required number of New Employees, then the maximum
6 amount of the Credit for that Applicant may be increased by an
7 amount not to exceed 25% of the Incremental Income Tax
8 attributable to retained employees at the Applicant's project;
9 provided that, in order to receive the increase for retained
10 employees, the Applicant must provide the additional evidence
11 required under paragraph (3) of subsection (b) of Section 5-25.

12 "Department" means the Department of Commerce and Economic
13 Opportunity.

14 "Director" means the Director of Commerce and Economic
15 Opportunity.

16 "Full-time Employee" means an individual who is employed
17 for consideration for at least 35 hours each week or who
18 renders any other standard of service generally accepted by
19 industry custom or practice as full-time employment. An
20 individual for whom a W-2 is issued by a Professional Employer
21 Organization (PEO) is a full-time employee if employed in the
22 service of the Applicant for consideration for at least 35
23 hours each week or who renders any other standard of service
24 generally accepted by industry custom or practice as full-time
25 employment to Applicant.

26 "Incremental Income Tax" means the total amount withheld

1 during the taxable year from the compensation of New Employees
2 and, if applicable, retained employees under Article 7 of the
3 Illinois Income Tax Act arising from employment at a project
4 that is the subject of an Agreement.

5 "New Construction EDGE Agreement" means the Agreement
6 between a Taxpayer and the Department under the provisions of
7 Section 5-51 of this Act.

8 "New Construction EDGE Credit" means an amount agreed to
9 between the Department and the Applicant under this Act as part
10 of a New Construction EDGE Agreement that does not exceed 50%
11 of the Incremental Income Tax attributable to New Construction
12 EDGE Employees at the Applicant's project; however, if the New
13 Construction EDGE Project is located in an underserved area,
14 then the amount of the New Construction EDGE Credit may not
15 exceed 75% of the Incremental Income Tax attributable to New
16 Construction EDGE Employees at the Applicant's New
17 Construction EDGE Project.

18 "New Construction EDGE Employee" means a laborer or worker
19 who is employed by an Illinois contractor or subcontractor in
20 the actual construction work on the site of a New Construction
21 EDGE Project, pursuant to a New Construction EDGE Agreement.

22 "New Construction EDGE Incremental Income Tax" means the
23 total amount withheld during the taxable year from the
24 compensation of New Construction EDGE Employees.

25 "New Construction EDGE Project" means the building of a
26 Taxpayer's structure or building, or making improvements of any

1 kind to real property. "New Construction EDGE Project" does not
2 include the routine operation, routine repair, or routine
3 maintenance of existing structures, buildings, or real
4 property.

5 "New Employee" means:

6 (a) A Full-time Employee first employed by a Taxpayer
7 in the project that is the subject of an Agreement and who
8 is hired after the Taxpayer enters into the tax credit
9 Agreement.

10 (b) The term "New Employee" does not include:

11 (1) an employee of the Taxpayer who performs a job
12 that was previously performed by another employee, if
13 that job existed for at least 6 months before hiring
14 the employee;

15 (2) an employee of the Taxpayer who was previously
16 employed in Illinois by a Related Member of the
17 Taxpayer and whose employment was shifted to the
18 Taxpayer after the Taxpayer entered into the tax credit
19 Agreement; or

20 (3) a child, grandchild, parent, or spouse, other
21 than a spouse who is legally separated from the
22 individual, of any individual who has a direct or an
23 indirect ownership interest of at least 5% in the
24 profits, capital, or value of the Taxpayer.

25 (c) Notwithstanding paragraph (1) of subsection (b),
26 an employee may be considered a New Employee under the

1 Agreement if the employee performs a job that was
2 previously performed by an employee who was:

3 (1) treated under the Agreement as a New Employee;
4 and

5 (2) promoted by the Taxpayer to another job.

6 (d) Notwithstanding subsection (a), the Department may
7 award Credit to an Applicant with respect to an employee
8 hired prior to the date of the Agreement if:

9 (1) the Applicant is in receipt of a letter from
10 the Department stating an intent to enter into a credit
11 Agreement;

12 (2) the letter described in paragraph (1) is issued
13 by the Department not later than 15 days after the
14 effective date of this Act; and

15 (3) the employee was hired after the date the
16 letter described in paragraph (1) was issued.

17 "Noncompliance Date" means, in the case of a Taxpayer that
18 is not complying with the requirements of the Agreement or the
19 provisions of this Act, the day following the last date upon
20 which the Taxpayer was in compliance with the requirements of
21 the Agreement and the provisions of this Act, as determined by
22 the Director, pursuant to Section 5-65.

23 "Pass Through Entity" means an entity that is exempt from
24 the tax under subsection (b) or (c) of Section 205 of the
25 Illinois Income Tax Act.

26 "Professional Employer Organization" (PEO) means an

1 employee leasing company, as defined in Section 206.1(A)(2) of
2 the Illinois Unemployment Insurance Act.

3 "Related Member" means a person that, with respect to the
4 Taxpayer during any portion of the taxable year, is any one of
5 the following:

6 (1) An individual stockholder, if the stockholder and
7 the members of the stockholder's family (as defined in
8 Section 318 of the Internal Revenue Code) own directly,
9 indirectly, beneficially, or constructively, in the
10 aggregate, at least 50% of the value of the Taxpayer's
11 outstanding stock.

12 (2) A partnership, estate, or trust and any partner or
13 beneficiary, if the partnership, estate, or trust, and its
14 partners or beneficiaries own directly, indirectly,
15 beneficially, or constructively, in the aggregate, at
16 least 50% of the profits, capital, stock, or value of the
17 Taxpayer.

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

26 (4) A corporation and any party related to that

1 corporation in a manner that would require an attribution
2 of stock from the corporation to the party or from the
3 party to the corporation under the attribution rules of
4 Section 318 of the Internal Revenue Code, if the
5 corporation and all such related parties own in the
6 aggregate at least 50% of the profits, capital, stock, or
7 value of the Taxpayer.

8 (5) A person to or from whom there is attribution of
9 stock ownership in accordance with Section 1563(e) of the
10 Internal Revenue Code, except, for purposes of determining
11 whether a person is a Related Member under this paragraph,
12 20% shall be substituted for 5% wherever 5% appears in
13 Section 1563(e) of the Internal Revenue Code.

14 "Taxpayer" means an individual, corporation, partnership,
15 or other entity that has any Illinois Income Tax liability.

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

18 (1) the area has a poverty rate of at least 20%
19 according to the latest federal decennial census;

20 (2) 75% or more of the children in the area participate
21 in the federal free lunch program according to reported
22 statistics from the State Board of Education;

23 (3) at least 20% of the households in the area receive
24 assistance under the Supplemental Nutrition Assistance
25 Program (SNAP); or

26 (4) the area has an average unemployment rate, as

1 determined by the Illinois Department of Employment
2 Security, that is more than 120% of the national
3 unemployment average, as determined by the U.S. Department
4 of Labor, for a period of at least 2 consecutive calendar
5 years preceding the date of the application.

6 (Source: P.A. 100-511, eff. 9-18-17.)

7 (35 ILCS 10/5-51 new)

8 Sec. 5-51. New Construction EDGE Agreement.

9 (a) Notwithstanding any other provisions of this Act, and
10 in addition to any Credit otherwise allowed under this Act,
11 beginning on January 1, 2021, there is allowed a New
12 Construction EDGE Credit for eligible Applicants that meet the
13 following criteria:

14 (1) the Department has certified that the Applicant
15 meets all requirements of Sections 5-15, 5-20, and 5-25;
16 and

17 (2) the Department has certified that, pursuant to
18 Section 5-20, the Applicant's Agreement includes a capital
19 investment of at least \$10,000,000 in a New Construction
20 EDGE Project to be placed in service within the State as a
21 direct result of an Agreement entered into pursuant to this
22 Section.

23 (b) The Department shall notify each Applicant during the
24 application process that their project is eligible for a New
25 Construction EDGE Credit. The Department shall create a

1 separate application to be filled out by the Applicant
2 regarding the New Construction EDGE credit. The Application
3 shall include the following:

4 (1) a detailed description of the New Construction EDGE
5 Project that is subject to the New Construction EDGE
6 Agreement, including the location and amount of the
7 investment and jobs created or retained;

8 (2) the duration of the New Construction EDGE Credit
9 and the first taxable year for which the Credit may be
10 claimed;

11 (3) the New Construction EDGE Credit amount that will
12 be allowed for each taxable year;

13 (4) a requirement that the Director is authorized to
14 verify with the appropriate State agencies the amount of
15 the incremental income tax withheld by a Taxpayer, and
16 after doing so, shall issue a certificate to the Taxpayer
17 stating that the amounts have been verified;

18 (5) the amount of the capital investment, which may at
19 no point be less than \$10,000,000, the time period of
20 placing the New Construction EDGE Project in service, and
21 the designated location in Illinois for the investment;

22 (6) a requirement that the Taxpayer shall provide
23 written notification to the Director not more than 30 days
24 after the Taxpayer determines that the capital investment
25 of at least \$10,000,000 is not or will not be achieved or
26 maintained as set forth in the terms and conditions of the

1 Agreement;

2 (7) a detailed provision that the Taxpayer shall be
3 awarded a New Construction EDGE Credit upon the verified
4 completion and occupancy of a New Construction EDGE
5 Project; and

6 (8) any other performance conditions, including the
7 ability to verify that a New Construction EDGE Project is
8 built and completed, or that contract provisions as the
9 Department determines are appropriate.

10 (c) The Department shall post on its website the terms of
11 each New Construction EDGE Agreement entered into under this
12 Act on or after the effective date of this amendatory Act of
13 the 101st General Assembly. Such information shall be posted
14 within 10 days after entering into the Agreement and must
15 include the following:

16 (1) the name of the recipient business;

17 (2) the location of the project;

18 (3) the estimated value of the credit; and

19 (4) whether or not the project is located in an
20 underserved area.

21 (d) The Department, in collaboration with the Department of
22 Labor, shall require that certified payroll reporting,
23 pursuant to Section 5-56 of this Act, be completed in order to
24 verify the wages and any other necessary information which the
25 Department may deem necessary to ascertain and certify the
26 total number of New Construction EDGE Employees subject to a

1 New Construction EDGE Agreement and amount of a New
2 Construction EDGE Credit.

3 (e) The total aggregate amount of credits awarded under the
4 Blue Collar Jobs Act (Article 20 of this amendatory Act of the
5 101st General Assembly) shall not exceed \$20,000,000 in any
6 State fiscal year.

7 (35 ILCS 10/5-56 new)

8 Sec. 5-56. Certified payroll.

9 (a) Each contractor and subcontractor that is engaged in
10 and is executing a New Construction EDGE Project for a
11 Taxpayer, pursuant to a New Construction EDGE Agreement shall:

12 (1) make and keep, for a period of 5 years from the
13 date of the last payment made on or after the effective
14 date of this amendatory Act of the 101st General Assembly
15 on a contract or subcontract for a New Construction EDGE
16 Project pursuant to a New Construction EDGE Agreement,
17 records of all laborers and other workers employed by the
18 contractor or subcontractor on the project; the records
19 shall include:

20 (A) the worker's name;

21 (B) the worker's address;

22 (C) the worker's telephone number, if available;

23 (D) the worker's social security number;

24 (E) the worker's classification or

25 classifications;

1 (F) the worker's gross and net wages paid in each
2 pay period;

3 (G) the worker's number of hours worked each day;

4 (H) the worker's starting and ending times of work
5 each day;

6 (I) the worker's hourly wage rate; and

7 (J) the worker's hourly overtime wage rate; and

8 (2) no later than the 15th day of each calendar month,
9 provide a certified payroll for the immediately preceding
10 month to the taxpayer in charge of the project; within 5
11 business days after receiving the certified payroll, the
12 taxpayer shall file the certified payroll with the
13 Department of Labor and the Department of Commerce and
14 Economic Opportunity; a certified payroll must be filed for
15 only those calendar months during which construction on a
16 New Construction EDGE Project has occurred; the certified
17 payroll shall consist of a complete copy of the records
18 identified in paragraph (1), but may exclude the starting
19 and ending times of work each day; the certified payroll
20 shall be accompanied by a statement signed by the
21 contractor or subcontractor or an officer, employee, or
22 agent of the contractor or subcontractor which avers that:

23 (A) he or she has examined the certified payroll
24 records required to be submitted by the Act and such
25 records are true and accurate; and

26 (B) the contractor or subcontractor is aware that

1 filing a certified payroll that he or she knows to be
2 false is a Class A misdemeanor.

3 A general contractor is not prohibited from relying on a
4 certified payroll of a lower-tier subcontractor, provided the
5 general contractor does not knowingly rely upon a
6 subcontractor's false certification.

7 Any contractor or subcontractor subject to this Section,
8 and any officer, employee, or agent of such contractor or
9 subcontractor whose duty as an officer, employee, or agent it
10 is to file a certified payroll under this Section, who
11 willfully fails to file such a certified payroll on or before
12 the date such certified payroll is required to be filed and any
13 person who willfully files a false certified payroll that is
14 false as to any material fact is in violation of this Act and
15 guilty of a Class A misdemeanor.

16 The taxpayer in charge of the project shall keep the
17 records submitted in accordance with this subsection on or
18 after the effective date of this amendatory Act of the 101st
19 General Assembly for a period of 5 years from the date of the
20 last payment for work on a contract or subcontract for the
21 project.

22 The records submitted in accordance with this subsection
23 shall be considered public records, except an employee's
24 address, telephone number, and social security number, and made
25 available in accordance with the Freedom of Information Act.
26 The Department of Labor shall accept any reasonable submissions

1 by the contractor that meet the requirements of this subsection
2 and shall share the information with the Department in order to
3 comply with the awarding of New Construction EDGE Credits. A
4 contractor, subcontractor, or public body may retain records
5 required under this Section in paper or electronic format.

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

13 Section 20-20. The River Edge Redevelopment Zone Act is
14 amended by changing Section 10-3 and by adding Sections 10-10.3
15 and 10-10.4 as follows:

16 (65 ILCS 115/10-3)

17 Sec. 10-3. Definitions. As used in this Act:

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

20 "River Edge Redevelopment Zone" means an area of the State
21 certified by the Department as a River Edge Redevelopment Zone
22 pursuant to this Act.

23 "Designated zone organization" means an association or
24 entity: (1) the members of which are substantially all

1 residents of the River Edge Redevelopment Zone or of the
2 municipality in which the River Edge Redevelopment Zone is
3 located; (2) the board of directors of which is elected by the
4 members of the organization; (3) that satisfies the criteria
5 set forth in Section 501(c) (3) or 501(c) (4) of the Internal
6 Revenue Code; and (4) that exists primarily for the purpose of
7 performing within the zone, for the benefit of the residents
8 and businesses thereof, any of the functions set forth in
9 Section 8 of this Act.

10 "Incremental income tax" means the total amount withheld
11 during the taxable year from the compensation of River Edge
12 Construction Jobs Employees.

13 "Agency" means: each officer, board, commission, and
14 agency created by the Constitution, in the executive branch of
15 State government, other than the State Board of Elections; each
16 officer, department, board, commission, agency, institution,
17 authority, university, and body politic and corporate of the
18 State; each administrative unit or corporate outgrowth of the
19 State government that is created by or pursuant to statute,
20 other than units of local government and their officers, school
21 districts, and boards of election commissioners; and each
22 administrative unit or corporate outgrowth of the above and as
23 may be created by executive order of the Governor. No entity is
24 an "agency" for the purposes of this Act unless the entity is
25 authorized by law to make rules or regulations.

26 "River Edge construction jobs credit" means an amount equal

1 to 50% of the incremental income tax attributable to River Edge
2 construction employees employed on a River Edge construction
3 jobs project. However, the amount may equal 75% of the
4 incremental income tax attributable to River Edge construction
5 employees employed on a River Edge construction jobs project
6 located in an underserved area. The total aggregate amount of
7 credits awarded under the Blue Collar Jobs Act (Article 20 of
8 this amendatory Act of the 101st General Assembly) shall not
9 exceed \$20,000,000 in any State fiscal year.

10 "River Edge construction jobs employee" means a laborer or
11 worker who is employed by an Illinois contractor or
12 subcontractor in the actual construction work on the site of a
13 River Edge construction jobs project.

14 "River Edge construction jobs project" means building a
15 structure or building, or making improvements of any kind to
16 real property, in a River Edge Redevelopment Zone that is built
17 or improved in the course of completing a qualified
18 rehabilitation plan. "River Edge construction jobs project"
19 does not include the routine operation, routine repair, or
20 routine maintenance of existing structures, buildings, or real
21 property.

22 "Rule" means each agency statement of general
23 applicability that implements, applies, interprets, or
24 prescribes law or policy, but does not include (i) statements
25 concerning only the internal management of an agency and not
26 affecting private rights or procedures available to persons or

1 entities outside the agency, (ii) intra-agency memoranda, or
2 (iii) the prescription of standardized forms.

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

5 (1) the area has a poverty rate of at least 20%
6 according to the latest federal decennial census;

7 (2) 75% or more of the children in the area participate
8 in the federal free lunch program according to reported
9 statistics from the State Board of Education;

10 (3) at least 20% of the households in the area receive
11 assistance under the Supplemental Nutrition Assistance
12 Program (SNAP); or

13 (4) the area has an average unemployment rate, as
14 determined by the Illinois Department of Employment
15 Security, that is more than 120% of the national
16 unemployment average, as determined by the U.S. Department
17 of Labor, for a period of at least 2 consecutive calendar
18 years preceding the date of the application.

19 (Source: P.A. 94-1021, eff. 7-12-06.)

20 (65 ILCS 115/10-10.3 new)

21 Sec. 10-10.3. River Edge Construction Jobs Credit.

22 (a) Beginning on January 1, 2021, a business entity may
23 receive a tax credit against the tax imposed under subsections
24 (a) and (b) of Section 201 in an amount equal to 50% (or 75% if
25 the project is located in an underserved area) of the amount of

1 the incremental income tax attributable to River Edge
2 construction jobs employees employed in the course of
3 completing a River Edge construction jobs project. The credit
4 allowed under this Section shall apply only to taxpayers that
5 make a capital investment of at least \$1,000,000 in a qualified
6 rehabilitation plan.

7 (b) A business entity seeking a credit under this Section
8 must submit an application to the Department describing the
9 nature and benefit of the River Edge construction jobs project
10 to the qualified rehabilitation project and the River Edge
11 Redevelopment Zone. The Department may adopt any necessary
12 rules in order to administer the provisions of this Section.

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

24 (d) On an annual basis, the designated zone organization
25 shall furnish a statement to the Department on the programmatic
26 and financial status of any approved project and an audited

1 financial statement of the project.

2 (e) The Department shall certify to the Department of
3 Revenue the identity of the taxpayers who are eligible for
4 River Edge construction jobs credits and the amounts of River
5 Edge construction jobs credits awarded in each taxable year.

6 (f) The Department, in collaboration with the Department of
7 Labor, shall require certified payroll reporting, pursuant to
8 Section 10-10.4 of this Act, be completed in order to verify
9 the wages and any other necessary information which the
10 Department may deem necessary to ascertain and certify the
11 total number of River Edge construction jobs employees and
12 determine the amount of a River Edge construction jobs credit.

13 (g) The total aggregate amount of credits awarded under the
14 Blue Collar Jobs Act (Article 20 of this amendatory Act of the
15 101st General Assembly) shall not exceed \$20,000,000 in any
16 State fiscal year.

17 (65 ILCS 115/10-10.4 new)

18 Sec. 10-10.4. Certified payroll.

19 (a) Any contractor and each subcontractor who is engaged in
20 and is executing a River Edge construction jobs project for a
21 taxpayer that is entitled to a credit pursuant to Section
22 10-10.3 of this Act shall:

23 (1) make and keep, for a period of 5 years from the
24 date of the last payment made on or after the effective
25 date of this amendatory Act of the 101st General Assembly

1 on a contract or subcontract for a River Edge Construction
2 Jobs Project in a River Edge Redevelopment Zone records of
3 all laborers and other workers employed by them on the
4 project; the records shall include:

5 (A) the worker's name;

6 (B) the worker's address;

7 (C) the worker's telephone number, if available;

8 (D) the worker's social security number;

9 (E) the worker's classification or
10 classifications;

11 (F) the worker's gross and net wages paid in each
12 pay period;

13 (G) the worker's number of hours worked each day;

14 (H) the worker's starting and ending times of work
15 each day;

16 (I) the worker's hourly wage rate; and

17 (J) the worker's hourly overtime wage rate;

18 (2) no later than the 15th day of each calendar month,
19 provide a certified payroll for the immediately preceding
20 month to the taxpayer in charge of the project; within 5
21 business days after receiving the certified payroll, the
22 taxpayer shall file the certified payroll with the
23 Department of Labor and the Department of Commerce and
24 Economic Opportunity; a certified payroll must be filed for
25 only those calendar months during which construction on a
26 River Edge Construction Jobs Project has occurred; the

1 certified payroll shall consist of a complete copy of the
2 records identified in paragraph (1), but may exclude the
3 starting and ending times of work each day; the certified
4 payroll shall be accompanied by a statement signed by the
5 contractor or subcontractor or an officer, employee, or
6 agent of the contractor or subcontractor which avers that:

7 (A) he or she has examined the certified payroll
8 records required to be submitted and such records are
9 true and accurate; and

10 (B) the contractor or subcontractor is aware that
11 filing a certified payroll that he or she knows to be
12 false is a Class A misdemeanor.

13 A general contractor is not prohibited from relying on a
14 certified payroll of a lower-tier subcontractor, provided the
15 general contractor does not knowingly rely upon a
16 subcontractor's false certification.

17 Any contractor or subcontractor subject to this Section,
18 and any officer, employee, or agent of such contractor or
19 subcontractor whose duty as an officer, employee, or agent it
20 is to file a certified payroll under this Section, who
21 willfully fails to file such a certified payroll on or before
22 the date such certified payroll is required to be filed and any
23 person who willfully files a false certified payroll that is
24 false as to any material fact is in violation of this Act and
25 guilty of a Class A misdemeanor.

26 The taxpayer in charge of the project shall keep the

1 records submitted in accordance with this Section on or after
2 the effective date of this amendatory Act of the 101st General
3 Assembly for a period of 5 years from the date of the last
4 payment for work on a contract or subcontract for the project.

5 The records submitted in accordance with this subsection
6 shall be considered public records, except an employee's
7 address, telephone number, and social security number, and made
8 available in accordance with the Freedom of Information Act.

9 The Department of Labor shall accept any reasonable submissions
10 by the contractor that meet the requirements of this subsection
11 and shall share the information with the Department in order to
12 comply with the awarding of River Edge construction jobs
13 credits. A contractor, subcontractor, or public body may retain
14 records required under this Section in paper or electronic
15 format.

16 Upon 7 business days' notice, the contractor and each
17 subcontractor shall make available for inspection and copying
18 at a location within this State during reasonable hours, the
19 records identified in paragraph (1) of this subsection to the
20 taxpayer in charge of the project, its officers and agents, the
21 Director of Labor and his deputies and agents, and to federal,
22 State, or local law enforcement agencies and prosecutors.

23 ARTICLE 25. MANUFACTURING MACHINERY AND EQUIPMENT

24 Section 25-5. The Use Tax Act is amended by changing

1 Sections 3-5 and 3-50 as follows:

2 (35 ILCS 105/3-5)

3 Sec. 3-5. Exemptions. Use of the following tangible
4 personal property is exempt from the tax imposed by this Act:

5 (1) Personal property purchased from a corporation,
6 society, association, foundation, institution, or
7 organization, other than a limited liability company, that is
8 organized and operated as a not-for-profit service enterprise
9 for the benefit of persons 65 years of age or older if the
10 personal property was not purchased by the enterprise for the
11 purpose of resale by the enterprise.

12 (2) Personal property purchased by a not-for-profit
13 Illinois county fair association for use in conducting,
14 operating, or promoting the county fair.

15 (3) Personal property purchased by a not-for-profit arts or
16 cultural organization that establishes, by proof required by
17 the Department by rule, that it has received an exemption under
18 Section 501(c)(3) of the Internal Revenue Code and that is
19 organized and operated primarily for the presentation or
20 support of arts or cultural programming, activities, or
21 services. These organizations include, but are not limited to,
22 music and dramatic arts organizations such as symphony
23 orchestras and theatrical groups, arts and cultural service
24 organizations, local arts councils, visual arts organizations,
25 and media arts organizations. On and after July 1, 2001 (the

1 effective date of Public Act 92-35), however, an entity
2 otherwise eligible for this exemption shall not make tax-free
3 purchases unless it has an active identification number issued
4 by the Department.

5 (4) Personal property purchased by a governmental body, by
6 a corporation, society, association, foundation, or
7 institution organized and operated exclusively for charitable,
8 religious, or educational purposes, or by a not-for-profit
9 corporation, society, association, foundation, institution, or
10 organization that has no compensated officers or employees and
11 that is organized and operated primarily for the recreation of
12 persons 55 years of age or older. A limited liability company
13 may qualify for the exemption under this paragraph only if the
14 limited liability company is organized and operated
15 exclusively for educational purposes. On and after July 1,
16 1987, however, no entity otherwise eligible for this exemption
17 shall make tax-free purchases unless it has an active exemption
18 identification number issued by the Department.

19 (5) Until July 1, 2003, a passenger car that is a
20 replacement vehicle to the extent that the purchase price of
21 the car is subject to the Replacement Vehicle Tax.

22 (6) Until July 1, 2003 and beginning again on September 1,
23 2004 through August 30, 2014, graphic arts machinery and
24 equipment, including repair and replacement parts, both new and
25 used, and including that manufactured on special order,
26 certified by the purchaser to be used primarily for graphic

1 arts production, and including machinery and equipment
2 purchased for lease. Equipment includes chemicals or chemicals
3 acting as catalysts but only if the chemicals or chemicals
4 acting as catalysts effect a direct and immediate change upon a
5 graphic arts product. Beginning on July 1, 2017, graphic arts
6 machinery and equipment is included in the manufacturing and
7 assembling machinery and equipment exemption under paragraph
8 (18).

9 (7) Farm chemicals.

10 (8) Legal tender, currency, medallions, or gold or silver
11 coinage issued by the State of Illinois, the government of the
12 United States of America, or the government of any foreign
13 country, and bullion.

14 (9) Personal property purchased from a teacher-sponsored
15 student organization affiliated with an elementary or
16 secondary school located in Illinois.

17 (10) A motor vehicle that is used for automobile renting,
18 as defined in the Automobile Renting Occupation and Use Tax
19 Act.

20 (11) Farm machinery and equipment, both new and used,
21 including that manufactured on special order, certified by the
22 purchaser to be used primarily for production agriculture or
23 State or federal agricultural programs, including individual
24 replacement parts for the machinery and equipment, including
25 machinery and equipment purchased for lease, and including
26 implements of husbandry defined in Section 1-130 of the

1 Illinois Vehicle Code, farm machinery and agricultural
2 chemical and fertilizer spreaders, and nurse wagons required to
3 be registered under Section 3-809 of the Illinois Vehicle Code,
4 but excluding other motor vehicles required to be registered
5 under the Illinois Vehicle Code. Horticultural polyhouses or
6 hoop houses used for propagating, growing, or overwintering
7 plants shall be considered farm machinery and equipment under
8 this item (11). Agricultural chemical tender tanks and dry
9 boxes shall include units sold separately from a motor vehicle
10 required to be licensed and units sold mounted on a motor
11 vehicle required to be licensed if the selling price of the
12 tender is separately stated.

13 Farm machinery and equipment shall include precision
14 farming equipment that is installed or purchased to be
15 installed on farm machinery and equipment including, but not
16 limited to, tractors, harvesters, sprayers, planters, seeders,
17 or spreaders. Precision farming equipment includes, but is not
18 limited to, soil testing sensors, computers, monitors,
19 software, global positioning and mapping systems, and other
20 such equipment.

21 Farm machinery and equipment also includes computers,
22 sensors, software, and related equipment used primarily in the
23 computer-assisted operation of production agriculture
24 facilities, equipment, and activities such as, but not limited
25 to, the collection, monitoring, and correlation of animal and
26 crop data for the purpose of formulating animal diets and

1 agricultural chemicals. This item (11) is exempt from the
2 provisions of Section 3-90.

3 (12) Until June 30, 2013, fuel and petroleum products sold
4 to or used by an air common carrier, certified by the carrier
5 to be used for consumption, shipment, or storage in the conduct
6 of its business as an air common carrier, for a flight destined
7 for or returning from a location or locations outside the
8 United States without regard to previous or subsequent domestic
9 stopovers.

10 Beginning July 1, 2013, fuel and petroleum products sold to
11 or used by an air carrier, certified by the carrier to be used
12 for consumption, shipment, or storage in the conduct of its
13 business as an air common carrier, for a flight that (i) is
14 engaged in foreign trade or is engaged in trade between the
15 United States and any of its possessions and (ii) transports at
16 least one individual or package for hire from the city of
17 origination to the city of final destination on the same
18 aircraft, without regard to a change in the flight number of
19 that aircraft.

20 (13) Proceeds of mandatory service charges separately
21 stated on customers' bills for the purchase and consumption of
22 food and beverages purchased at retail from a retailer, to the
23 extent that the proceeds of the service charge are in fact
24 turned over as tips or as a substitute for tips to the
25 employees who participate directly in preparing, serving,
26 hosting or cleaning up the food or beverage function with

1 respect to which the service charge is imposed.

2 (14) Until July 1, 2003, oil field exploration, drilling,
3 and production equipment, including (i) rigs and parts of rigs,
4 rotary rigs, cable tool rigs, and workover rigs, (ii) pipe and
5 tubular goods, including casing and drill strings, (iii) pumps
6 and pump-jack units, (iv) storage tanks and flow lines, (v) any
7 individual replacement part for oil field exploration,
8 drilling, and production equipment, and (vi) machinery and
9 equipment purchased for lease; but excluding motor vehicles
10 required to be registered under the Illinois Vehicle Code.

11 (15) Photoprocessing machinery and equipment, including
12 repair and replacement parts, both new and used, including that
13 manufactured on special order, certified by the purchaser to be
14 used primarily for photoprocessing, and including
15 photoprocessing machinery and equipment purchased for lease.

16 (16) Until July 1, 2023, coal and aggregate exploration,
17 mining, off-highway hauling, processing, maintenance, and
18 reclamation equipment, including replacement parts and
19 equipment, and including equipment purchased for lease, but
20 excluding motor vehicles required to be registered under the
21 Illinois Vehicle Code. The changes made to this Section by
22 Public Act 97-767 apply on and after July 1, 2003, but no claim
23 for credit or refund is allowed on or after August 16, 2013
24 (the effective date of Public Act 98-456) for such taxes paid
25 during the period beginning July 1, 2003 and ending on August
26 16, 2013 (the effective date of Public Act 98-456).

1 (17) Until July 1, 2003, distillation machinery and
2 equipment, sold as a unit or kit, assembled or installed by the
3 retailer, certified by the user to be used only for the
4 production of ethyl alcohol that will be used for consumption
5 as motor fuel or as a component of motor fuel for the personal
6 use of the user, and not subject to sale or resale.

7 (18) Manufacturing and assembling machinery and equipment
8 used primarily in the process of manufacturing or assembling
9 tangible personal property for wholesale or retail sale or
10 lease, whether that sale or lease is made directly by the
11 manufacturer or by some other person, whether the materials
12 used in the process are owned by the manufacturer or some other
13 person, or whether that sale or lease is made apart from or as
14 an incident to the seller's engaging in the service occupation
15 of producing machines, tools, dies, jigs, patterns, gauges, or
16 other similar items of no commercial value on special order for
17 a particular purchaser. The exemption provided by this
18 paragraph (18) includes production related tangible personal
19 property, as defined in Section 3-50, purchased on or after
20 July 1, 2019. The exemption provided by this paragraph (18)
21 does not include machinery and equipment used in (i) the
22 generation of electricity for wholesale or retail sale; (ii)
23 the generation or treatment of natural or artificial gas for
24 wholesale or retail sale that is delivered to customers through
25 pipes, pipelines, or mains; or (iii) the treatment of water for
26 wholesale or retail sale that is delivered to customers through

1 pipes, pipelines, or mains. The provisions of Public Act 98-583
2 are declaratory of existing law as to the meaning and scope of
3 this exemption. Beginning on July 1, 2017, the exemption
4 provided by this paragraph (18) includes, but is not limited
5 to, graphic arts machinery and equipment, as defined in
6 paragraph (6) of this Section.

7 (19) Personal property delivered to a purchaser or
8 purchaser's donee inside Illinois when the purchase order for
9 that personal property was received by a florist located
10 outside Illinois who has a florist located inside Illinois
11 deliver the personal property.

12 (20) Semen used for artificial insemination of livestock
13 for direct agricultural production.

14 (21) Horses, or interests in horses, registered with and
15 meeting the requirements of any of the Arabian Horse Club
16 Registry of America, Appaloosa Horse Club, American Quarter
17 Horse Association, United States Trotting Association, or
18 Jockey Club, as appropriate, used for purposes of breeding or
19 racing for prizes. This item (21) is exempt from the provisions
20 of Section 3-90, and the exemption provided for under this item
21 (21) applies for all periods beginning May 30, 1995, but no
22 claim for credit or refund is allowed on or after January 1,
23 2008 for such taxes paid during the period beginning May 30,
24 2000 and ending on January 1, 2008.

25 (22) Computers and communications equipment utilized for
26 any hospital purpose and equipment used in the diagnosis,

1 analysis, or treatment of hospital patients purchased by a
2 lessor who leases the equipment, under a lease of one year or
3 longer executed or in effect at the time the lessor would
4 otherwise be subject to the tax imposed by this Act, to a
5 hospital that has been issued an active tax exemption
6 identification number by the Department under Section 1g of the
7 Retailers' Occupation Tax Act. If the equipment is leased in a
8 manner that does not qualify for this exemption or is used in
9 any other non-exempt manner, the lessor shall be liable for the
10 tax imposed under this Act or the Service Use Tax Act, as the
11 case may be, based on the fair market value of the property at
12 the time the non-qualifying use occurs. No lessor shall collect
13 or attempt to collect an amount (however designated) that
14 purports to reimburse that lessor for the tax imposed by this
15 Act or the Service Use Tax Act, as the case may be, if the tax
16 has not been paid by the lessor. If a lessor improperly
17 collects any such amount from the lessee, the lessee shall have
18 a legal right to claim a refund of that amount from the lessor.
19 If, however, that amount is not refunded to the lessee for any
20 reason, the lessor is liable to pay that amount to the
21 Department.

22 (23) Personal property purchased by a lessor who leases the
23 property, under a lease of one year or longer executed or in
24 effect at the time the lessor would otherwise be subject to the
25 tax imposed by this Act, to a governmental body that has been
26 issued an active sales tax exemption identification number by

1 the Department under Section 1g of the Retailers' Occupation
2 Tax Act. If the property is leased in a manner that does not
3 qualify for this exemption or used in any other non-exempt
4 manner, the lessor shall be liable for the tax imposed under
5 this Act or the Service Use Tax Act, as the case may be, based
6 on the fair market value of the property at the time the
7 non-qualifying use occurs. No lessor shall collect or attempt
8 to collect an amount (however designated) that purports to
9 reimburse that lessor for the tax imposed by this Act or the
10 Service Use Tax Act, as the case may be, if the tax has not been
11 paid by the lessor. If a lessor improperly collects any such
12 amount from the lessee, the lessee shall have a legal right to
13 claim a refund of that amount from the lessor. If, however,
14 that amount is not refunded to the lessee for any reason, the
15 lessor is liable to pay that amount to the Department.

16 (24) Beginning with taxable years ending on or after
17 December 31, 1995 and ending with taxable years ending on or
18 before December 31, 2004, personal property that is donated for
19 disaster relief to be used in a State or federally declared
20 disaster area in Illinois or bordering Illinois by a
21 manufacturer or retailer that is registered in this State to a
22 corporation, society, association, foundation, or institution
23 that has been issued a sales tax exemption identification
24 number by the Department that assists victims of the disaster
25 who reside within the declared disaster area.

26 (25) Beginning with taxable years ending on or after

1 December 31, 1995 and ending with taxable years ending on or
2 before December 31, 2004, personal property that is used in the
3 performance of infrastructure repairs in this State, including
4 but not limited to municipal roads and streets, access roads,
5 bridges, sidewalks, waste disposal systems, water and sewer
6 line extensions, water distribution and purification
7 facilities, storm water drainage and retention facilities, and
8 sewage treatment facilities, resulting from a State or
9 federally declared disaster in Illinois or bordering Illinois
10 when such repairs are initiated on facilities located in the
11 declared disaster area within 6 months after the disaster.

12 (26) Beginning July 1, 1999, game or game birds purchased
13 at a "game breeding and hunting preserve area" as that term is
14 used in the Wildlife Code. This paragraph is exempt from the
15 provisions of Section 3-90.

16 (27) A motor vehicle, as that term is defined in Section
17 1-146 of the Illinois Vehicle Code, that is donated to a
18 corporation, limited liability company, society, association,
19 foundation, or institution that is determined by the Department
20 to be organized and operated exclusively for educational
21 purposes. For purposes of this exemption, "a corporation,
22 limited liability company, society, association, foundation,
23 or institution organized and operated exclusively for
24 educational purposes" means all tax-supported public schools,
25 private schools that offer systematic instruction in useful
26 branches of learning by methods common to public schools and

1 that compare favorably in their scope and intensity with the
2 course of study presented in tax-supported schools, and
3 vocational or technical schools or institutes organized and
4 operated exclusively to provide a course of study of not less
5 than 6 weeks duration and designed to prepare individuals to
6 follow a trade or to pursue a manual, technical, mechanical,
7 industrial, business, or commercial occupation.

8 (28) Beginning January 1, 2000, personal property,
9 including food, purchased through fundraising events for the
10 benefit of a public or private elementary or secondary school,
11 a group of those schools, or one or more school districts if
12 the events are sponsored by an entity recognized by the school
13 district that consists primarily of volunteers and includes
14 parents and teachers of the school children. This paragraph
15 does not apply to fundraising events (i) for the benefit of
16 private home instruction or (ii) for which the fundraising
17 entity purchases the personal property sold at the events from
18 another individual or entity that sold the property for the
19 purpose of resale by the fundraising entity and that profits
20 from the sale to the fundraising entity. This paragraph is
21 exempt from the provisions of Section 3-90.

22 (29) Beginning January 1, 2000 and through December 31,
23 2001, new or used automatic vending machines that prepare and
24 serve hot food and beverages, including coffee, soup, and other
25 items, and replacement parts for these machines. Beginning
26 January 1, 2002 and through June 30, 2003, machines and parts

1 for machines used in commercial, coin-operated amusement and
2 vending business if a use or occupation tax is paid on the
3 gross receipts derived from the use of the commercial,
4 coin-operated amusement and vending machines. This paragraph
5 is exempt from the provisions of Section 3-90.

6 (30) Beginning January 1, 2001 and through June 30, 2016,
7 food for human consumption that is to be consumed off the
8 premises where it is sold (other than alcoholic beverages, soft
9 drinks, and food that has been prepared for immediate
10 consumption) and prescription and nonprescription medicines,
11 drugs, medical appliances, and insulin, urine testing
12 materials, syringes, and needles used by diabetics, for human
13 use, when purchased for use by a person receiving medical
14 assistance under Article V of the Illinois Public Aid Code who
15 resides in a licensed long-term care facility, as defined in
16 the Nursing Home Care Act, or in a licensed facility as defined
17 in the ID/DD Community Care Act, the MC/DD Act, or the
18 Specialized Mental Health Rehabilitation Act of 2013.

19 (31) Beginning on August 2, 2001 (the effective date of
20 Public Act 92-227), computers and communications equipment
21 utilized for any hospital purpose and equipment used in the
22 diagnosis, analysis, or treatment of hospital patients
23 purchased by a lessor who leases the equipment, under a lease
24 of one year or longer executed or in effect at the time the
25 lessor would otherwise be subject to the tax imposed by this
26 Act, to a hospital that has been issued an active tax exemption

1 identification number by the Department under Section 1g of the
2 Retailers' Occupation Tax Act. If the equipment is leased in a
3 manner that does not qualify for this exemption or is used in
4 any other nonexempt manner, the lessor shall be liable for the
5 tax imposed under this Act or the Service Use Tax Act, as the
6 case may be, based on the fair market value of the property at
7 the time the nonqualifying use occurs. No lessor shall collect
8 or attempt to collect an amount (however designated) that
9 purports to reimburse that lessor for the tax imposed by this
10 Act or the Service Use Tax Act, as the case may be, if the tax
11 has not been paid by the lessor. If a lessor improperly
12 collects any such amount from the lessee, the lessee shall have
13 a legal right to claim a refund of that amount from the lessor.
14 If, however, that amount is not refunded to the lessee for any
15 reason, the lessor is liable to pay that amount to the
16 Department. This paragraph is exempt from the provisions of
17 Section 3-90.

18 (32) Beginning on August 2, 2001 (the effective date of
19 Public Act 92-227), personal property purchased by a lessor who
20 leases the property, under a lease of one year or longer
21 executed or in effect at the time the lessor would otherwise be
22 subject to the tax imposed by this Act, to a governmental body
23 that has been issued an active sales tax exemption
24 identification number by the Department under Section 1g of the
25 Retailers' Occupation Tax Act. If the property is leased in a
26 manner that does not qualify for this exemption or used in any

1 other nonexempt manner, the lessor shall be liable for the tax
2 imposed under this Act or the Service Use Tax Act, as the case
3 may be, based on the fair market value of the property at the
4 time the nonqualifying use occurs. No lessor shall collect or
5 attempt to collect an amount (however designated) that purports
6 to reimburse that lessor for the tax imposed by this Act or the
7 Service Use Tax Act, as the case may be, if the tax has not been
8 paid by the lessor. If a lessor improperly collects any such
9 amount from the lessee, the lessee shall have a legal right to
10 claim a refund of that amount from the lessor. If, however,
11 that amount is not refunded to the lessee for any reason, the
12 lessor is liable to pay that amount to the Department. This
13 paragraph is exempt from the provisions of Section 3-90.

14 (33) On and after July 1, 2003 and through June 30, 2004,
15 the use in this State of motor vehicles of the second division
16 with a gross vehicle weight in excess of 8,000 pounds and that
17 are subject to the commercial distribution fee imposed under
18 Section 3-815.1 of the Illinois Vehicle Code. Beginning on July
19 1, 2004 and through June 30, 2005, the use in this State of
20 motor vehicles of the second division: (i) with a gross vehicle
21 weight rating in excess of 8,000 pounds; (ii) that are subject
22 to the commercial distribution fee imposed under Section
23 3-815.1 of the Illinois Vehicle Code; and (iii) that are
24 primarily used for commercial purposes. Through June 30, 2005,
25 this exemption applies to repair and replacement parts added
26 after the initial purchase of such a motor vehicle if that

1 motor vehicle is used in a manner that would qualify for the
2 rolling stock exemption otherwise provided for in this Act. For
3 purposes of this paragraph, the term "used for commercial
4 purposes" means the transportation of persons or property in
5 furtherance of any commercial or industrial enterprise,
6 whether for-hire or not.

7 (34) Beginning January 1, 2008, tangible personal property
8 used in the construction or maintenance of a community water
9 supply, as defined under Section 3.145 of the Environmental
10 Protection Act, that is operated by a not-for-profit
11 corporation that holds a valid water supply permit issued under
12 Title IV of the Environmental Protection Act. This paragraph is
13 exempt from the provisions of Section 3-90.

14 (35) Beginning January 1, 2010, materials, parts,
15 equipment, components, and furnishings incorporated into or
16 upon an aircraft as part of the modification, refurbishment,
17 completion, replacement, repair, or maintenance of the
18 aircraft. This exemption includes consumable supplies used in
19 the modification, refurbishment, completion, replacement,
20 repair, and maintenance of aircraft, but excludes any
21 materials, parts, equipment, components, and consumable
22 supplies used in the modification, replacement, repair, and
23 maintenance of aircraft engines or power plants, whether such
24 engines or power plants are installed or uninstalled upon any
25 such aircraft. "Consumable supplies" include, but are not
26 limited to, adhesive, tape, sandpaper, general purpose

1 lubricants, cleaning solution, latex gloves, and protective
2 films. This exemption applies only to the use of qualifying
3 tangible personal property by persons who modify, refurbish,
4 complete, repair, replace, or maintain aircraft and who (i)
5 hold an Air Agency Certificate and are empowered to operate an
6 approved repair station by the Federal Aviation
7 Administration, (ii) have a Class IV Rating, and (iii) conduct
8 operations in accordance with Part 145 of the Federal Aviation
9 Regulations. The exemption does not include aircraft operated
10 by a commercial air carrier providing scheduled passenger air
11 service pursuant to authority issued under Part 121 or Part 129
12 of the Federal Aviation Regulations. The changes made to this
13 paragraph (35) by Public Act 98-534 are declarative of existing
14 law.

15 (36) Tangible personal property purchased by a
16 public-facilities corporation, as described in Section
17 11-65-10 of the Illinois Municipal Code, for purposes of
18 constructing or furnishing a municipal convention hall, but
19 only if the legal title to the municipal convention hall is
20 transferred to the municipality without any further
21 consideration by or on behalf of the municipality at the time
22 of the completion of the municipal convention hall or upon the
23 retirement or redemption of any bonds or other debt instruments
24 issued by the public-facilities corporation in connection with
25 the development of the municipal convention hall. This
26 exemption includes existing public-facilities corporations as

1 provided in Section 11-65-25 of the Illinois Municipal Code.

2 This paragraph is exempt from the provisions of Section 3-90.

3 (37) Beginning January 1, 2017, menstrual pads, tampons,
4 and menstrual cups.

5 (38) Merchandise that is subject to the Rental Purchase
6 Agreement Occupation and Use Tax. The purchaser must certify
7 that the item is purchased to be rented subject to a rental
8 purchase agreement, as defined in the Rental Purchase Agreement
9 Act, and provide proof of registration under the Rental
10 Purchase Agreement Occupation and Use Tax Act. This paragraph
11 is exempt from the provisions of Section 3-90.

12 (39) Tangible personal property purchased by a purchaser
13 who is exempt from the tax imposed by this Act by operation of
14 federal law. This paragraph is exempt from the provisions of
15 Section 3-90.

16 (Source: P.A. 99-180, eff. 7-29-15; 99-855, eff. 8-19-16;
17 100-22, eff. 7-6-17; 100-437, eff. 1-1-18; 100-594, eff.
18 6-29-18; 100-863, eff. 8-14-18; 100-1171, eff. 1-4-19; revised
19 1-8-19.)

20 (35 ILCS 105/3-50) (from Ch. 120, par. 439.3-50)

21 Sec. 3-50. Manufacturing and assembly exemption. The
22 manufacturing and assembling machinery and equipment exemption
23 includes machinery and equipment that replaces machinery and
24 equipment in an existing manufacturing facility as well as
25 machinery and equipment that are for use in an expanded or new

1 manufacturing facility. The machinery and equipment exemption
2 also includes machinery and equipment used in the general
3 maintenance or repair of exempt machinery and equipment or for
4 in-house manufacture of exempt machinery and equipment.
5 Beginning on July 1, 2017, the manufacturing and assembling
6 machinery and equipment exemption also includes graphic arts
7 machinery and equipment, as defined in paragraph (6) of Section
8 3-5. The machinery and equipment exemption does not include
9 machinery and equipment used in (i) the generation of
10 electricity for wholesale or retail sale; (ii) the generation
11 or treatment of natural or artificial gas for wholesale or
12 retail sale that is delivered to customers through pipes,
13 pipelines, or mains; or (iii) the treatment of water for
14 wholesale or retail sale that is delivered to customers through
15 pipes, pipelines, or mains. The provisions of this amendatory
16 Act of the 98th General Assembly are declaratory of existing
17 law as to the meaning and scope of this exemption. For the
18 purposes of this exemption, terms have the following meanings:

19 (1) "Manufacturing process" means the production of an
20 article of tangible personal property, whether the article
21 is a finished product or an article for use in the process
22 of manufacturing or assembling a different article of
23 tangible personal property, by a procedure commonly
24 regarded as manufacturing, processing, fabricating, or
25 refining that changes some existing material into a
26 material with a different form, use, or name. In relation

1 to a recognized integrated business composed of a series of
2 operations that collectively constitute manufacturing, or
3 individually constitute manufacturing operations, the
4 manufacturing process commences with the first operation
5 or stage of production in the series and does not end until
6 the completion of the final product in the last operation
7 or stage of production in the series. For purposes of this
8 exemption, photoprocessing is a manufacturing process of
9 tangible personal property for wholesale or retail sale.

10 (2) "Assembling process" means the production of an
11 article of tangible personal property, whether the article
12 is a finished product or an article for use in the process
13 of manufacturing or assembling a different article of
14 tangible personal property, by the combination of existing
15 materials in a manner commonly regarded as assembling that
16 results in an article or material of a different form, use,
17 or name.

18 (3) "Machinery" means major mechanical machines or
19 major components of those machines contributing to a
20 manufacturing or assembling process.

21 (4) "Equipment" includes an independent device or tool
22 separate from machinery but essential to an integrated
23 manufacturing or assembly process; including computers
24 used primarily in a manufacturer's computer assisted
25 design, computer assisted manufacturing (CAD/CAM) system;
26 any subunit or assembly comprising a component of any

1 machinery or auxiliary, adjunct, or attachment parts of
2 machinery, such as tools, dies, jigs, fixtures, patterns,
3 and molds; and any parts that require periodic replacement
4 in the course of normal operation; but does not include
5 hand tools. Equipment includes chemicals or chemicals
6 acting as catalysts but only if the chemicals or chemicals
7 acting as catalysts effect a direct and immediate change
8 upon a product being manufactured or assembled for
9 wholesale or retail sale or lease.

10 (5) "Production related tangible personal property"
11 means all tangible personal property that is used or
12 consumed by the purchaser in a manufacturing facility in
13 which a manufacturing process takes place and includes,
14 without limitation, tangible personal property that is
15 purchased for incorporation into real estate within a
16 manufacturing facility, supplies and consumables used in a
17 manufacturing facility including fuels, coolants,
18 solvents, oils, lubricants, and adhesives, hand tools,
19 protective apparel, and fire and safety equipment used or
20 consumed within a manufacturing facility, and tangible
21 personal property that is used or consumed in activities
22 such as research and development, preproduction material
23 handling, receiving, quality control, inventory control,
24 storage, staging, and packaging for shipping and
25 transportation purposes. "Production related tangible
26 personal property" does not include (i) tangible personal

1 property that is used, within or without a manufacturing
2 facility, in sales, purchasing, accounting, fiscal
3 management, marketing, personnel recruitment or selection,
4 or landscaping or (ii) tangible personal property that is
5 required to be titled or registered with a department,
6 agency, or unit of federal, State, or local government.

7 The manufacturing and assembling machinery and equipment
8 exemption includes production related tangible personal
9 property that is purchased on or after July 1, 2007 and on or
10 before June 30, 2008 and on or after July 1, 2019. The
11 exemption for production related tangible personal property
12 purchased on or after July 1, 2007 and on or before June 30,
13 2008 is subject to both of the following limitations:

14 (1) The maximum amount of the exemption for any one
15 taxpayer may not exceed 5% of the purchase price of
16 production related tangible personal property that is
17 purchased on or after July 1, 2007 and on or before June
18 30, 2008. A credit under Section 3-85 of this Act may not
19 be earned by the purchase of production related tangible
20 personal property for which an exemption is received under
21 this Section.

22 (2) The maximum aggregate amount of the exemptions for
23 production related tangible personal property purchased on
24 or after July 1, 2007 and on or before June 30, 2008
25 awarded under this Act and the Retailers' Occupation Tax
26 Act to all taxpayers may not exceed \$10,000,000. If the

1 claims for the exemption exceed \$10,000,000, then the
2 Department shall reduce the amount of the exemption to each
3 taxpayer on a pro rata basis.

4 The Department shall ~~may~~ adopt rules to implement and
5 administer the exemption for production related tangible
6 personal property.

7 The manufacturing and assembling machinery and equipment
8 exemption includes the sale of materials to a purchaser who
9 produces exempted types of machinery, equipment, or tools and
10 who rents or leases that machinery, equipment, or tools to a
11 manufacturer of tangible personal property. This exemption
12 also includes the sale of materials to a purchaser who
13 manufactures those materials into an exempted type of
14 machinery, equipment, or tools that the purchaser uses himself
15 or herself in the manufacturing of tangible personal property.
16 This exemption includes the sale of exempted types of machinery
17 or equipment to a purchaser who is not the manufacturer, but
18 who rents or leases the use of the property to a manufacturer.
19 The purchaser of the machinery and equipment who has an active
20 resale registration number shall furnish that number to the
21 seller at the time of purchase. A user of the machinery,
22 equipment, or tools without an active resale registration
23 number shall prepare a certificate of exemption for each
24 transaction stating facts establishing the exemption for that
25 transaction, and that certificate shall be available to the
26 Department for inspection or audit. The Department shall

1 prescribe the form of the certificate. Informal rulings,
2 opinions, or letters issued by the Department in response to an
3 inquiry or request for an opinion from any person regarding the
4 coverage and applicability of this exemption to specific
5 devices shall be published, maintained as a public record, and
6 made available for public inspection and copying. If the
7 informal ruling, opinion, or letter contains trade secrets or
8 other confidential information, where possible, the Department
9 shall delete that information before publication. Whenever
10 informal rulings, opinions, or letters contain a policy of
11 general applicability, the Department shall formulate and
12 adopt that policy as a rule in accordance with the Illinois
13 Administrative Procedure Act.

14 The manufacturing and assembling machinery and equipment
15 exemption is exempt from the provisions of Section 3-90.

16 (Source: P.A. 100-22, eff. 7-6-17.)

17 Section 25-10. The Service Use Tax Act is amended by
18 changing Section 2 as follows:

19 (35 ILCS 110/2) (from Ch. 120, par. 439.32)

20 Sec. 2. Definitions. In this Act:

21 "Use" means the exercise by any person of any right or
22 power over tangible personal property incident to the ownership
23 of that property, but does not include the sale or use for
24 demonstration by him of that property in any form as tangible

1 personal property in the regular course of business. "Use" does
2 not mean the interim use of tangible personal property nor the
3 physical incorporation of tangible personal property, as an
4 ingredient or constituent, into other tangible personal
5 property, (a) which is sold in the regular course of business
6 or (b) which the person incorporating such ingredient or
7 constituent therein has undertaken at the time of such purchase
8 to cause to be transported in interstate commerce to
9 destinations outside the State of Illinois.

10 "Purchased from a serviceman" means the acquisition of the
11 ownership of, or title to, tangible personal property through a
12 sale of service.

13 "Purchaser" means any person who, through a sale of
14 service, acquires the ownership of, or title to, any tangible
15 personal property.

16 "Cost price" means the consideration paid by the serviceman
17 for a purchase valued in money, whether paid in money or
18 otherwise, including cash, credits and services, and shall be
19 determined without any deduction on account of the supplier's
20 cost of the property sold or on account of any other expense
21 incurred by the supplier. When a serviceman contracts out part
22 or all of the services required in his sale of service, it
23 shall be presumed that the cost price to the serviceman of the
24 property transferred to him or her by his or her subcontractor
25 is equal to 50% of the subcontractor's charges to the
26 serviceman in the absence of proof of the consideration paid by

1 the subcontractor for the purchase of such property.

2 "Selling price" means the consideration for a sale valued
3 in money whether received in money or otherwise, including
4 cash, credits and service, and shall be determined without any
5 deduction on account of the serviceman's cost of the property
6 sold, the cost of materials used, labor or service cost or any
7 other expense whatsoever, but does not include interest or
8 finance charges which appear as separate items on the bill of
9 sale or sales contract nor charges that are added to prices by
10 sellers on account of the seller's duty to collect, from the
11 purchaser, the tax that is imposed by this Act.

12 "Department" means the Department of Revenue.

13 "Person" means any natural individual, firm, partnership,
14 association, joint stock company, joint venture, public or
15 private corporation, limited liability company, and any
16 receiver, executor, trustee, guardian or other representative
17 appointed by order of any court.

18 "Sale of service" means any transaction except:

19 (1) a retail sale of tangible personal property taxable
20 under the Retailers' Occupation Tax Act or under the Use
21 Tax Act.

22 (2) a sale of tangible personal property for the
23 purpose of resale made in compliance with Section 2c of the
24 Retailers' Occupation Tax Act.

25 (3) except as hereinafter provided, a sale or transfer
26 of tangible personal property as an incident to the

1 rendering of service for or by any governmental body, or
2 for or by any corporation, society, association,
3 foundation or institution organized and operated
4 exclusively for charitable, religious or educational
5 purposes or any not-for-profit corporation, society,
6 association, foundation, institution or organization which
7 has no compensated officers or employees and which is
8 organized and operated primarily for the recreation of
9 persons 55 years of age or older. A limited liability
10 company may qualify for the exemption under this paragraph
11 only if the limited liability company is organized and
12 operated exclusively for educational purposes.

13 (4) (blank).

14 (4a) a sale or transfer of tangible personal property
15 as an incident to the rendering of service for owners,
16 lessors, or shippers of tangible personal property which is
17 utilized by interstate carriers for hire for use as rolling
18 stock moving in interstate commerce so long as so used by
19 interstate carriers for hire, and equipment operated by a
20 telecommunications provider, licensed as a common carrier
21 by the Federal Communications Commission, which is
22 permanently installed in or affixed to aircraft moving in
23 interstate commerce.

24 (4a-5) on and after July 1, 2003 and through June 30,
25 2004, a sale or transfer of a motor vehicle of the second
26 division with a gross vehicle weight in excess of 8,000

1 pounds as an incident to the rendering of service if that
2 motor vehicle is subject to the commercial distribution fee
3 imposed under Section 3-815.1 of the Illinois Vehicle Code.
4 Beginning on July 1, 2004 and through June 30, 2005, the
5 use in this State of motor vehicles of the second division:
6 (i) with a gross vehicle weight rating in excess of 8,000
7 pounds; (ii) that are subject to the commercial
8 distribution fee imposed under Section 3-815.1 of the
9 Illinois Vehicle Code; and (iii) that are primarily used
10 for commercial purposes. Through June 30, 2005, this
11 exemption applies to repair and replacement parts added
12 after the initial purchase of such a motor vehicle if that
13 motor vehicle is used in a manner that would qualify for
14 the rolling stock exemption otherwise provided for in this
15 Act. For purposes of this paragraph, "used for commercial
16 purposes" means the transportation of persons or property
17 in furtherance of any commercial or industrial enterprise
18 whether for-hire or not.

19 (5) a sale or transfer of machinery and equipment used
20 primarily in the process of the manufacturing or
21 assembling, either in an existing, an expanded or a new
22 manufacturing facility, of tangible personal property for
23 wholesale or retail sale or lease, whether such sale or
24 lease is made directly by the manufacturer or by some other
25 person, whether the materials used in the process are owned
26 by the manufacturer or some other person, or whether such

1 sale or lease is made apart from or as an incident to the
2 seller's engaging in a service occupation and the
3 applicable tax is a Service Use Tax or Service Occupation
4 Tax, rather than Use Tax or Retailers' Occupation Tax. The
5 exemption provided by this paragraph (5) includes
6 production related tangible personal property, as defined
7 in Section 3-50 of the Use Tax Act, purchased on or after
8 July 1, 2019. The exemption provided by this paragraph (5)
9 does not include machinery and equipment used in (i) the
10 generation of electricity for wholesale or retail sale;
11 (ii) the generation or treatment of natural or artificial
12 gas for wholesale or retail sale that is delivered to
13 customers through pipes, pipelines, or mains; or (iii) the
14 treatment of water for wholesale or retail sale that is
15 delivered to customers through pipes, pipelines, or mains.
16 The provisions of Public Act 98-583 are declaratory of
17 existing law as to the meaning and scope of this exemption.
18 The exemption under this paragraph (5) is exempt from the
19 provisions of Section 3-75.

20 (5a) the repairing, reconditioning or remodeling, for
21 a common carrier by rail, of tangible personal property
22 which belongs to such carrier for hire, and as to which
23 such carrier receives the physical possession of the
24 repaired, reconditioned or remodeled item of tangible
25 personal property in Illinois, and which such carrier
26 transports, or shares with another common carrier in the

1 transportation of such property, out of Illinois on a
2 standard uniform bill of lading showing the person who
3 repaired, reconditioned or remodeled the property to a
4 destination outside Illinois, for use outside Illinois.

5 (5b) a sale or transfer of tangible personal property
6 which is produced by the seller thereof on special order in
7 such a way as to have made the applicable tax the Service
8 Occupation Tax or the Service Use Tax, rather than the
9 Retailers' Occupation Tax or the Use Tax, for an interstate
10 carrier by rail which receives the physical possession of
11 such property in Illinois, and which transports such
12 property, or shares with another common carrier in the
13 transportation of such property, out of Illinois on a
14 standard uniform bill of lading showing the seller of the
15 property as the shipper or consignor of such property to a
16 destination outside Illinois, for use outside Illinois.

17 (6) until July 1, 2003, a sale or transfer of
18 distillation machinery and equipment, sold as a unit or kit
19 and assembled or installed by the retailer, which machinery
20 and equipment is certified by the user to be used only for
21 the production of ethyl alcohol that will be used for
22 consumption as motor fuel or as a component of motor fuel
23 for the personal use of such user and not subject to sale
24 or resale.

25 (7) at the election of any serviceman not required to
26 be otherwise registered as a retailer under Section 2a of

1 the Retailers' Occupation Tax Act, made for each fiscal
2 year sales of service in which the aggregate annual cost
3 price of tangible personal property transferred as an
4 incident to the sales of service is less than 35%, or 75%
5 in the case of servicemen transferring prescription drugs
6 or servicemen engaged in graphic arts production, of the
7 aggregate annual total gross receipts from all sales of
8 service. The purchase of such tangible personal property by
9 the serviceman shall be subject to tax under the Retailers'
10 Occupation Tax Act and the Use Tax Act. However, if a
11 primary serviceman who has made the election described in
12 this paragraph subcontracts service work to a secondary
13 serviceman who has also made the election described in this
14 paragraph, the primary serviceman does not incur a Use Tax
15 liability if the secondary serviceman (i) has paid or will
16 pay Use Tax on his or her cost price of any tangible
17 personal property transferred to the primary serviceman
18 and (ii) certifies that fact in writing to the primary
19 serviceman.

20 Tangible personal property transferred incident to the
21 completion of a maintenance agreement is exempt from the tax
22 imposed pursuant to this Act.

23 Exemption (5) also includes machinery and equipment used in
24 the general maintenance or repair of such exempt machinery and
25 equipment or for in-house manufacture of exempt machinery and
26 equipment. On and after July 1, 2017, exemption (5) also

1 includes graphic arts machinery and equipment, as defined in
2 paragraph (5) of Section 3-5. The machinery and equipment
3 exemption does not include machinery and equipment used in (i)
4 the generation of electricity for wholesale or retail sale;
5 (ii) the generation or treatment of natural or artificial gas
6 for wholesale or retail sale that is delivered to customers
7 through pipes, pipelines, or mains; or (iii) the treatment of
8 water for wholesale or retail sale that is delivered to
9 customers through pipes, pipelines, or mains. The provisions of
10 Public Act 98-583 are declaratory of existing law as to the
11 meaning and scope of this exemption. For the purposes of
12 exemption (5), each of these terms shall have the following
13 meanings: (1) "manufacturing process" shall mean the
14 production of any article of tangible personal property,
15 whether such article is a finished product or an article for
16 use in the process of manufacturing or assembling a different
17 article of tangible personal property, by procedures commonly
18 regarded as manufacturing, processing, fabricating, or
19 refining which changes some existing material or materials into
20 a material with a different form, use or name. In relation to a
21 recognized integrated business composed of a series of
22 operations which collectively constitute manufacturing, or
23 individually constitute manufacturing operations, the
24 manufacturing process shall be deemed to commence with the
25 first operation or stage of production in the series, and shall
26 not be deemed to end until the completion of the final product

1 in the last operation or stage of production in the series; and
2 further, for purposes of exemption (5), photoprocessing is
3 deemed to be a manufacturing process of tangible personal
4 property for wholesale or retail sale; (2) "assembling process"
5 shall mean the production of any article of tangible personal
6 property, whether such article is a finished product or an
7 article for use in the process of manufacturing or assembling a
8 different article of tangible personal property, by the
9 combination of existing materials in a manner commonly regarded
10 as assembling which results in a material of a different form,
11 use or name; (3) "machinery" shall mean major mechanical
12 machines or major components of such machines contributing to a
13 manufacturing or assembling process; and (4) "equipment" shall
14 include any independent device or tool separate from any
15 machinery but essential to an integrated manufacturing or
16 assembly process; including computers used primarily in a
17 manufacturer's computer assisted design, computer assisted
18 manufacturing (CAD/CAM) system; or any subunit or assembly
19 comprising a component of any machinery or auxiliary, adjunct
20 or attachment parts of machinery, such as tools, dies, jigs,
21 fixtures, patterns and molds; or any parts which require
22 periodic replacement in the course of normal operation; but
23 shall not include hand tools. Equipment includes chemicals or
24 chemicals acting as catalysts but only if the chemicals or
25 chemicals acting as catalysts effect a direct and immediate
26 change upon a product being manufactured or assembled for

1 wholesale or retail sale or lease. The purchaser of such
2 machinery and equipment who has an active resale registration
3 number shall furnish such number to the seller at the time of
4 purchase. The user of such machinery and equipment and tools
5 without an active resale registration number shall prepare a
6 certificate of exemption for each transaction stating facts
7 establishing the exemption for that transaction, which
8 certificate shall be available to the Department for inspection
9 or audit. The Department shall prescribe the form of the
10 certificate.

11 Any informal rulings, opinions or letters issued by the
12 Department in response to an inquiry or request for any opinion
13 from any person regarding the coverage and applicability of
14 exemption (5) to specific devices shall be published,
15 maintained as a public record, and made available for public
16 inspection and copying. If the informal ruling, opinion or
17 letter contains trade secrets or other confidential
18 information, where possible the Department shall delete such
19 information prior to publication. Whenever such informal
20 rulings, opinions, or letters contain any policy of general
21 applicability, the Department shall formulate and adopt such
22 policy as a rule in accordance with the provisions of the
23 Illinois Administrative Procedure Act.

24 On and after July 1, 1987, no entity otherwise eligible
25 under exemption (3) of this Section shall make tax-free
26 purchases unless it has an active exemption identification

1 number issued by the Department.

2 The purchase, employment and transfer of such tangible
3 personal property as newsprint and ink for the primary purpose
4 of conveying news (with or without other information) is not a
5 purchase, use or sale of service or of tangible personal
6 property within the meaning of this Act.

7 "Serviceman" means any person who is engaged in the
8 occupation of making sales of service.

9 "Sale at retail" means "sale at retail" as defined in the
10 Retailers' Occupation Tax Act.

11 "Supplier" means any person who makes sales of tangible
12 personal property to servicemen for the purpose of resale as an
13 incident to a sale of service.

14 "Serviceman maintaining a place of business in this State",
15 or any like term, means and includes any serviceman:

16 (1) having or maintaining within this State, directly
17 or by a subsidiary, an office, distribution house, sales
18 house, warehouse or other place of business, or any agent
19 or other representative operating within this State under
20 the authority of the serviceman or its subsidiary,
21 irrespective of whether such place of business or agent or
22 other representative is located here permanently or
23 temporarily, or whether such serviceman or subsidiary is
24 licensed to do business in this State;

25 (1.1) having a contract with a person located in this
26 State under which the person, for a commission or other

1 consideration based on the sale of service by the
2 serviceman, directly or indirectly refers potential
3 customers to the serviceman by providing to the potential
4 customers a promotional code or other mechanism that allows
5 the serviceman to track purchases referred by such persons.
6 Examples of mechanisms that allow the serviceman to track
7 purchases referred by such persons include but are not
8 limited to the use of a link on the person's Internet
9 website, promotional codes distributed through the
10 person's hand-delivered or mailed material, and
11 promotional codes distributed by the person through radio
12 or other broadcast media. The provisions of this paragraph
13 (1.1) shall apply only if the cumulative gross receipts
14 from sales of service by the serviceman to customers who
15 are referred to the serviceman by all persons in this State
16 under such contracts exceed \$10,000 during the preceding 4
17 quarterly periods ending on the last day of March, June,
18 September, and December; a serviceman meeting the
19 requirements of this paragraph (1.1) shall be presumed to
20 be maintaining a place of business in this State but may
21 rebut this presumption by submitting proof that the
22 referrals or other activities pursued within this State by
23 such persons were not sufficient to meet the nexus
24 standards of the United States Constitution during the
25 preceding 4 quarterly periods;

26 (1.2) beginning July 1, 2011, having a contract with a

1 person located in this State under which:

2 (A) the serviceman sells the same or substantially
3 similar line of services as the person located in this
4 State and does so using an identical or substantially
5 similar name, trade name, or trademark as the person
6 located in this State; and

7 (B) the serviceman provides a commission or other
8 consideration to the person located in this State based
9 upon the sale of services by the serviceman.

10 The provisions of this paragraph (1.2) shall apply only if
11 the cumulative gross receipts from sales of service by the
12 serviceman to customers in this State under all such
13 contracts exceed \$10,000 during the preceding 4 quarterly
14 periods ending on the last day of March, June, September,
15 and December;

16 (2) soliciting orders for tangible personal property
17 by means of a telecommunication or television shopping
18 system (which utilizes toll free numbers) which is intended
19 by the retailer to be broadcast by cable television or
20 other means of broadcasting, to consumers located in this
21 State;

22 (3) pursuant to a contract with a broadcaster or
23 publisher located in this State, soliciting orders for
24 tangible personal property by means of advertising which is
25 disseminated primarily to consumers located in this State
26 and only secondarily to bordering jurisdictions;

1 (4) soliciting orders for tangible personal property
2 by mail if the solicitations are substantial and recurring
3 and if the retailer benefits from any banking, financing,
4 debt collection, telecommunication, or marketing
5 activities occurring in this State or benefits from the
6 location in this State of authorized installation,
7 servicing, or repair facilities;

8 (5) being owned or controlled by the same interests
9 which own or control any retailer engaging in business in
10 the same or similar line of business in this State;

11 (6) having a franchisee or licensee operating under its
12 trade name if the franchisee or licensee is required to
13 collect the tax under this Section;

14 (7) pursuant to a contract with a cable television
15 operator located in this State, soliciting orders for
16 tangible personal property by means of advertising which is
17 transmitted or distributed over a cable television system
18 in this State;

19 (8) engaging in activities in Illinois, which
20 activities in the state in which the supply business
21 engaging in such activities is located would constitute
22 maintaining a place of business in that state; or

23 (9) beginning October 1, 2018, making sales of service
24 to purchasers in Illinois from outside of Illinois if:

25 (A) the cumulative gross receipts from sales of
26 service to purchasers in Illinois are \$100,000 or more;

1 or

2 (B) the serviceman enters into 200 or more separate
3 transactions for sales of service to purchasers in
4 Illinois.

5 The serviceman shall determine on a quarterly basis,
6 ending on the last day of March, June, September, and
7 December, whether he or she meets the criteria of either
8 subparagraph (A) or (B) of this paragraph (9) for the
9 preceding 12-month period. If the serviceman meets the
10 criteria of either subparagraph (A) or (B) for a 12-month
11 period, he or she is considered a serviceman maintaining a
12 place of business in this State and is required to collect
13 and remit the tax imposed under this Act and file returns
14 for one year. At the end of that one-year period, the
15 serviceman shall determine whether the serviceman met the
16 criteria of either subparagraph (A) or (B) during the
17 preceding 12-month period. If the serviceman met the
18 criteria in either subparagraph (A) or (B) for the
19 preceding 12-month period, he or she is considered a
20 serviceman maintaining a place of business in this State
21 and is required to collect and remit the tax imposed under
22 this Act and file returns for the subsequent year. If at
23 the end of a one-year period a serviceman that was required
24 to collect and remit the tax imposed under this Act
25 determines that he or she did not meet the criteria in
26 either subparagraph (A) or (B) during the preceding

1 12-month period, the serviceman subsequently shall
2 determine on a quarterly basis, ending on the last day of
3 March, June, September, and December, whether he or she
4 meets the criteria of either subparagraph (A) or (B) for
5 the preceding 12-month period.

6 (Source: P.A. 100-22, eff. 7-6-17; 100-321, eff. 8-24-17;
7 100-587, eff. 6-4-18; 100-863, eff. 8-14-18.)

8 Section 25-15. The Service Occupation Tax Act is amended by
9 changing Section 2 as follows:

10 (35 ILCS 115/2) (from Ch. 120, par. 439.102)

11 Sec. 2. In this Act:

12 "Transfer" means any transfer of the title to property or
13 of the ownership of property whether or not the transferor
14 retains title as security for the payment of amounts due him
15 from the transferee.

16 "Cost Price" means the consideration paid by the serviceman
17 for a purchase valued in money, whether paid in money or
18 otherwise, including cash, credits and services, and shall be
19 determined without any deduction on account of the supplier's
20 cost of the property sold or on account of any other expense
21 incurred by the supplier. When a serviceman contracts out part
22 or all of the services required in his sale of service, it
23 shall be presumed that the cost price to the serviceman of the
24 property transferred to him by his or her subcontractor is

1 equal to 50% of the subcontractor's charges to the serviceman
2 in the absence of proof of the consideration paid by the
3 subcontractor for the purchase of such property.

4 "Department" means the Department of Revenue.

5 "Person" means any natural individual, firm, partnership,
6 association, joint stock company, joint venture, public or
7 private corporation, limited liability company, and any
8 receiver, executor, trustee, guardian or other representative
9 appointed by order of any court.

10 "Sale of Service" means any transaction except:

11 (a) A retail sale of tangible personal property taxable
12 under the Retailers' Occupation Tax Act or under the Use Tax
13 Act.

14 (b) A sale of tangible personal property for the purpose of
15 resale made in compliance with Section 2c of the Retailers'
16 Occupation Tax Act.

17 (c) Except as hereinafter provided, a sale or transfer of
18 tangible personal property as an incident to the rendering of
19 service for or by any governmental body or for or by any
20 corporation, society, association, foundation or institution
21 organized and operated exclusively for charitable, religious
22 or educational purposes or any not-for-profit corporation,
23 society, association, foundation, institution or organization
24 which has no compensated officers or employees and which is
25 organized and operated primarily for the recreation of persons
26 55 years of age or older. A limited liability company may

1 qualify for the exemption under this paragraph only if the
2 limited liability company is organized and operated
3 exclusively for educational purposes.

4 (d) (Blank).

5 (d-1) A sale or transfer of tangible personal property as
6 an incident to the rendering of service for owners, lessors or
7 shippers of tangible personal property which is utilized by
8 interstate carriers for hire for use as rolling stock moving in
9 interstate commerce, and equipment operated by a
10 telecommunications provider, licensed as a common carrier by
11 the Federal Communications Commission, which is permanently
12 installed in or affixed to aircraft moving in interstate
13 commerce.

14 (d-1.1) On and after July 1, 2003 and through June 30,
15 2004, a sale or transfer of a motor vehicle of the second
16 division with a gross vehicle weight in excess of 8,000 pounds
17 as an incident to the rendering of service if that motor
18 vehicle is subject to the commercial distribution fee imposed
19 under Section 3-815.1 of the Illinois Vehicle Code. Beginning
20 on July 1, 2004 and through June 30, 2005, the use in this
21 State of motor vehicles of the second division: (i) with a
22 gross vehicle weight rating in excess of 8,000 pounds; (ii)
23 that are subject to the commercial distribution fee imposed
24 under Section 3-815.1 of the Illinois Vehicle Code; and (iii)
25 that are primarily used for commercial purposes. Through June
26 30, 2005, this exemption applies to repair and replacement

1 parts added after the initial purchase of such a motor vehicle
2 if that motor vehicle is used in a manner that would qualify
3 for the rolling stock exemption otherwise provided for in this
4 Act. For purposes of this paragraph, "used for commercial
5 purposes" means the transportation of persons or property in
6 furtherance of any commercial or industrial enterprise whether
7 for-hire or not.

8 (d-2) The repairing, reconditioning or remodeling, for a
9 common carrier by rail, of tangible personal property which
10 belongs to such carrier for hire, and as to which such carrier
11 receives the physical possession of the repaired,
12 reconditioned or remodeled item of tangible personal property
13 in Illinois, and which such carrier transports, or shares with
14 another common carrier in the transportation of such property,
15 out of Illinois on a standard uniform bill of lading showing
16 the person who repaired, reconditioned or remodeled the
17 property as the shipper or consignor of such property to a
18 destination outside Illinois, for use outside Illinois.

19 (d-3) A sale or transfer of tangible personal property
20 which is produced by the seller thereof on special order in
21 such a way as to have made the applicable tax the Service
22 Occupation Tax or the Service Use Tax, rather than the
23 Retailers' Occupation Tax or the Use Tax, for an interstate
24 carrier by rail which receives the physical possession of such
25 property in Illinois, and which transports such property, or
26 shares with another common carrier in the transportation of

1 such property, out of Illinois on a standard uniform bill of
2 lading showing the seller of the property as the shipper or
3 consignor of such property to a destination outside Illinois,
4 for use outside Illinois.

5 (d-4) Until January 1, 1997, a sale, by a registered
6 serviceman paying tax under this Act to the Department, of
7 special order printed materials delivered outside Illinois and
8 which are not returned to this State, if delivery is made by
9 the seller or agent of the seller, including an agent who
10 causes the product to be delivered outside Illinois by a common
11 carrier or the U.S. postal service.

12 (e) A sale or transfer of machinery and equipment used
13 primarily in the process of the manufacturing or assembling,
14 either in an existing, an expanded or a new manufacturing
15 facility, of tangible personal property for wholesale or retail
16 sale or lease, whether such sale or lease is made directly by
17 the manufacturer or by some other person, whether the materials
18 used in the process are owned by the manufacturer or some other
19 person, or whether such sale or lease is made apart from or as
20 an incident to the seller's engaging in a service occupation
21 and the applicable tax is a Service Occupation Tax or Service
22 Use Tax, rather than Retailers' Occupation Tax or Use Tax. The
23 exemption provided by this paragraph (e) includes production
24 related tangible personal property, as defined in Section 3-50
25 of the Use Tax Act, purchased on or after July 1, 2019. The
26 exemption provided by this paragraph (e) does not include

1 machinery and equipment used in (i) the generation of
2 electricity for wholesale or retail sale; (ii) the generation
3 or treatment of natural or artificial gas for wholesale or
4 retail sale that is delivered to customers through pipes,
5 pipelines, or mains; or (iii) the treatment of water for
6 wholesale or retail sale that is delivered to customers through
7 pipes, pipelines, or mains. The provisions of Public Act 98-583
8 are declaratory of existing law as to the meaning and scope of
9 this exemption. The exemption under this subsection (e) is
10 exempt from the provisions of Section 3-75.

11 (f) Until July 1, 2003, the sale or transfer of
12 distillation machinery and equipment, sold as a unit or kit and
13 assembled or installed by the retailer, which machinery and
14 equipment is certified by the user to be used only for the
15 production of ethyl alcohol that will be used for consumption
16 as motor fuel or as a component of motor fuel for the personal
17 use of such user and not subject to sale or resale.

18 (g) At the election of any serviceman not required to be
19 otherwise registered as a retailer under Section 2a of the
20 Retailers' Occupation Tax Act, made for each fiscal year sales
21 of service in which the aggregate annual cost price of tangible
22 personal property transferred as an incident to the sales of
23 service is less than 35% (75% in the case of servicemen
24 transferring prescription drugs or servicemen engaged in
25 graphic arts production) of the aggregate annual total gross
26 receipts from all sales of service. The purchase of such

1 tangible personal property by the serviceman shall be subject
2 to tax under the Retailers' Occupation Tax Act and the Use Tax
3 Act. However, if a primary serviceman who has made the election
4 described in this paragraph subcontracts service work to a
5 secondary serviceman who has also made the election described
6 in this paragraph, the primary serviceman does not incur a Use
7 Tax liability if the secondary serviceman (i) has paid or will
8 pay Use Tax on his or her cost price of any tangible personal
9 property transferred to the primary serviceman and (ii)
10 certifies that fact in writing to the primary serviceman.

11 Tangible personal property transferred incident to the
12 completion of a maintenance agreement is exempt from the tax
13 imposed pursuant to this Act.

14 Exemption (e) also includes machinery and equipment used in
15 the general maintenance or repair of such exempt machinery and
16 equipment or for in-house manufacture of exempt machinery and
17 equipment. On and after July 1, 2017, exemption (e) also
18 includes graphic arts machinery and equipment, as defined in
19 paragraph (5) of Section 3-5. The machinery and equipment
20 exemption does not include machinery and equipment used in (i)
21 the generation of electricity for wholesale or retail sale;
22 (ii) the generation or treatment of natural or artificial gas
23 for wholesale or retail sale that is delivered to customers
24 through pipes, pipelines, or mains; or (iii) the treatment of
25 water for wholesale or retail sale that is delivered to
26 customers through pipes, pipelines, or mains. The provisions of

1 Public Act 98-583 are declaratory of existing law as to the
2 meaning and scope of this exemption. For the purposes of
3 exemption (e), each of these terms shall have the following
4 meanings: (1) "manufacturing process" shall mean the
5 production of any article of tangible personal property,
6 whether such article is a finished product or an article for
7 use in the process of manufacturing or assembling a different
8 article of tangible personal property, by procedures commonly
9 regarded as manufacturing, processing, fabricating, or
10 refining which changes some existing material or materials into
11 a material with a different form, use or name. In relation to a
12 recognized integrated business composed of a series of
13 operations which collectively constitute manufacturing, or
14 individually constitute manufacturing operations, the
15 manufacturing process shall be deemed to commence with the
16 first operation or stage of production in the series, and shall
17 not be deemed to end until the completion of the final product
18 in the last operation or stage of production in the series; and
19 further for purposes of exemption (e), photoprocessing is
20 deemed to be a manufacturing process of tangible personal
21 property for wholesale or retail sale; (2) "assembling process"
22 shall mean the production of any article of tangible personal
23 property, whether such article is a finished product or an
24 article for use in the process of manufacturing or assembling a
25 different article of tangible personal property, by the
26 combination of existing materials in a manner commonly regarded

1 as assembling which results in a material of a different form,
2 use or name; (3) "machinery" shall mean major mechanical
3 machines or major components of such machines contributing to a
4 manufacturing or assembling process; and (4) "equipment" shall
5 include any independent device or tool separate from any
6 machinery but essential to an integrated manufacturing or
7 assembly process; including computers used primarily in a
8 manufacturer's computer assisted design, computer assisted
9 manufacturing (CAD/CAM) system; or any subunit or assembly
10 comprising a component of any machinery or auxiliary, adjunct
11 or attachment parts of machinery, such as tools, dies, jigs,
12 fixtures, patterns and molds; or any parts which require
13 periodic replacement in the course of normal operation; but
14 shall not include hand tools. Equipment includes chemicals or
15 chemicals acting as catalysts but only if the chemicals or
16 chemicals acting as catalysts effect a direct and immediate
17 change upon a product being manufactured or assembled for
18 wholesale or retail sale or lease. The purchaser of such
19 machinery and equipment who has an active resale registration
20 number shall furnish such number to the seller at the time of
21 purchase. The purchaser of such machinery and equipment and
22 tools without an active resale registration number shall
23 furnish to the seller a certificate of exemption for each
24 transaction stating facts establishing the exemption for that
25 transaction, which certificate shall be available to the
26 Department for inspection or audit.

1 Except as provided in Section 2d of this Act, the rolling
2 stock exemption applies to rolling stock used by an interstate
3 carrier for hire, even just between points in Illinois, if such
4 rolling stock transports, for hire, persons whose journeys or
5 property whose shipments originate or terminate outside
6 Illinois.

7 Any informal rulings, opinions or letters issued by the
8 Department in response to an inquiry or request for any opinion
9 from any person regarding the coverage and applicability of
10 exemption (e) to specific devices shall be published,
11 maintained as a public record, and made available for public
12 inspection and copying. If the informal ruling, opinion or
13 letter contains trade secrets or other confidential
14 information, where possible the Department shall delete such
15 information prior to publication. Whenever such informal
16 rulings, opinions, or letters contain any policy of general
17 applicability, the Department shall formulate and adopt such
18 policy as a rule in accordance with the provisions of the
19 Illinois Administrative Procedure Act.

20 On and after July 1, 1987, no entity otherwise eligible
21 under exemption (c) of this Section shall make tax-free
22 purchases unless it has an active exemption identification
23 number issued by the Department.

24 "Serviceman" means any person who is engaged in the
25 occupation of making sales of service.

26 "Sale at Retail" means "sale at retail" as defined in the

1 Retailers' Occupation Tax Act.

2 "Supplier" means any person who makes sales of tangible
3 personal property to servicemen for the purpose of resale as an
4 incident to a sale of service.

5 (Source: P.A. 100-22, eff. 7-6-17; 100-321, eff. 8-24-17;
6 100-863, eff. 8-14-18.)

7 Section 25-20. The Retailers' Occupation Tax Act is amended
8 by changing Section 2-45 as follows:

9 (35 ILCS 120/2-45) (from Ch. 120, par. 441-45)

10 Sec. 2-45. Manufacturing and assembly exemption. The
11 manufacturing and assembly machinery and equipment exemption
12 includes machinery and equipment that replaces machinery and
13 equipment in an existing manufacturing facility as well as
14 machinery and equipment that are for use in an expanded or new
15 manufacturing facility.

16 The machinery and equipment exemption also includes
17 machinery and equipment used in the general maintenance or
18 repair of exempt machinery and equipment or for in-house
19 manufacture of exempt machinery and equipment. Beginning on
20 July 1, 2017, the manufacturing and assembling machinery and
21 equipment exemption also includes graphic arts machinery and
22 equipment, as defined in paragraph (4) of Section 2-5. The
23 machinery and equipment exemption does not include machinery
24 and equipment used in (i) the generation of electricity for

1 wholesale or retail sale; (ii) the generation or treatment of
2 natural or artificial gas for wholesale or retail sale that is
3 delivered to customers through pipes, pipelines, or mains; or
4 (iii) the treatment of water for wholesale or retail sale that
5 is delivered to customers through pipes, pipelines, or mains.
6 The provisions of this amendatory Act of the 98th General
7 Assembly are declaratory of existing law as to the meaning and
8 scope of this exemption. For the purposes of this exemption,
9 terms have the following meanings:

10 (1) "Manufacturing process" means the production of an
11 article of tangible personal property, whether the article
12 is a finished product or an article for use in the process
13 of manufacturing or assembling a different article of
14 tangible personal property, by a procedure commonly
15 regarded as manufacturing, processing, fabricating, or
16 refining that changes some existing material or materials
17 into a material with a different form, use, or name. In
18 relation to a recognized integrated business composed of a
19 series of operations that collectively constitute
20 manufacturing, or individually constitute manufacturing
21 operations, the manufacturing process commences with the
22 first operation or stage of production in the series and
23 does not end until the completion of the final product in
24 the last operation or stage of production in the series.
25 For purposes of this exemption, photoprocessing is a
26 manufacturing process of tangible personal property for

1 wholesale or retail sale.

2 (2) "Assembling process" means the production of an
3 article of tangible personal property, whether the article
4 is a finished product or an article for use in the process
5 of manufacturing or assembling a different article of
6 tangible personal property, by the combination of existing
7 materials in a manner commonly regarded as assembling that
8 results in a material of a different form, use, or name.

9 (3) "Machinery" means major mechanical machines or
10 major components of those machines contributing to a
11 manufacturing or assembling process.

12 (4) "Equipment" includes an independent device or tool
13 separate from machinery but essential to an integrated
14 manufacturing or assembly process; including computers
15 used primarily in a manufacturer's computer assisted
16 design, computer assisted manufacturing (CAD/CAM) system;
17 any subunit or assembly comprising a component of any
18 machinery or auxiliary, adjunct, or attachment parts of
19 machinery, such as tools, dies, jigs, fixtures, patterns,
20 and molds; and any parts that require periodic replacement
21 in the course of normal operation; but does not include
22 hand tools. Equipment includes chemicals or chemicals
23 acting as catalysts but only if the chemicals or chemicals
24 acting as catalysts effect a direct and immediate change
25 upon a product being manufactured or assembled for
26 wholesale or retail sale or lease.

1 (5) "Production related tangible personal property"
2 means all tangible personal property that is used or
3 consumed by the purchaser in a manufacturing facility in
4 which a manufacturing process takes place and includes,
5 without limitation, tangible personal property that is
6 purchased for incorporation into real estate within a
7 manufacturing facility, supplies and consumables used in a
8 manufacturing facility including fuels, coolants,
9 solvents, oils, lubricants, and adhesives, hand tools,
10 protective apparel, and fire and safety equipment used or
11 consumed within a manufacturing facility, and tangible
12 personal property that is used or consumed in activities
13 such as research and development, preproduction material
14 handling, receiving, quality control, inventory control,
15 storage, staging, and packaging for shipping and
16 transportation purposes. "Production related tangible
17 personal property" does not include (i) tangible personal
18 property that is used, within or without a manufacturing
19 facility, in sales, purchasing, accounting, fiscal
20 management, marketing, personnel recruitment or selection,
21 or landscaping or (ii) tangible personal property that is
22 required to be titled or registered with a department,
23 agency, or unit of federal, State, or local government.

24 The manufacturing and assembling machinery and equipment
25 exemption includes production related tangible personal
26 property that is purchased on or after July 1, 2007 and on or

1 before June 30, 2008 and on or after July 1, 2019. The
2 exemption for production related tangible personal property
3 purchased on or after July 1, 2007 and before June 30, 2008 is
4 subject to both of the following limitations:

5 (1) The maximum amount of the exemption for any one
6 taxpayer may not exceed 5% of the purchase price of
7 production related tangible personal property that is
8 purchased on or after July 1, 2007 and on or before June
9 30, 2008. A credit under Section 3-85 of this Act may not
10 be earned by the purchase of production related tangible
11 personal property for which an exemption is received under
12 this Section.

13 (2) The maximum aggregate amount of the exemptions for
14 production related tangible personal property awarded
15 under this Act and the Use Tax Act to all taxpayers may not
16 exceed \$10,000,000. If the claims for the exemption exceed
17 \$10,000,000, then the Department shall reduce the amount of
18 the exemption to each taxpayer on a pro rata basis.

19 The Department shall ~~may~~ adopt rules to implement and
20 administer the exemption for production related tangible
21 personal property.

22 The manufacturing and assembling machinery and equipment
23 exemption includes the sale of materials to a purchaser who
24 produces exempted types of machinery, equipment, or tools and
25 who rents or leases that machinery, equipment, or tools to a
26 manufacturer of tangible personal property. This exemption

1 also includes the sale of materials to a purchaser who
2 manufactures those materials into an exempted type of
3 machinery, equipment, or tools that the purchaser uses himself
4 or herself in the manufacturing of tangible personal property.
5 The purchaser of the machinery and equipment who has an active
6 resale registration number shall furnish that number to the
7 seller at the time of purchase. A purchaser of the machinery,
8 equipment, and tools without an active resale registration
9 number shall furnish to the seller a certificate of exemption
10 for each transaction stating facts establishing the exemption
11 for that transaction, and that certificate shall be available
12 to the Department for inspection or audit. Informal rulings,
13 opinions, or letters issued by the Department in response to an
14 inquiry or request for an opinion from any person regarding the
15 coverage and applicability of this exemption to specific
16 devices shall be published, maintained as a public record, and
17 made available for public inspection and copying. If the
18 informal ruling, opinion, or letter contains trade secrets or
19 other confidential information, where possible, the Department
20 shall delete that information before publication. Whenever
21 informal rulings, opinions, or letters contain a policy of
22 general applicability, the Department shall formulate and
23 adopt that policy as a rule in accordance with the Illinois
24 Administrative Procedure Act.

25 The manufacturing and assembling machinery and equipment
26 exemption is exempt from the provisions of Section 2-70.

1 (Source: P.A. 100-22, eff. 7-6-17.)

2 ARTICLE 30.BUSINESS CORPORATION ACT OF 1983

3 Section 30-5. The Business Corporation Act of 1983 is
4 amended by changing Sections 14.30, 15.35, 15.65, and 15.97 as
5 follows:

6 (805 ILCS 5/14.30) (from Ch. 32, par. 14.30)

7 Sec. 14.30. Cumulative report of changes in issued shares
8 or paid-in capital.

9 (a) Each domestic corporation and each foreign corporation
10 authorized to transact business in this State that effects any
11 change in the number of issued shares or the amount of paid-in
12 capital prior to January 1, 2024 that has not theretofore been
13 reported in any report other than an annual report, interim
14 annual report, or final transition annual report, shall execute
15 and file, in accordance with Section 1.10 of this Act, a report
16 with respect to the changes in its issued shares or paid-in
17 capital:

18 (1) that have occurred subsequent to the last day of
19 the third month preceding its anniversary month in the
20 preceding year and prior to the first day of the second
21 month immediately preceding its anniversary month in the
22 current year; or

23 (2) in the case of a corporation that has established

1 an extended filing month, that have occurred during its
2 fiscal year; or

3 (3) in the case of a statutory merger or consolidation
4 or an amendment to the corporation's articles of
5 incorporation that affects the number of issued shares or
6 the amount of paid-in capital, that have occurred between
7 the last day of the third month immediately preceding its
8 anniversary month and the date of the merger,
9 consolidation, or amendment or, in the case of a
10 corporation that has established an extended filing month,
11 that have occurred between the first day of its fiscal year
12 and the date of the merger, consolidation, or amendment; or

13 (4) in the case of a statutory merger or consolidation
14 or an amendment to the corporation's articles of
15 incorporation that affects the number of issued shares or
16 the amount of paid-in capital, that have occurred between
17 the date of the merger, consolidation, or amendment (but
18 not including the merger, consolidation, or amendment) and
19 the first day of the second month immediately preceding its
20 anniversary month in the current year, or in the case of a
21 corporation that has established an extended filing month,
22 that have occurred between the date of the merger,
23 consolidation or amendment (but not including the merger,
24 consolidation or amendment) and the last day of its fiscal
25 year.

26 (b) The corporation shall file the report required under

1 subsection (a) not later than (i) the time its annual report is
2 required to be filed in 1992 and in each subsequent year and
3 (ii) not later than the time of filing the articles of merger,
4 consolidation, or amendment to the articles of incorporation
5 that affects the number of issued shares or the amount of
6 paid-in capital of a domestic corporation or the certified copy
7 of merger of a foreign corporation.

8 (c) The report shall net decreases against increases that
9 occur during the same taxable period. The report shall set
10 forth:

11 (1) The name of the corporation and the state or
12 country under the laws of which it is organized.

13 (2) A statement of the aggregate number of shares which
14 the corporation has authority to issue, itemized by classes
15 and series, if any, within a class.

16 (3) A statement of the aggregate number of issued
17 shares as last reported to the Secretary of State in any
18 document required or permitted by this Act to be filed,
19 other than an annual report, interim annual report or final
20 transition annual report, itemized by classes and series,
21 if any, within a class.

22 (4) A statement, expressed in dollars, of the amount of
23 paid-in capital of the corporation as last reported to the
24 Secretary of State in any document required or permitted by
25 this Act to be filed, other than an annual report, interim
26 annual report or final transition annual report.

1 (5) A statement, if applicable, of the aggregate number
2 of shares issued by the corporation not theretofore
3 reported to the Secretary of State as having been issued,
4 and a statement, expressed in dollars, of the value of the
5 entire consideration received, less expenses, including
6 commissions, paid or incurred in connection with the
7 issuance, for, or on account of, the issuance of the
8 shares, itemized by classes, and series, if any, within a
9 class; and in the case of shares issued as a share
10 dividend, the amount added or transferred to the paid-in
11 capital of the corporation for, or on account of, the
12 issuance of the shares; provided, however, that the report
13 shall also include the date of each issuance made prior to
14 the current reporting period, and the number of issued
15 shares and consideration received in each case.

16 (6) A statement, if applicable, expressed in dollars,
17 of the amount added or transferred to paid-in capital of
18 the corporation without the issuance of shares; provided,
19 however, that the report shall also include the date of
20 each increase made prior to the current reporting period,
21 and the consideration received in each case.

22 (7) In case of an exchange or reclassification of
23 issued shares resulting in an increase in the amount of
24 paid-in capital, a statement of the manner in which it was
25 effected, and a statement, expressed in dollars, of the
26 amount added or transferred to the paid-in capital of the

1 corporation as a result thereof, except any portion thereof
2 reported under any other subsection of this Section as a
3 part of the consideration received by the corporation for,
4 or on account of, its issued shares; provided, however,
5 that the report shall also include the date of each
6 exchange or reclassification made prior to the current
7 reporting period and the consideration received in each
8 case.

9 (8) If the consideration received for the issuance of
10 any shares not theretofore reported as having been issued
11 consists of labor or services performed or of property,
12 other than cash, then a statement, expressed in dollars, of
13 the value of that consideration as fixed by the board of
14 directors.

15 (9) In the case of a cancellation of shares or a
16 reduction in paid-in capital made pursuant to Section 9.20,
17 the aggregate reduction in paid-in capital; provided,
18 however, that the report shall also include the date of
19 each reduction made prior to the current reporting period.

20 (10) A statement of the aggregate number of issued
21 shares itemized by classes and series, if any, within a
22 class, after giving effect to the changes reported.

23 (11) A statement, expressed in dollars, of the amount
24 of paid-in capital of the corporation after giving effect
25 to the changes reported.

26 (d) No additional license fees or franchise taxes shall be

1 payable upon the filing of the report to the extent that
2 license fees or franchise taxes shall have been previously paid
3 by the corporation in respect of shares previously issued which
4 are being exchanged for the shares the issuance of which is
5 being reported, provided those facts are shown in the report.

6 (e) The report shall be made on forms prescribed and
7 furnished by the Secretary of State.

8 (f) Until the report under this Section or a report under
9 Section 14.25 shall have been filed in the Office of the
10 Secretary of State showing a reduction in paid-in capital, the
11 basis of the annual franchise tax payable by the corporation
12 shall not be reduced, provided, however, in no event shall the
13 annual franchise tax for any taxable year be reduced if the
14 report is not filed prior to the first day of the anniversary
15 month or, in the case of a corporation which has established an
16 extended filing month, the extended filing month of the
17 corporation of that taxable year and before payment of its
18 annual franchise tax.

19 (Source: P.A. 90-421, eff. 1-1-98.)

20 (805 ILCS 5/15.35) (from Ch. 32, par. 15.35)

21 Sec. 15.35. Franchise taxes payable by domestic
22 corporations. For the privilege of exercising its franchises in
23 this State, each domestic corporation shall pay to the
24 Secretary of State the following franchise taxes, computed on
25 the basis, at the rates and for the periods prescribed in this

1 Act:

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

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

14 (c) An additional franchise tax at the time of filing a
15 report of paid-in capital following a statutory merger or
16 consolidation, which discloses that the paid-in capital of the
17 surviving or new corporation immediately after the merger or
18 consolidation is greater than the sum of the paid-in capital of
19 all of the merged or consolidated corporations as last reported
20 by them in any documents, other than annual reports, required
21 by this Act to be filed in the office of the Secretary of
22 State; and in addition, the surviving or new corporation shall
23 be liable for a further additional franchise tax on the paid-in
24 capital of each of the merged or consolidated corporations as
25 last reported by them in any document, other than an annual
26 report, required by this Act to be filed with the Secretary of

1 State from their taxable year end to the next succeeding
2 anniversary month or, in the case of a corporation which has
3 established an extended filing month, the extended filing month
4 of the surviving or new corporation; however if the taxable
5 year ends within the 2 month period immediately preceding the
6 anniversary month or, in the case of a corporation which has
7 established an extended filing month, the extended filing month
8 of the surviving or new corporation the tax will be computed to
9 the anniversary month or, in the case of a corporation which
10 has established an extended filing month, the extended filing
11 month of the surviving or new corporation in the next
12 succeeding calendar year.

13 (d) An annual franchise tax payable each year with the
14 annual report which the corporation is required by this Act to
15 file.

16 (e) On or after January 1, 2020 and prior to January 1,
17 2021, the first \$30 in liability is exempt from the tax imposed
18 under this Section. On or after January 1, 2021 and prior to
19 January 1, 2022, the first \$1,000 in liability is exempt from
20 the tax imposed under this Section. On or after January 1, 2022
21 and prior to January 1, 2023, the first \$10,000 in liability is
22 exempt from the tax imposed under this Section. On or after
23 January 1, 2023 and prior to January 1, 2024, the first
24 \$100,000 in liability is exempt from the tax imposed under this
25 Section. The provisions of this Section shall not require the
26 payment of any franchise tax that would otherwise have been due

1 and payable on or after January 1, 2024. There shall be no
2 refunds or proration of franchise tax for any taxes due and
3 payable on or after January 1, 2024 on the basis that a portion
4 of the corporation's taxable year extends beyond January 1,
5 2024. This amendatory Act of the 101st General Assembly shall
6 not affect any right accrued or established, or any liability
7 or penalty incurred prior to January 1, 2024.

8 (f) This Section is repealed on December 31, 2025.

9 (Source: P.A. 86-985.)

10 (805 ILCS 5/15.65) (from Ch. 32, par. 15.65)

11 Sec. 15.65. Franchise taxes payable by foreign
12 corporations. For the privilege of exercising its authority to
13 transact such business in this State as set out in its
14 application therefor or any amendment thereto, each foreign
15 corporation shall pay to the Secretary of State the following
16 franchise taxes, computed on the basis, at the rates and for
17 the periods prescribed in this Act:

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

20 (b) An additional franchise tax at the time of filing (1) a
21 report of the issuance of additional shares, or (2) a report of
22 an increase in paid-in capital without the issuance of shares,
23 or (3) a report of cumulative changes in paid-in capital or a
24 report of an exchange or reclassification of shares, whenever
25 any such report discloses an increase in its paid-in capital

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

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

1 anniversary or, extended filing month of the surviving
2 corporation in the next succeeding calendar year.

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

6 (e) On or after January 1, 2020 and prior to January 1,
7 2021, the first \$30 in liability is exempt from the tax imposed
8 under this Section. On or after January 1, 2021 and prior to
9 January 1, 2022, the first \$1,000 in liability is exempt from
10 the tax imposed under this Section. On or after January 1, 2022
11 and prior to January 1, 2023, the first \$10,000 in liability is
12 exempt from the tax imposed under this Section. On or after
13 January 1, 2023 and prior to January 1, 2024, the first
14 \$100,000 in liability is exempt from the tax imposed under this
15 Section. The provisions of this Section shall not require the
16 payment of any franchise tax that would otherwise have been due
17 and payable on or after January 1, 2024. There shall be no
18 refunds or proration of franchise tax for any taxes due and
19 payable on or after January 1, 2024 on the basis that a portion
20 of the corporation's taxable year extends beyond January 1,
21 2024. This amendatory Act of the 101st General Assembly shall
22 not affect any right accrued or established, or any liability
23 or penalty incurred prior to January 1, 2024.

24 (f) This Section is repealed on December 31, 2024.

25 (Source: P.A. 92-33, eff. 7-1-01.)

1 (805 ILCS 5/15.97) (from Ch. 32, par. 15.97)

2 Sec. 15.97. Corporate Franchise Tax Refund Fund.

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

13 (b) Beginning July 1, 1993, moneys in the Fund shall be
14 expended exclusively for the purpose of paying refunds payable
15 because of overpayment of franchise taxes, penalties, or
16 interest under Sections 13.70, 15.35, 15.45, 15.65, 15.75, and
17 16.05 of this Act and making transfers authorized under this
18 Section. Refunds in accordance with the provisions of
19 subsections (f) and (g) of Section 1.15 and Section 1.17 of
20 this Act may be made from the Fund only to the extent that
21 amounts collected under Sections 15.35, 15.45, 15.65, and 15.75
22 of this Act have been deposited in the Fund and remain
23 available. On or before August 31 of each year, the balance in
24 the Fund in excess of \$100,000 shall be transferred to the
25 General Revenue Fund. Notwithstanding the provisions of this
26 subsection, for the period commencing on or after July 1, 2022,

1 amounts in the fund shall not be transferred to the General
2 Revenue Fund and shall be used to pay refunds in accordance
3 with the provisions of this Act. Within a reasonable time after
4 December 31, 2022, the Secretary of State shall direct and the
5 Comptroller shall order transferred to the General Revenue Fund
6 all amounts remaining in the fund.

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

11 (d) This Section is repealed on December 31, 2022.

12 (Source: P.A. 99-620, eff. 1-1-17.)

13 ARTICLE 99. EFFECTIVE DATE

14 Section 999. Effective date. This Act takes effect upon
15 becoming law.