



Rep. Gregory Harris

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1 AMENDMENT TO SENATE BILL 689

2 AMENDMENT NO. _____. Amend Senate Bill 689, AS AMENDED, by
3 replacing everything after the enacting clause with the
4 following:

5 "ARTICLE 10. AMENDATORY PROVISIONS

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

8 (30 ILCS 105/6z-81)

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

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

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

15 (1) Subject to appropriation, for payment by the

1 Department of Healthcare and Family Services or by the
2 Department of Human Services of medical bills and related
3 expenses, including administrative expenses, for which the
4 State is responsible under Titles XIX and XXI of the Social
5 Security Act, the Illinois Public Aid Code, the Children's
6 Health Insurance Program Act, the Covering ALL KIDS Health
7 Insurance Act, and the Long Term Acute Care Hospital
8 Quality Improvement Transfer Program Act.

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

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

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

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

18 (2) All federal matching funds received by the Illinois
19 Department of Healthcare and Family Services as a result of
20 expenditures made by the Department that are attributable
21 to moneys deposited in the Fund.

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

26 (3.5) Proceeds from the assessment authorized under

1 Article V-H of the Public Aid Code.

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

4 (5) All federal matching funds received by the Illinois
5 Department of Healthcare and Family Services as a result of
6 expenditures made by the Department for Medical Assistance
7 from the General Revenue Fund, the Tobacco Settlement
8 Recovery Fund, the Long-Term Care Provider Fund, and the
9 Drug Rebate Fund related to individuals eligible for
10 medical assistance pursuant to the Patient Protection and
11 Affordable Care Act (P.L. 111-148) and Section 5-2 of the
12 Illinois Public Aid Code.

13 (d) In addition to any other transfers that may be provided
14 for by law, on the effective date of Public Act 97-44, or as
15 soon thereafter as practical, the State Comptroller shall
16 direct and the State Treasurer shall transfer the sum of
17 \$365,000,000 from the General Revenue Fund into the Healthcare
18 Provider Relief Fund.

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

24 (f) Notwithstanding any other State law to the contrary,
25 and in addition to any other transfers that may be provided for
26 by law, the State Comptroller shall order transferred and the

1 State Treasurer shall transfer \$500,000,000 to the Healthcare
2 Provider Relief Fund from the General Revenue Fund in equal
3 monthly installments of \$100,000,000, with the first transfer
4 to be made on July 1, 2012, or as soon thereafter as practical,
5 and with each of the remaining transfers to be made on August
6 1, 2012, September 1, 2012, October 1, 2012, and November 1,
7 2012, or as soon thereafter as practical. This transfer may
8 assist the Department of Healthcare and Family Services in
9 improving Medical Assistance bill processing timeframes or in
10 meeting the possible requirements of Senate Bill 3397, or other
11 similar legislation, of the 97th General Assembly should it
12 become law.

13 (g) Notwithstanding any other State law to the contrary,
14 and in addition to any other transfers that may be provided for
15 by law, on July 1, 2013, or as soon thereafter as may be
16 practical, the State Comptroller shall direct and the State
17 Treasurer shall transfer the sum of \$601,000,000 from the
18 General Revenue Fund to the Healthcare Provider Relief Fund.

19 (Source: P.A. 99-516, eff. 6-30-16; 100-587, eff. 6-4-18.)

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

22 (35 ILCS 5/203) (from Ch. 120, par. 2-203)

23 Sec. 203. Base income defined.

24 (a) Individuals.

1 (1) In general. In the case of an individual, base
2 income means an amount equal to the taxpayer's adjusted
3 gross income for the taxable year as modified by paragraph
4 (2).

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

8 (A) An amount equal to all amounts paid or accrued
9 to the taxpayer as interest or dividends during the
10 taxable year to the extent excluded from gross income
11 in the computation of adjusted gross income, except
12 stock dividends of qualified public utilities
13 described in Section 305(e) of the Internal Revenue
14 Code;

15 (B) An amount equal to the amount of tax imposed by
16 this Act to the extent deducted from gross income in
17 the computation of adjusted gross income for the
18 taxable year;

19 (C) An amount equal to the amount received during
20 the taxable year as a recovery or refund of real
21 property taxes paid with respect to the taxpayer's
22 principal residence under the Revenue Act of 1939 and
23 for which a deduction was previously taken under
24 subparagraph (L) of this paragraph (2) prior to July 1,
25 1991, the retrospective application date of Article 4
26 of Public Act 87-17. In the case of multi-unit or

1 multi-use structures and farm dwellings, the taxes on
2 the taxpayer's principal residence shall be that
3 portion of the total taxes for the entire property
4 which is attributable to such principal residence;

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

9 (D-5) An amount, to the extent not included in
10 adjusted gross income, equal to the amount of money
11 withdrawn by the taxpayer in the taxable year from a
12 medical care savings account and the interest earned on
13 the account in the taxable year of a withdrawal
14 pursuant to subsection (b) of Section 20 of the Medical
15 Care Savings Account Act or subsection (b) of Section
16 20 of the Medical Care Savings Account Act of 2000;

17 (D-10) For taxable years ending after December 31,
18 1997, an amount equal to any eligible remediation costs
19 that the individual deducted in computing adjusted
20 gross income and for which the individual claims a
21 credit under subsection (l) of Section 201;

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

1 (D-16) If the taxpayer sells, transfers, abandons,
2 or otherwise disposes of property for which the
3 taxpayer was required in any taxable year to make an
4 addition modification under subparagraph (D-15), then
5 an amount equal to the aggregate amount of the
6 deductions taken in all taxable years under
7 subparagraph (Z) with respect to that property.

8 If the taxpayer continues to own property through
9 the last day of the last tax year for which the
10 taxpayer may claim a depreciation deduction for
11 federal income tax purposes and for which the taxpayer
12 was allowed in any taxable year to make a subtraction
13 modification under subparagraph (Z), then an amount
14 equal to that subtraction modification.

15 The taxpayer is required to make the addition
16 modification under this subparagraph only once with
17 respect to any one piece of property;

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

1 years ending on or after December 31, 2008, to a person
2 who would be a member of the same unitary business
3 group but for the fact that the person is prohibited
4 under Section 1501(a)(27) from being included in the
5 unitary business group because he or she is ordinarily
6 required to apportion business income under different
7 subsections of Section 304. The addition modification
8 required by this subparagraph shall be reduced to the
9 extent that dividends were included in base income of
10 the unitary group for the same taxable year and
11 received by the taxpayer or by a member of the
12 taxpayer's unitary business group (including amounts
13 included in gross income under Sections 951 through 964
14 of the Internal Revenue Code and amounts included in
15 gross income under Section 78 of the Internal Revenue
16 Code) with respect to the stock of the same person to
17 whom the interest was paid, accrued, or incurred.

18 This paragraph shall not apply to the following:

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

25 (ii) an item of interest paid, accrued, or
26 incurred, directly or indirectly, to a person if

1 the taxpayer can establish, based on a
2 preponderance of the evidence, both of the
3 following:

4 (a) the person, during the same taxable
5 year, paid, accrued, or incurred, the interest
6 to a person that is not a related member, and

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

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

20 (iv) an item of interest paid, accrued, or
21 incurred, directly or indirectly, to a person if
22 the taxpayer establishes by clear and convincing
23 evidence that the adjustments are unreasonable; or
24 if the taxpayer and the Director agree in writing
25 to the application or use of an alternative method
26 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-18) An amount equal to the amount of intangible
11 expenses and costs otherwise allowed as a deduction in
12 computing base income, and that were paid, accrued, or
13 incurred, directly or indirectly, (i) for taxable
14 years ending on or after December 31, 2004, to a
15 foreign person who would be a member of the same
16 unitary business group but for the fact that the
17 foreign person's business activity outside the United
18 States is 80% or more of that person's total business
19 activity and (ii) for taxable years ending on or after
20 December 31, 2008, to a person who would be a member of
21 the same unitary business group but for the fact that
22 the person is prohibited under Section 1501(a)(27)
23 from being included in the unitary business group
24 because he or she is ordinarily required to apportion
25 business income under different subsections of Section
26 304. The addition modification required by this

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

1 works, trade secrets, and similar types of intangible
2 assets.

3 This paragraph shall not apply to the following:

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

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

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

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

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

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

18 (D-19) For taxable years ending on or after
19 December 31, 2008, an amount equal to the amount of
20 insurance premium expenses and costs otherwise allowed
21 as a deduction in computing base income, and that were
22 paid, accrued, or incurred, directly or indirectly, to
23 a person who would be a member of the same unitary
24 business group but for the fact that the person is
25 prohibited under Section 1501(a)(27) from being
26 included in the unitary business group because he or

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

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

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

21 For the purposes of this subparagraph (D-20), a
22 qualified tuition program has made reasonable efforts
23 if it makes disclosures (which may use the term
24 "in-state program" or "in-state plan" and need not
25 specifically refer to Illinois or its qualified
26 programs by name) (i) directly to prospective

1 participants in its offering materials or makes a
2 public disclosure, such as a website posting; and (ii)
3 where applicable, to intermediaries selling the
4 out-of-state program in the same manner that the
5 out-of-state program distributes its offering
6 materials;

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

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

22 (D-21.5) For taxable years beginning on or after
23 January 1, 2018, in the case of the transfer of moneys
24 from a qualified tuition program under Section 529 or a
25 qualified ABLE program under Section 529A of the
26 Internal Revenue Code that is administered by this

1 State to an ABLE account established under an
2 out-of-state ABLE account program, an amount equal to
3 the contribution component of the transferred amount
4 that was previously deducted from base income under
5 subsection (a)(2)(Y) or subsection (a)(2)(HH) of this
6 Section;

7 (D-22) For taxable years beginning on or after
8 January 1, 2009, and prior to January 1, 2018, in the
9 case of a nonqualified withdrawal or refund of moneys
10 from a qualified tuition program under Section 529 of
11 the Internal Revenue Code administered by the State
12 that is not used for qualified expenses at an eligible
13 education institution, an amount equal to the
14 contribution component of the nonqualified withdrawal
15 or refund that was previously deducted from base income
16 under subsection (a)(2)(y) of this Section, provided
17 that the withdrawal or refund did not result from the
18 beneficiary's death or disability. For taxable years
19 beginning on or after January 1, 2018: (1) in the case
20 of a nonqualified withdrawal or refund, as defined
21 under Section 16.5 of the State Treasurer Act, of
22 moneys from a qualified tuition program under Section
23 529 of the Internal Revenue Code administered by the
24 State, an amount equal to the contribution component of
25 the nonqualified withdrawal or refund that was
26 previously deducted from base income under subsection

1 (a) (2) (Y) of this Section, and (2) in the case of a
2 nonqualified withdrawal or refund from a qualified
3 ABLE program under Section 529A of the Internal Revenue
4 Code administered by the State that is not used for
5 qualified disability expenses, 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) (HH) of this Section;

9 (D-23) An amount equal to the credit allowable to
10 the taxpayer under Section 218(a) of this Act,
11 determined without regard to Section 218(c) of this
12 Act;

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

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

19 (E) For taxable years ending before December 31,
20 2001, any amount included in such total in respect of
21 any compensation (including but not limited to any
22 compensation paid or accrued to a serviceman while a
23 prisoner of war or missing in action) paid to a
24 resident by reason of being on active duty in the Armed
25 Forces of the United States and in respect of any
26 compensation paid or accrued to a resident who as a

1 governmental employee was a prisoner of war or missing
2 in action, and in respect of any compensation paid to a
3 resident in 1971 or thereafter for annual training
4 performed pursuant to Sections 502 and 503, Title 32,
5 United States Code as a member of the Illinois National
6 Guard or, beginning with taxable years ending on or
7 after December 31, 2007, the National Guard of any
8 other state. For taxable years ending on or after
9 December 31, 2001, any amount included in such total in
10 respect of any compensation (including but not limited
11 to any compensation paid or accrued to a serviceman
12 while a prisoner of war or missing in action) paid to a
13 resident by reason of being a member of any component
14 of the Armed Forces of the United States and in respect
15 of any compensation paid or accrued to a resident who
16 as a governmental employee was a prisoner of war or
17 missing in action, and in respect of any compensation
18 paid to a resident in 2001 or thereafter by reason of
19 being a member of the Illinois National Guard or,
20 beginning with taxable years ending on or after
21 December 31, 2007, the National Guard of any other
22 state. The provisions of this subparagraph (E) are
23 exempt from the provisions of Section 250;

24 (F) An amount equal to all amounts included in such
25 total pursuant to the provisions of Sections 402(a),
26 402(c), 403(a), 403(b), 406(a), 407(a), and 408 of the

1 Internal Revenue Code, or included in such total as
2 distributions under the provisions of any retirement
3 or disability plan for employees of any governmental
4 agency or unit, or retirement payments to retired
5 partners, which payments are excluded in computing net
6 earnings from self employment by Section 1402 of the
7 Internal Revenue Code and regulations adopted pursuant
8 thereto;

9 (G) The valuation limitation amount;

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

13 (I) An amount equal to all amounts included in such
14 total pursuant to the provisions of Section 111 of the
15 Internal Revenue Code as a recovery of items previously
16 deducted from adjusted gross income in the computation
17 of taxable income;

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

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

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

9 (L) For taxable years ending after December 31,
10 1983, an amount equal to all social security benefits
11 and railroad retirement benefits included in such
12 total pursuant to Sections 72(r) and 86 of the Internal
13 Revenue Code;

14 (M) With the exception of any amounts subtracted
15 under subparagraph (N), an amount equal to the sum of
16 all amounts disallowed as deductions by (i) Sections
17 171(a)(2), and 265(a)(2) ~~265(2)~~ of the Internal
18 Revenue Code, and all amounts of expenses allocable to
19 interest and disallowed as deductions by Section
20 265(a)(1) ~~265(1)~~ of the Internal Revenue Code; and (ii)
21 for taxable years ending on or after August 13, 1999,
22 Sections 171(a)(2), 265, 280C, and 832(b)(5)(B)(i) of
23 the Internal Revenue Code, plus, for taxable years
24 ending on or after December 31, 2011, Section 45G(e)(3)
25 of the Internal Revenue Code and, for taxable years
26 ending on or after December 31, 2008, any amount

1 included in gross income under Section 87 of the
2 Internal Revenue Code; the provisions of this
3 subparagraph are exempt from the provisions of Section
4 250;

5 (N) 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 (O) An amount equal to any contribution made to a
15 job training project established pursuant to the Tax
16 Increment Allocation Redevelopment Act;

17 (P) An amount equal to the amount of the deduction
18 used to compute the federal income tax credit for
19 restoration of substantial amounts held under claim of
20 right for the taxable year pursuant to Section 1341 of
21 the Internal Revenue Code or of any itemized deduction
22 taken from adjusted gross income in the computation of
23 taxable income for restoration of substantial amounts
24 held under claim of right for the taxable year;

25 (Q) An amount equal to any amounts included in such
26 total, received by the taxpayer as an acceleration in

1 the payment of life, endowment or annuity benefits in
2 advance of the time they would otherwise be payable as
3 an indemnity for a terminal illness;

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

6 (S) An amount, to the extent included in adjusted
7 gross income, equal to the amount of a contribution
8 made in the taxable year on behalf of the taxpayer to a
9 medical care savings account established under the
10 Medical Care Savings Account Act or the Medical Care
11 Savings Account Act of 2000 to the extent the
12 contribution is accepted by the account administrator
13 as provided in that Act;

14 (T) An amount, to the extent included in adjusted
15 gross income, equal to the amount of interest earned in
16 the taxable year on a medical care savings account
17 established under the Medical Care Savings Account Act
18 or the Medical Care Savings Account Act of 2000 on
19 behalf of the taxpayer, other than interest added
20 pursuant to item (D-5) of this paragraph (2);

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

1 (V) Beginning with tax years ending on or after
2 December 31, 1995 and ending with tax years ending on
3 or before December 31, 2004, an amount equal to the
4 amount paid by a taxpayer who is a self-employed
5 taxpayer, a partner of a partnership, or a shareholder
6 in a Subchapter S corporation for health insurance or
7 long-term care insurance for that taxpayer or that
8 taxpayer's spouse or dependents, to the extent that the
9 amount paid for that health insurance or long-term care
10 insurance may be deducted under Section 213 of the
11 Internal Revenue Code, has not been deducted on the
12 federal income tax return of the taxpayer, and does not
13 exceed the taxable income attributable to that
14 taxpayer's income, self-employment income, or
15 Subchapter S corporation income; except that no
16 deduction shall be allowed under this item (V) if the
17 taxpayer is eligible to participate in any health
18 insurance or long-term care insurance plan of an
19 employer of the taxpayer or the taxpayer's spouse. The
20 amount of the health insurance and long-term care
21 insurance subtracted under this item (V) shall be
22 determined by multiplying total health insurance and
23 long-term care insurance premiums paid by the taxpayer
24 times a number that represents the fractional
25 percentage of eligible medical expenses under Section
26 213 of the Internal Revenue Code of 1986 not actually

1 deducted on the taxpayer's federal income tax return;

2 (W) For taxable years beginning on or after January
3 1, 1998, all amounts included in the taxpayer's federal
4 gross income in the taxable year from amounts converted
5 from a regular IRA to a Roth IRA. This paragraph is
6 exempt from the provisions of Section 250;

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

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

14 (Y) For taxable years beginning on or after January
15 1, 2002 and ending on or before December 31, 2004,
16 moneys contributed in the taxable year to a College
17 Savings Pool account under Section 16.5 of the State
18 Treasurer Act, except that amounts excluded from gross
19 income under Section 529(c)(3)(C)(i) of the Internal
20 Revenue Code shall not be considered moneys
21 contributed under this subparagraph (Y). For taxable
22 years beginning on or after January 1, 2005, a maximum
23 of \$10,000 contributed in the taxable year to (i) a
24 College Savings Pool account under Section 16.5 of the
25 State Treasurer Act or (ii) the Illinois Prepaid
26 Tuition Trust Fund, except that amounts excluded from

1 gross income under Section 529(c)(3)(C)(i) of the
2 Internal Revenue Code shall not be considered moneys
3 contributed under this subparagraph (Y). For purposes
4 of this subparagraph, contributions made by an
5 employer on behalf of an employee, or matching
6 contributions made by an employee, shall be treated as
7 made by the employee. This subparagraph (Y) is exempt
8 from the provisions of Section 250;

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

15 (1) "y" equals the amount of the depreciation
16 deduction taken for the taxable year on the
17 taxpayer's federal income tax return on property
18 for which the bonus depreciation deduction was
19 taken in any year under subsection (k) of Section
20 168 of the Internal Revenue Code, but not including
21 the bonus depreciation deduction;

22 (2) for taxable years ending on or before
23 December 31, 2005, "x" equals "y" multiplied by 30
24 and then divided by 70 (or "y" multiplied by
25 0.429); and

26 (3) for taxable years ending after December

1 31, 2005:

2 (i) for property on which a bonus
3 depreciation deduction of 30% of the adjusted
4 basis was taken, "x" equals "y" multiplied by
5 30 and then divided by 70 (or "y" multiplied by
6 0.429); and

7 (ii) for property on which a bonus
8 depreciation deduction of 50% of the adjusted
9 basis was taken, "x" equals "y" multiplied by
10 1.0.

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

19 (AA) 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 that addition modification.

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

1 federal income tax purposes and for which the taxpayer
2 was required in any taxable year to make an addition
3 modification under subparagraph (D-15), then an amount
4 equal to that addition modification.

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

8 This subparagraph (AA) is exempt from the
9 provisions of Section 250;

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

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

1 203(d)(2)(D-8), but not to exceed the amount of that
2 addition modification. This subparagraph (CC) is
3 exempt from the provisions of Section 250;

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

24 (EE) An amount equal to the income from intangible
25 property taken into account for the taxable year (net
26 of the 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(a)(2)(D-18) for
15 intangible expenses and costs paid, accrued, or
16 incurred, directly or indirectly, to the same foreign
17 person. This subparagraph (EE) is exempt from the
18 provisions of Section 250;

19 (FF) An amount equal to any amount awarded to the
20 taxpayer during the taxable year by the Court of Claims
21 under subsection (c) of Section 8 of the Court of
22 Claims Act for time unjustly served in a State prison.
23 This subparagraph (FF) is exempt from the provisions of
24 Section 250;

25 (GG) For taxable years ending on or after December
26 31, 2011, in the case of a taxpayer who was required to

1 add back any insurance premiums under Section
2 203(a)(2)(D-19), such taxpayer may elect to subtract
3 that part of a reimbursement received from the
4 insurance company equal to the amount of the expense or
5 loss (including expenses incurred by the insurance
6 company) that would have been taken into account as a
7 deduction for federal income tax purposes if the
8 expense or loss had been uninsured. If a taxpayer makes
9 the election provided for by this subparagraph (GG),
10 the insurer to which the premiums were paid must add
11 back to income the amount subtracted by the taxpayer
12 pursuant to this subparagraph (GG). This subparagraph
13 (GG) is exempt from the provisions of Section 250; and

14 (HH) For taxable years beginning on or after
15 January 1, 2018 and prior to January 1, 2023, a maximum
16 of \$10,000 contributed in the taxable year to a
17 qualified ABLE account under Section 16.6 of the State
18 Treasurer Act, except that amounts excluded from gross
19 income under Section 529(c)(3)(C)(i) or Section
20 529A(c)(1)(C) of the Internal Revenue Code shall not be
21 considered moneys contributed under this subparagraph
22 (HH). For purposes of this subparagraph (HH),
23 contributions made by an employer on behalf of an
24 employee, or matching contributions made by an
25 employee, shall be treated as made by the employee.

1 (b) Corporations.

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

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

8 (A) An amount equal to all amounts paid or accrued
9 to the taxpayer as interest and all distributions
10 received from regulated investment companies during
11 the taxable year to the extent excluded from gross
12 income in the computation of taxable income;

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

16 (C) In the case of a regulated investment company,
17 an amount equal to the excess of (i) the net long-term
18 capital gain for the taxable year, over (ii) the amount
19 of the capital gain dividends designated as such in
20 accordance with Section 852(b)(3)(C) of the Internal
21 Revenue Code and any amount designated under Section
22 852(b)(3)(D) of the Internal Revenue Code,
23 attributable to the taxable year (this amendatory Act
24 of 1995 (Public Act 89-89) is declarative of existing
25 law and is not a new enactment);

26 (D) The amount of any net operating loss deduction

1 taken in arriving at taxable income, other than a net
2 operating loss carried forward from a taxable year
3 ending prior to December 31, 1986;

4 (E) For taxable years in which a net operating loss
5 carryback or carryforward from a taxable year ending
6 prior to December 31, 1986 is an element of taxable
7 income under paragraph (1) of subsection (e) or
8 subparagraph (E) of paragraph (2) of subsection (e),
9 the amount by which addition modifications other than
10 those provided by this subparagraph (E) exceeded
11 subtraction modifications in such earlier taxable
12 year, with the following limitations applied in the
13 order that they are listed:

14 (i) 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 be reduced by the amount of
18 addition modification under this subparagraph (E)
19 which related to that net operating loss and which
20 was taken into account in calculating the base
21 income of an earlier taxable year, and

22 (ii) the addition modification relating to the
23 net operating loss carried back or forward to the
24 taxable year from any taxable year ending prior to
25 December 31, 1986 shall not exceed the amount of
26 such carryback or carryforward;

1 For taxable years in which there is a net operating
2 loss carryback or carryforward from more than one other
3 taxable year ending prior to December 31, 1986, the
4 addition modification provided in this subparagraph
5 (E) shall be the sum of the amounts computed
6 independently under the preceding provisions of this
7 subparagraph (E) for each such taxable year;

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

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

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

25 If the taxpayer continues to own property through
26 the last day of the last tax year for which the

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

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

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

1 the unitary group for the same taxable year and
2 received by the taxpayer or by a member of the
3 taxpayer's unitary business group (including amounts
4 included in gross income pursuant to Sections 951
5 through 964 of the Internal Revenue Code and amounts
6 included in gross income under Section 78 of the
7 Internal Revenue Code) with respect to the stock of the
8 same person to whom the interest was paid, accrued, or
9 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 (E-13) 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 pursuant to Sections 951 through 964 of the
25 Internal Revenue Code and amounts included in gross
26 income under Section 78 of the Internal Revenue Code)

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

10 (E-15) For taxable years beginning after December
11 31, 2008, any deduction for dividends paid by a captive
12 real estate investment trust that is allowed to a real
13 estate investment trust under Section 857(b)(2)(B) of
14 the Internal Revenue Code for dividends paid;

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

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

23 (E-18) for taxable years beginning after December
24 31, 2018, an amount equal to the deduction allowed
25 under Section 250(a)(1)(A) of the Internal Revenue
26 Code for the taxable year.

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

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

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

8 (H) In the case of a regulated investment company,
9 an amount equal to the amount of exempt interest
10 dividends as defined in subsection (b)(5) of Section
11 852 of the Internal Revenue Code, paid to shareholders
12 for the taxable year;

13 (I) With the exception of any amounts subtracted
14 under subparagraph (J), an amount equal to the sum of
15 all amounts disallowed as deductions by (i) Sections
16 171(a)(2), and 265(a)(2) and amounts disallowed as
17 interest expense by Section 291(a)(3) of the Internal
18 Revenue Code, and all amounts of expenses allocable to
19 interest and disallowed as deductions by Section
20 265(a)(1) of the Internal Revenue Code; and (ii) for
21 taxable years ending on or after August 13, 1999,
22 Sections 171(a)(2), 265, 280C, 291(a)(3), and
23 832(b)(5)(B)(i) of the Internal Revenue Code, plus,
24 for tax years ending on or after December 31, 2011,
25 amounts disallowed as deductions by Section 45G(e)(3)
26 of the Internal Revenue Code and, for taxable years

1 ending on or after December 31, 2008, any amount
2 included in gross income under Section 87 of the
3 Internal Revenue Code and the policyholders' share of
4 tax-exempt interest of a life insurance company under
5 Section 807(a)(2)(B) of the Internal Revenue Code (in
6 the case of a life insurance company with gross income
7 from a decrease in reserves for the tax year) or
8 Section 807(b)(1)(B) of the Internal Revenue Code (in
9 the case of a life insurance company allowed a
10 deduction for an increase in reserves for the tax
11 year); the provisions of this subparagraph are exempt
12 from the provisions of Section 250;

13 (J) An amount equal to all amounts included in such
14 total which are exempt from taxation by this State
15 either by reason of its statutes or Constitution or by
16 reason of the Constitution, treaties or statutes of the
17 United States; provided that, in the case of any
18 statute of this State that exempts income derived from
19 bonds or other obligations from the tax imposed under
20 this Act, the amount exempted shall be the interest net
21 of bond premium amortization;

22 (K) An amount equal to those dividends included in
23 such total which were paid by a corporation which
24 conducts business operations in a River Edge
25 Redevelopment Zone or zones created under the River
26 Edge Redevelopment Zone Act and conducts substantially

1 all of its operations in a River Edge Redevelopment
2 Zone or zones. This subparagraph (K) is exempt from the
3 provisions of Section 250;

4 (L) An amount equal to those dividends included in
5 such total that were paid by a corporation that
6 conducts business operations in a federally designated
7 Foreign Trade Zone or Sub-Zone and that is designated a
8 High Impact Business located in Illinois; provided
9 that dividends eligible for the deduction provided in
10 subparagraph (K) of paragraph 2 of this subsection
11 shall not be eligible for the deduction provided under
12 this subparagraph (L);

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

1 the date that it was placed in service in the River
2 Edge Redevelopment Zone. The subtraction modification
3 available to the taxpayer in any year under this
4 subsection shall be that portion of the total interest
5 paid by the borrower with respect to such loan
6 attributable to the eligible property as calculated
7 under the previous sentence. This subparagraph (M) is
8 exempt from the provisions of Section 250;

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

1 (2) of this subsection shall be eligible for the
2 deduction provided under this subparagraph (M-1). The
3 subtraction modification available to taxpayers in any
4 year under this subsection shall be that portion of the
5 total interest paid by the borrower with respect to
6 such loan attributable to the eligible property as
7 calculated under the previous sentence;

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

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

1 state or political subdivision thereof, including, for
2 taxable years ending on or after December 31, 1988,
3 dividends received or deemed received or paid or deemed
4 paid under Sections 951 through 965 of the Internal
5 Revenue Code, exceed the amount of the modification
6 provided under subparagraph (G) of paragraph (2) of
7 this subsection (b) which is related to such dividends,
8 and including, for taxable years ending on or after
9 December 31, 2008, dividends received from a captive
10 real estate investment trust; plus (ii) 100% of the
11 amount by which dividends, included in taxable income
12 and received, including, for taxable years ending on or
13 after December 31, 1988, dividends received or deemed
14 received or paid or deemed paid under Sections 951
15 through 964 of the Internal Revenue Code and including,
16 for taxable years ending on or after December 31, 2008,
17 dividends received from a captive real estate
18 investment trust, from any such corporation specified
19 in clause (i) that would but for the provisions of
20 Section 1504(b)(3) of the Internal Revenue Code be
21 treated as a member of the affiliated group which
22 includes the dividend recipient, exceed the amount of
23 the modification provided under subparagraph (G) of
24 paragraph (2) of this subsection (b) which is related
25 to such dividends. This subparagraph (O) is exempt from
26 the provisions of Section 250 of this Act;

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

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

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

22 (S) For taxable years ending on or after December
23 31, 1997, in the case of a Subchapter S corporation, an
24 amount equal to all amounts of income allocable to a
25 shareholder subject to the Personal Property Tax
26 Replacement Income Tax imposed by subsections (c) and

1 (d) of Section 201 of this Act, including amounts
2 allocable to organizations exempt from federal income
3 tax by reason of Section 501(a) of the Internal Revenue
4 Code. This subparagraph (S) is exempt from the
5 provisions of Section 250;

6 (T) For taxable years 2001 and thereafter, for the
7 taxable year in which the bonus depreciation deduction
8 is taken on the taxpayer's federal income tax return
9 under subsection (k) of Section 168 of the Internal
10 Revenue Code and for each applicable taxable year
11 thereafter, an amount equal to "x", where:

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

19 (2) for taxable years ending on or before
20 December 31, 2005, "x" equals "y" multiplied by 30
21 and then divided by 70 (or "y" multiplied by
22 0.429); and

23 (3) for taxable years ending after December
24 31, 2005:

25 (i) for property on which a bonus
26 depreciation deduction of 30% of the adjusted

1 basis was taken, "x" equals "y" multiplied by
2 30 and then divided by 70 (or "y" multiplied by
3 0.429); and

4 (ii) for property on which a bonus
5 depreciation deduction of 50% of the adjusted
6 basis was taken, "x" equals "y" multiplied by
7 1.0.

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

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

21 If the taxpayer continues to own property through
22 the last day of the last tax year for which the
23 taxpayer may claim a depreciation deduction for
24 federal income tax purposes and for which the taxpayer
25 was required in any taxable year to make an addition
26 modification under subparagraph (E-10), then an amount

1 equal to that addition modification.

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

5 This subparagraph (U) is exempt from the
6 provisions of Section 250;

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

1 under Section 203(a)(2)(D-19), Section
2 203(b)(2)(E-14), Section 203(c)(2)(G-14), or Section
3 203(d)(2)(D-9), but not to exceed the amount of that
4 addition modification. This subparagraph (V) is exempt
5 from the provisions of Section 250;

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

26 (X) An amount equal to the income from intangible

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

21 (Y) For taxable years ending on or after December
22 31, 2011, in the case of a taxpayer who was required to
23 add back any insurance premiums under Section
24 203(b)(2)(E-14), such taxpayer may elect to subtract
25 that part of a reimbursement received from the
26 insurance company equal to the amount of the expense or

1 loss (including expenses incurred by the insurance
2 company) that would have been taken into account as a
3 deduction for federal income tax purposes if the
4 expense or loss had been uninsured. If a taxpayer makes
5 the election provided for by this subparagraph (Y), the
6 insurer to which the premiums were paid must add back
7 to income the amount subtracted by the taxpayer
8 pursuant to this subparagraph (Y). This subparagraph
9 (Y) is exempt from the provisions of Section 250; and

10 (Z) The difference between the nondeductible
11 controlled foreign corporation dividends under Section
12 965(e) (3) of the Internal Revenue Code over the taxable
13 income of the taxpayer, computed without regard to
14 Section 965(e) (2) (A) of the Internal Revenue Code, and
15 without regard to any net operating loss deduction.
16 This subparagraph (Z) is exempt from the provisions of
17 Section 250.

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

1 (c) Trusts and estates.

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

5 (2) Modifications. Subject to the provisions of
6 paragraph (3), the taxable income referred to in paragraph
7 (1) shall be modified by adding thereto the sum of the
8 following amounts:

9 (A) An amount equal to all amounts paid or accrued
10 to the taxpayer as interest or dividends during the
11 taxable year to the extent excluded from gross income
12 in the computation of taxable income;

13 (B) In the case of (i) an estate, \$600; (ii) a
14 trust which, under its governing instrument, is
15 required to distribute all of its income currently,
16 \$300; and (iii) any other trust, \$100, but in each such
17 case, only to the extent such amount was deducted in
18 the computation of taxable income;

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

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

26 (E) For taxable years in which a net operating loss

1 carryback or carryforward from a taxable year ending
2 prior to December 31, 1986 is an element of taxable
3 income under paragraph (1) of subsection (e) or
4 subparagraph (E) of paragraph (2) of subsection (e),
5 the amount by which addition modifications other than
6 those provided by this subparagraph (E) exceeded
7 subtraction modifications in such taxable year, with
8 the following limitations applied in the order that
9 they are listed:

10 (i) 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 be reduced by the amount of
14 addition modification under this subparagraph (E)
15 which related to that net operating loss and which
16 was taken into account in calculating the base
17 income of an earlier taxable year, and

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

23 For taxable years in which there is a net operating
24 loss carryback or carryforward from more than one other
25 taxable year ending prior to December 31, 1986, the
26 addition modification provided in this subparagraph

1 (E) shall be the sum of the amounts computed
2 independently under the preceding provisions of this
3 subparagraph (E) for each such taxable year;

4 (F) For taxable years ending on or after January 1,
5 1989, an amount equal to the tax deducted pursuant to
6 Section 164 of the Internal Revenue Code if the trust
7 or estate is claiming the same tax for purposes of the
8 Illinois foreign tax credit under Section 601 of this
9 Act;

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

14 (G-5) For taxable years ending after December 31,
15 1997, an amount equal to any eligible remediation costs
16 that the trust or estate deducted in computing adjusted
17 gross income and for which the trust or estate claims a
18 credit under subsection (l) of Section 201;

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

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

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

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

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

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

1 under Section 1501(a)(27) from being included in the
2 unitary business group because he or she is ordinarily
3 required to apportion business income under different
4 subsections of Section 304. The addition modification
5 required by this subparagraph shall be reduced to the
6 extent that dividends were included in base income of
7 the unitary group for the same taxable year and
8 received by the taxpayer or by a member of the
9 taxpayer's unitary business group (including amounts
10 included in gross income pursuant to Sections 951
11 through 964 of the Internal Revenue Code and amounts
12 included in gross income under Section 78 of the
13 Internal Revenue Code) with respect to the stock of the
14 same person to whom the interest was paid, accrued, or
15 incurred.

16 This paragraph shall not apply to the following:

17 (i) an item of interest paid, accrued, or
18 incurred, directly or indirectly, to a person who
19 is subject in a foreign country or state, other
20 than a state which requires mandatory unitary
21 reporting, to a tax on or measured by net income
22 with respect to such interest; or

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

1 following:

2 (a) the person, during the same taxable
3 year, paid, accrued, or incurred, the interest
4 to a person that is not a related member, and

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

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

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

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

1 This paragraph shall not apply to the following:

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

9 (ii) any item of intangible expense or cost
10 paid, accrued, or incurred, directly or
11 indirectly, if the taxpayer can establish, based
12 on a preponderance of the evidence, both of the
13 following:

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

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

25 (iii) any item of intangible expense or cost
26 paid, accrued, or incurred, directly or

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

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

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

1 addition modification required by this subparagraph
2 shall be reduced to the extent that dividends were
3 included in base income of the unitary group for the
4 same taxable year and received by the taxpayer or by a
5 member of the taxpayer's unitary business group
6 (including amounts included in gross income under
7 Sections 951 through 964 of the Internal Revenue Code
8 and amounts included in gross income under Section 78
9 of the Internal Revenue Code) with respect to the stock
10 of the same person to whom the premiums and costs were
11 directly or indirectly paid, incurred, or accrued. The
12 preceding sentence does not apply to the extent that
13 the same dividends caused a reduction to the addition
14 modification required under Section 203(c)(2)(G-12) or
15 Section 203(c)(2)(G-13) of this Act;

16 (G-15) An amount equal to the credit allowable to
17 the taxpayer under Section 218(a) of this Act,
18 determined without regard to Section 218(c) of this
19 Act;

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

24 and by deducting from the total so obtained the sum of the
25 following amounts:

26 (H) An amount equal to all amounts included in such

1 total pursuant to the provisions of Sections 402(a),
2 402(c), 403(a), 403(b), 406(a), 407(a) and 408 of the
3 Internal Revenue Code or included in such total as
4 distributions under the provisions of any retirement
5 or disability plan for employees of any governmental
6 agency or unit, or retirement payments to retired
7 partners, which payments are excluded in computing net
8 earnings from self employment by Section 1402 of the
9 Internal Revenue Code and regulations adopted pursuant
10 thereto;

11 (I) The valuation limitation amount;

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

26 (L) With the exception of any amounts subtracted

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

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

25 (N) An amount equal to any contribution made to a
26 job training project established pursuant to the Tax

1 Increment Allocation Redevelopment Act;

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

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

16 (Q) For taxable year 1999 and thereafter, an amount
17 equal to the amount of any (i) distributions, to the
18 extent includible in gross income for federal income
19 tax purposes, made to the taxpayer because of his or
20 her status as a victim of persecution for racial or
21 religious reasons by Nazi Germany or any other Axis
22 regime or as an heir of the victim and (ii) items of
23 income, to the extent includible in gross income for
24 federal income tax purposes, attributable to, derived
25 from or in any way related to assets stolen from,
26 hidden from, or otherwise lost to a victim of

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

23 (R) For taxable years 2001 and thereafter, for the
24 taxable year in which the bonus depreciation deduction
25 is taken on the taxpayer's federal income tax return
26 under subsection (k) of Section 168 of the Internal

1 Revenue Code and for each applicable taxable year
2 thereafter, an amount equal to "x", where:

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

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

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

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

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

25 The aggregate amount deducted under this
26 subparagraph in all taxable years for any one piece of

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

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

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

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

22 This subparagraph (S) is exempt from the
23 provisions of Section 250;

24 (T) The amount of (i) any interest income (net of
25 the deductions allocable thereto) taken into account
26 for the taxable year with respect to a transaction with

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

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

1 unitary business group because he or she is ordinarily
2 required to apportion business income under different
3 subsections of Section 304, but not to exceed the
4 addition modification required to be made for the same
5 taxable year under Section 203(c)(2)(G-12) for
6 interest paid, accrued, or incurred, directly or
7 indirectly, to the same person. This subparagraph (U)
8 is exempt from the provisions of Section 250;

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

1 incurred, directly or indirectly, to the same foreign
2 person. This subparagraph (V) is exempt from the
3 provisions of Section 250;

4 (W) in the case of an estate, an amount equal to
5 all amounts included in such total pursuant to the
6 provisions of Section 111 of the Internal Revenue Code
7 as a recovery of items previously deducted by the
8 decedent from adjusted gross income in the computation
9 of taxable income. This subparagraph (W) is exempt from
10 Section 250;

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

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

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

5 (Z) For taxable years beginning after December 31,
6 2018 and before January 1, 2026, the amount of excess
7 business loss of the taxpayer disallowed as a deduction
8 by Section 461(1)(1)(B) of the Internal Revenue Code.

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

16 (d) Partnerships.

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

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

23 (A) An amount equal to all amounts paid or accrued
24 to the taxpayer as interest or dividends during the
25 taxable year to the extent excluded from gross income

1 in the computation of taxable income;

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

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

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

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

17 (D-6) If the taxpayer sells, transfers, abandons,
18 or otherwise disposes of property for which the
19 taxpayer was required in any taxable year to make an
20 addition modification under subparagraph (D-5), then
21 an amount equal to the aggregate amount of the
22 deductions taken in all taxable years under
23 subparagraph (D) with respect to that property.

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

1 federal income tax purposes and for which the taxpayer
2 was allowed in any taxable year to make a subtraction
3 modification under subparagraph (O), then an amount
4 equal to that subtraction modification.

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

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

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

9 This paragraph shall not apply to the following:

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

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

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

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

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

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

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

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

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

20 This paragraph shall not apply to the following:

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

1 to such item; or

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

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

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

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

26 Nothing in this subsection shall preclude the

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

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

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

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

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

17 and by deducting from the total so obtained the following
18 amounts:

19 (E) The valuation limitation amount;

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

23 (G) An amount equal to all amounts included in
24 taxable income as modified by subparagraphs (A), (B),
25 (C) and (D) which are exempt from taxation by this
26 State either by reason of its statutes or Constitution

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

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

15 (I) An amount equal to all amounts of income
16 distributable to an entity subject to the Personal
17 Property Tax Replacement Income Tax imposed by
18 subsections (c) and (d) of Section 201 of this Act
19 including amounts distributable to organizations
20 exempt from federal income tax by reason of Section
21 501(a) of the Internal Revenue Code; this subparagraph
22 (I) is exempt from the provisions of Section 250;

23 (J) With the exception of any amounts subtracted
24 under subparagraph (G), an amount equal to the sum of
25 all amounts disallowed as deductions by (i) Sections
26 171(a)(2), and 265(a)(2) ~~265(2)~~ of the Internal

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

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 from 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 any contribution made to a
23 job training project established pursuant to the Real
24 Property Tax Increment Allocation Redevelopment Act;

25 (M) An amount equal to those dividends included in
26 such total that were paid by a corporation that

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

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

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

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

26 (2) for taxable years ending on or before

1 December 31, 2005, "x" equals "y" multiplied by 30
2 and then divided by 70 (or "y" multiplied by
3 0.429); and

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

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

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

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

23 (P) If the taxpayer sells, transfers, abandons, or
24 otherwise disposes of property for which the taxpayer
25 was required in any taxable year to make an addition
26 modification under subparagraph (D-5), then an amount

1 equal to that addition modification.

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

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

12 This subparagraph (P) is exempt from the
13 provisions of Section 250;

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

1 203(a)(2)(D-18), 203(b)(2)(E-13), 203(c)(2)(G-13), or
2 203(d)(2)(D-8), but not to exceed the amount of such
3 addition modification. This subparagraph (Q) is exempt
4 from Section 250;

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

25 (S) An amount equal to the income from intangible
26 property taken into account for the taxable year (net

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

19 (T) For taxable years ending on or after December
20 31, 2011, in the case of a taxpayer who was required to
21 add back any insurance premiums under Section
22 203(d)(2)(D-9), such taxpayer may elect to subtract
23 that part of a reimbursement received from the
24 insurance company equal to the amount of the expense or
25 loss (including expenses incurred by the insurance
26 company) that would have been taken into account as a

1 deduction for federal income tax purposes if the
2 expense or loss had been uninsured. If a taxpayer makes
3 the election provided for by this subparagraph (T), the
4 insurer to which the premiums were paid must add back
5 to income the amount subtracted by the taxpayer
6 pursuant to this subparagraph (T). This subparagraph
7 (T) is exempt from the provisions of Section 250.

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

9 (1) In general. Subject to the provisions of paragraph
10 (2) and subsection (b) (3), for purposes of this Section and
11 Section 803(e), a taxpayer's gross income, adjusted gross
12 income, or taxable income for the taxable year shall mean
13 the amount of gross income, adjusted gross income or
14 taxable income properly reportable for federal income tax
15 purposes for the taxable year under the provisions of the
16 Internal Revenue Code. Taxable income may be less than
17 zero. However, for taxable years ending on or after
18 December 31, 1986, net operating loss carryforwards from
19 taxable years ending prior to December 31, 1986, may not
20 exceed the sum of federal taxable income for the taxable
21 year before net operating loss deduction, plus the excess
22 of addition modifications over subtraction modifications
23 for the taxable year. For taxable years ending prior to
24 December 31, 1986, taxable income may never be an amount in
25 excess of the net operating loss for the taxable year as

1 defined in subsections (c) and (d) of Section 172 of the
2 Internal Revenue Code, provided that when taxable income of
3 a corporation (other than a Subchapter S corporation),
4 trust, or estate is less than zero and addition
5 modifications, other than those provided by subparagraph
6 (E) of paragraph (2) of subsection (b) for corporations or
7 subparagraph (E) of paragraph (2) of subsection (c) for
8 trusts and estates, exceed subtraction modifications, an
9 addition modification must be made under those
10 subparagraphs for any other taxable year to which the
11 taxable income less than zero (net operating loss) is
12 applied under Section 172 of the Internal Revenue Code or
13 under subparagraph (E) of paragraph (2) of this subsection
14 (e) applied in conjunction with Section 172 of the Internal
15 Revenue Code.

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

19 (A) Certain life insurance companies. In the case
20 of a life insurance company subject to the tax imposed
21 by Section 801 of the Internal Revenue Code, life
22 insurance company taxable income, plus the amount of
23 distribution from pre-1984 policyholder surplus
24 accounts as calculated under Section 815a of the
25 Internal Revenue Code;

26 (B) Certain other insurance companies. In the case

1 of mutual insurance companies subject to the tax
2 imposed by Section 831 of the Internal Revenue Code,
3 insurance company taxable income;

4 (C) Regulated investment companies. In the case of
5 a regulated investment company subject to the tax
6 imposed by Section 852 of the Internal Revenue Code,
7 investment company taxable income;

8 (D) Real estate investment trusts. In the case of a
9 real estate investment trust subject to the tax imposed
10 by Section 857 of the Internal Revenue Code, real
11 estate investment trust taxable income;

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

24 (F) Cooperatives. In the case of a cooperative
25 corporation or association, the taxable income of such
26 organization determined in accordance with the

1 provisions of Section 1381 through 1388 of the Internal
2 Revenue Code, but without regard to the prohibition
3 against offsetting losses from patronage activities
4 against income from nonpatronage activities; except
5 that a cooperative corporation or association may make
6 an election to follow its federal income tax treatment
7 of patronage losses and nonpatronage losses. In the
8 event such election is made, such losses shall be
9 computed and carried over in a manner consistent with
10 subsection (a) of Section 207 of this Act and
11 apportioned by the apportionment factor reported by
12 the cooperative on its Illinois income tax return filed
13 for the taxable year in which the losses are incurred.
14 The election shall be effective for all taxable years
15 with original returns due on or after the date of the
16 election. In addition, the cooperative may file an
17 amended return or returns, as allowed under this Act,
18 to provide that the election shall be effective for
19 losses incurred or carried forward for taxable years
20 occurring prior to the date of the election. Once made,
21 the election may only be revoked upon approval of the
22 Director. The Department shall adopt rules setting
23 forth requirements for documenting the elections and
24 any resulting Illinois net loss and the standards to be
25 used by the Director in evaluating requests to revoke
26 elections. Public Act 96-932 is declaratory of

1 existing law;

2 (G) Subchapter S corporations. In the case of: (i)
3 a Subchapter S corporation for which there is in effect
4 an election for the taxable year under Section 1362 of
5 the Internal Revenue Code, the taxable income of such
6 corporation determined in accordance with Section
7 1363(b) of the Internal Revenue Code, except that
8 taxable income shall take into account those items
9 which are required by Section 1363(b)(1) of the
10 Internal Revenue Code to be separately stated; and (ii)
11 a Subchapter S corporation for which there is in effect
12 a federal election to opt out of the provisions of the
13 Subchapter S Revision Act of 1982 and have applied
14 instead the prior federal Subchapter S rules as in
15 effect on July 1, 1982, the taxable income of such
16 corporation determined in accordance with the federal
17 Subchapter S rules as in effect on July 1, 1982; and

18 (H) Partnerships. In the case of a partnership,
19 taxable income determined in accordance with Section
20 703 of the Internal Revenue Code, except that taxable
21 income shall take into account those items which are
22 required by Section 703(a)(1) to be separately stated
23 but which would be taken into account by an individual
24 in calculating his taxable income.

25 (3) Recapture of business expenses on disposition of
26 asset or business. Notwithstanding any other law to the

1 contrary, if in prior years income from an asset or
2 business has been classified as business income and in a
3 later year is demonstrated to be non-business income, then
4 all expenses, without limitation, deducted in such later
5 year and in the 2 immediately preceding taxable years
6 related to that asset or business that generated the
7 non-business income shall be added back and recaptured as
8 business income in the year of the disposition of the asset
9 or business. Such amount shall be apportioned to Illinois
10 using the greater of the apportionment fraction computed
11 for the business under Section 304 of this Act for the
12 taxable year or the average of the apportionment fractions
13 computed for the business under Section 304 of this Act for
14 the taxable year and for the 2 immediately preceding
15 taxable years.

16 (f) Valuation limitation amount.

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

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

25 (B) The lesser of (i) the sum of the pre-August 1,

1 1969 appreciation amounts (to the extent consisting of
2 capital gain) for all property in respect of which such
3 gain was reported for federal income tax purposes for
4 the taxable year, or (ii) the net capital gain for the
5 taxable year, reduced in either case by any amount of
6 such gain included in the amount determined under
7 subsection (a) (2) (F) or (c) (2) (H).

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

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

20 (B) If the fair market value of property referred
21 to in paragraph (1) was not readily ascertainable on
22 August 1, 1969, the pre-August 1, 1969 appreciation
23 amount for such property is that amount which bears the
24 same ratio to the total gain reported in respect of the
25 property for federal income tax purposes for the
26 taxable year, as the number of full calendar months in

1 that part of the taxpayer's holding period for the
2 property ending July 31, 1969 bears to the number of
3 full calendar months in the taxpayer's entire holding
4 period for the property.

5 (C) The Department shall prescribe such
6 regulations as may be necessary to carry out the
7 purposes of this paragraph.

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

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

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

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

1 (35 ILCS 105/2) (from Ch. 120, par. 439.2)

2 Sec. 2. Definitions.

3 "Use" means the exercise by any person of any right or
4 power over tangible personal property incident to the ownership
5 of that property, except that it does not include the sale of
6 such property in any form as tangible personal property in the
7 regular course of business to the extent that such property is
8 not first subjected to a use for which it was purchased, and
9 does not include the use of such property by its owner for
10 demonstration purposes: Provided that the property purchased
11 is deemed to be purchased for the purpose of resale, despite
12 first being used, to the extent to which it is resold as an
13 ingredient of an intentionally produced product or by-product
14 of manufacturing. "Use" does not mean the demonstration use or
15 interim use of tangible personal property by a retailer before
16 he sells that tangible personal property. For watercraft or
17 aircraft, if the period of demonstration use or interim use by
18 the retailer exceeds 18 months, the retailer shall pay on the
19 retailers' original cost price the tax imposed by this Act, and
20 no credit for that tax is permitted if the watercraft or
21 aircraft is subsequently sold by the retailer. "Use" does not
22 mean the physical incorporation of tangible personal property,
23 to the extent not first subjected to a use for which it was
24 purchased, as an ingredient or constituent, into other tangible
25 personal property (a) which is sold in the regular course of

1 business or (b) which the person incorporating such ingredient
2 or constituent therein has undertaken at the time of such
3 purchase to cause to be transported in interstate commerce to
4 destinations outside the State of Illinois: Provided that the
5 property purchased is deemed to be purchased for the purpose of
6 resale, despite first being used, to the extent to which it is
7 resold as an ingredient of an intentionally produced product or
8 by-product of manufacturing.

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

13 "Purchase at retail" means the acquisition of the ownership
14 of or title to tangible personal property through a sale at
15 retail.

16 "Purchaser" means anyone who, through a sale at retail,
17 acquires the ownership of tangible personal property for a
18 valuable consideration.

19 "Sale at retail" means any transfer of the ownership of or
20 title to tangible personal property to a purchaser, for the
21 purpose of use, and not for the purpose of resale in any form
22 as tangible personal property to the extent not first subjected
23 to a use for which it was purchased, for a valuable
24 consideration: Provided that the property purchased is deemed
25 to be purchased for the purpose of resale, despite first being
26 used, to the extent to which it is resold as an ingredient of

1 an intentionally produced product or by-product of
2 manufacturing. For this purpose, slag produced as an incident
3 to manufacturing pig iron or steel and sold is considered to be
4 an intentionally produced by-product of manufacturing. "Sale
5 at retail" includes any such transfer made for resale unless
6 made in compliance with Section 2c of the Retailers' Occupation
7 Tax Act, as incorporated by reference into Section 12 of this
8 Act. Transactions whereby the possession of the property is
9 transferred but the seller retains the title as security for
10 payment of the selling price are sales.

11 "Sale at retail" shall also be construed to include any
12 Illinois florist's sales transaction in which the purchase
13 order is received in Illinois by a florist and the sale is for
14 use or consumption, but the Illinois florist has a florist in
15 another state deliver the property to the purchaser or the
16 purchaser's donee in such other state.

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

1 and wrapping or packaging materials that are transferred to
2 customers as part of the sale of food or beverages in the
3 ordinary course of business.

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

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

1 tax imposed by a home rule unit on account of the seller's duty
2 to collect, from the purchasers, the tax that is imposed under
3 any local use tax administered by the Department. Effective
4 December 1, 1985, "selling price" shall include charges that
5 are added to prices by sellers on account of the seller's tax
6 liability under the Cigarette Tax Act, on account of the
7 seller's duty to collect, from the purchaser, the tax imposed
8 under the Cigarette Use Tax Act, and on account of the seller's
9 duty to collect, from the purchaser, any cigarette tax imposed
10 by a home rule unit.

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

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

1 the motor vehicle to the lessor, then the right to the discount
2 provided in this Act shall be transferred to the lessor with
3 respect to the tax paid by the lessor for any amount received
4 by the lessor from the lessee for the leased vehicle that is
5 not calculated at the time the lease is executed; provided that
6 the discount is only allowed if the return is timely filed and
7 for amounts timely paid. The "selling price" of a motor vehicle
8 that is sold on or after January 1, 2015 for the purpose of
9 leasing for a defined period of longer than one year shall not
10 be reduced by the value of or credit given for traded-in
11 tangible personal property owned by the lessor, nor shall it be
12 reduced by the value of or credit given for traded-in tangible
13 personal property owned by the lessee, regardless of whether
14 the trade-in value thereof is assigned by the lessee to the
15 lessor. In the case of a motor vehicle that is sold for the
16 purpose of leasing for a defined period of longer than one
17 year, the sale occurs at the time of the delivery of the
18 vehicle, regardless of the due date of any lease payments. A
19 lessor who incurs a Retailers' Occupation Tax liability on the
20 sale of a motor vehicle coming off lease may not take a credit
21 against that liability for the Use Tax the lessor paid upon the
22 purchase of the motor vehicle (or for any tax the lessor paid
23 with respect to any amount received by the lessor from the
24 lessee for the leased vehicle that was not calculated at the
25 time the lease was executed) if the selling price of the motor
26 vehicle at the time of purchase was calculated using the

1 definition of "selling price" as defined in this paragraph.
2 Notwithstanding any other provision of this Act to the
3 contrary, lessors shall file all returns and make all payments
4 required under this paragraph to the Department by electronic
5 means in the manner and form as required by the Department.
6 This paragraph does not apply to leases of motor vehicles for
7 which, at the time the lease is entered into, the term of the
8 lease is not a defined period, including leases with a defined
9 initial period with the option to continue the lease on a
10 month-to-month or other basis beyond the initial defined
11 period.

12 The phrase "like kind and character" shall be liberally
13 construed (including but not limited to any form of motor
14 vehicle for any form of motor vehicle, or any kind of farm or
15 agricultural implement for any other kind of farm or
16 agricultural implement), while not including a kind of item
17 which, if sold at retail by that retailer, would be exempt from
18 retailers' occupation tax and use tax as an isolated or
19 occasional sale.

20 "Department" means the Department of Revenue.

21 "Person" means any natural individual, firm, partnership,
22 association, joint stock company, joint adventure, public or
23 private corporation, limited liability company, or a receiver,
24 executor, trustee, guardian or other representative appointed
25 by order of any court.

26 "Retailer" means and includes every person engaged in the

1 business of making sales at retail as defined in this Section.

2 A person who holds himself or herself out as being engaged
3 (or who habitually engages) in selling tangible personal
4 property at retail is a retailer hereunder with respect to such
5 sales (and not primarily in a service occupation)
6 notwithstanding the fact that such person designs and produces
7 such tangible personal property on special order for the
8 purchaser and in such a way as to render the property of value
9 only to such purchaser, if such tangible personal property so
10 produced on special order serves substantially the same
11 function as stock or standard items of tangible personal
12 property that are sold at retail.

13 A person whose activities are organized and conducted
14 primarily as a not-for-profit service enterprise, and who
15 engages in selling tangible personal property at retail
16 (whether to the public or merely to members and their guests)
17 is a retailer with respect to such transactions, excepting only
18 a person organized and operated exclusively for charitable,
19 religious or educational purposes either (1), to the extent of
20 sales by such person to its members, students, patients or
21 inmates of tangible personal property to be used primarily for
22 the purposes of such person, or (2), to the extent of sales by
23 such person of tangible personal property which is not sold or
24 offered for sale by persons organized for profit. The selling
25 of school books and school supplies by schools at retail to
26 students is not "primarily for the purposes of" the school

1 which does such selling. This paragraph does not apply to nor
2 subject to taxation occasional dinners, social or similar
3 activities of a person organized and operated exclusively for
4 charitable, religious or educational purposes, whether or not
5 such activities are open to the public.

6 A person who is the recipient of a grant or contract under
7 Title VII of the Older Americans Act of 1965 (P.L. 92-258) and
8 serves meals to participants in the federal Nutrition Program
9 for the Elderly in return for contributions established in
10 amount by the individual participant pursuant to a schedule of
11 suggested fees as provided for in the federal Act is not a
12 retailer under this Act with respect to such transactions.

13 Persons who engage in the business of transferring tangible
14 personal property upon the redemption of trading stamps are
15 retailers hereunder when engaged in such business.

16 The isolated or occasional sale of tangible personal
17 property at retail by a person who does not hold himself out as
18 being engaged (or who does not habitually engage) in selling
19 such tangible personal property at retail or a sale through a
20 bulk vending machine does not make such person a retailer
21 hereunder. However, any person who is engaged in a business
22 which is not subject to the tax imposed by the "Retailers'
23 Occupation Tax Act" because of involving the sale of or a
24 contract to sell real estate or a construction contract to
25 improve real estate, but who, in the course of conducting such
26 business, transfers tangible personal property to users or

1 consumers in the finished form in which it was purchased, and
2 which does not become real estate, under any provision of a
3 construction contract or real estate sale or real estate sales
4 agreement entered into with some other person arising out of or
5 because of such nontaxable business, is a retailer to the
6 extent of the value of the tangible personal property so
7 transferred. If, in such transaction, a separate charge is made
8 for the tangible personal property so transferred, the value of
9 such property, for the purposes of this Act, is the amount so
10 separately charged, but not less than the cost of such property
11 to the transferor; if no separate charge is made, the value of
12 such property, for the purposes of this Act, is the cost to the
13 transferor of such tangible personal property.

14 "Retailer maintaining a place of business in this State",
15 or any like term, means and includes any of the following
16 retailers:

17 (1) A retailer having or maintaining within this State,
18 directly or by a subsidiary, an office, distribution house,
19 sales house, warehouse or other place of business, or any
20 agent or other representative operating within this State
21 under the authority of the retailer or its subsidiary,
22 irrespective of whether such place of business or agent or
23 other representative is located here permanently or
24 temporarily, or whether such retailer or subsidiary is
25 licensed to do business in this State. However, the
26 ownership of property that is located at the premises of a

1 printer with which the retailer has contracted for printing
2 and that consists of the final printed product, property
3 that becomes a part of the final printed product, or copy
4 from which the printed product is produced shall not result
5 in the retailer being deemed to have or maintain an office,
6 distribution house, sales house, warehouse, or other place
7 of business within this State.

8 (1.1) A retailer having a contract with a person
9 located in this State under which the person, for a
10 commission or other consideration based upon the sale of
11 tangible personal property by the retailer, directly or
12 indirectly refers potential customers to the retailer by
13 providing to the potential customers a promotional code or
14 other mechanism that allows the retailer to track purchases
15 referred by such persons. Examples of mechanisms that allow
16 the retailer to track purchases referred by such persons
17 include but are not limited to the use of a link on the
18 person's Internet website, promotional codes distributed
19 through the person's hand-delivered or mailed material,
20 and promotional codes distributed by the person through
21 radio or other broadcast media. The provisions of this
22 paragraph (1.1) shall apply only if the cumulative gross
23 receipts from sales of tangible personal property by the
24 retailer to customers who are referred to the retailer by
25 all persons in this State under such contracts exceed
26 \$10,000 during the preceding 4 quarterly periods ending on

1 the last day of March, June, September, and December. A
2 retailer meeting the requirements of this paragraph (1.1)
3 shall be presumed to be maintaining a place of business in
4 this State but may rebut this presumption by submitting
5 proof that the referrals or other activities pursued within
6 this State by such persons were not sufficient to meet the
7 nexus standards of the United States Constitution during
8 the preceding 4 quarterly periods.

9 (1.2) Beginning July 1, 2011, a retailer having a
10 contract with a person located in this State under which:

11 (A) the retailer sells the same or substantially
12 similar line of products as the person located in this
13 State and does so using an identical or substantially
14 similar name, trade name, or trademark as the person
15 located in this State; and

16 (B) the retailer provides a commission or other
17 consideration to the person located in this State based
18 upon the sale of tangible personal property by the
19 retailer.

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

26 (2) A retailer soliciting orders for tangible personal

1 property by means of a telecommunication or television
2 shopping system (which utilizes toll free numbers) which is
3 intended by the retailer to be broadcast by cable
4 television or other means of broadcasting, to consumers
5 located in this State.

6 (3) A retailer, pursuant to a contract with a
7 broadcaster or publisher located in this State, soliciting
8 orders for tangible personal property by means of
9 advertising which is disseminated primarily to consumers
10 located in this State and only secondarily to bordering
11 jurisdictions.

12 (4) A retailer soliciting orders for tangible personal
13 property by mail if the solicitations are substantial and
14 recurring and if the retailer benefits from any banking,
15 financing, debt collection, telecommunication, or
16 marketing activities occurring in this State or benefits
17 from the location in this State of authorized installation,
18 servicing, or repair facilities.

19 (5) A retailer that is owned or controlled by the same
20 interests that own or control any retailer engaging in
21 business in the same or similar line of business in this
22 State.

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

26 (7) A retailer, pursuant to a contract with a cable

1 television operator located in this State, soliciting
2 orders for tangible personal property by means of
3 advertising which is transmitted or distributed over a
4 cable television system in this State.

5 (8) A retailer engaging in activities in Illinois,
6 which activities in the state in which the retail business
7 engaging in such activities is located would constitute
8 maintaining a place of business in that state.

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

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

15 (B) the retailer enters into 200 or more separate
16 transactions for the sale of tangible personal
17 property to purchasers in Illinois.

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

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

19 Beginning January 1, 2020, neither the gross receipts
20 from nor the number of separate transactions for sales of
21 tangible personal property to purchasers in Illinois that a
22 retailer makes through a marketplace facilitator and for
23 which the retailer has received a certification from the
24 marketplace facilitator pursuant to Section 2d of this Act
25 shall be included for purposes of determining whether he or
26 she has met the thresholds of this paragraph (9).

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

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

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

10 (35 ILCS 105/2d new)

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

12 (a) As used in this Section:

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

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

23 "Marketplace facilitator" means a person who, pursuant to
24 an agreement with a marketplace seller, facilitates sales of
25 tangible personal property by that marketplace seller. A person

1 facilitates a sale of tangible personal property by, directly
2 or indirectly through one or more affiliates, doing both of the
3 following: (i) listing or otherwise making available for sale
4 the tangible personal property of the marketplace seller
5 through a marketplace owned or operated by the marketplace
6 facilitator; and (ii) processing sales or payments for
7 marketplace sellers.

8 "Marketplace seller" means a person that sells or offers to
9 sell tangible personal property through a marketplace.

10 (b) Beginning on January 1, 2020, a marketplace facilitator
11 who meets either of the following criteria is considered the
12 retailer of each sale of tangible personal property made on the
13 marketplace:

14 (1) the cumulative gross receipts from sales of
15 tangible personal property to purchasers in Illinois by the
16 marketplace facilitator and by marketplace sellers are
17 \$100,000 or more; or

18 (2) the marketplace facilitator and marketplace
19 sellers cumulatively enter into 200 or more separate
20 transactions for the sale of tangible personal property to
21 purchasers in Illinois.

22 A marketplace facilitator shall determine on a quarterly
23 basis, ending on the last day of March, June, September, and
24 December, whether he or she meets the criteria of either
25 paragraph (1) or (2) of this subsection (b) for the preceding
26 12-month period. If the marketplace facilitator meets the

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

22 (c) A marketplace facilitator that meets either of the
23 thresholds in subsection (b) of this Section is considered the
24 retailer of each sale made through its marketplace and is
25 liable for collecting and remitting the tax under this Act on
26 all such sales. The marketplace facilitator has all the rights

1 and duties, and is required to comply with the same
2 requirements and procedures, as all other retailers
3 maintaining a place of business in this State who are
4 registered or who are required to be registered to collect and
5 remit the tax imposed by this Act.

6 (d) A marketplace facilitator shall:

7 (1) certify to each marketplace seller that the
8 marketplace facilitator assumes the rights and duties of a
9 retailer under this Act with respect to sales made by the
10 marketplace seller through the marketplace; and

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

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

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

1 under this Act.

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

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

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

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

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

20 (35 ILCS 110/2) (from Ch. 120, par. 439.32)

21 Sec. 2. Definitions. In this Act:

22 "Use" means the exercise by any person of any right or
23 power over tangible personal property incident to the ownership
24 of that property, but does not include the sale or use for

1 demonstration by him of that property in any form as tangible
2 personal property in the regular course of business. "Use" does
3 not mean the interim use of tangible personal property nor the
4 physical incorporation of tangible personal property, as an
5 ingredient or constituent, into other tangible personal
6 property, (a) which is sold in the regular course of business
7 or (b) which the person incorporating such ingredient or
8 constituent therein has undertaken at the time of such purchase
9 to cause to be transported in interstate commerce to
10 destinations outside the State of Illinois.

11 "Purchased from a serviceman" means the acquisition of the
12 ownership of, or title to, tangible personal property through a
13 sale of service.

14 "Purchaser" means any person who, through a sale of
15 service, acquires the ownership of, or title to, any tangible
16 personal property.

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

1 serviceman in the absence of proof of the consideration paid by
2 the subcontractor for the purchase of such property.

3 "Selling price" means the consideration for a sale valued
4 in money whether received in money or otherwise, including
5 cash, credits and service, and shall be determined without any
6 deduction on account of the serviceman's cost of the property
7 sold, the cost of materials used, labor or service cost or any
8 other expense whatsoever, but does not include interest or
9 finance charges which appear as separate items on the bill of
10 sale or sales contract nor charges that are added to prices by
11 sellers on account of the seller's duty to collect, from the
12 purchaser, the tax that is imposed by this Act.

13 "Department" means the Department of Revenue.

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

19 "Sale of service" means any transaction except:

20 (1) a retail sale of tangible personal property taxable
21 under the Retailers' Occupation Tax Act or under the Use
22 Tax Act.

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

26 (3) except as hereinafter provided, a sale or transfer

1 of tangible personal property as an incident to the
2 rendering of service for or by any governmental body, or
3 for or by any corporation, society, association,
4 foundation or institution organized and operated
5 exclusively for charitable, religious or educational
6 purposes or any not-for-profit corporation, society,
7 association, foundation, institution or organization which
8 has no compensated officers or employees and which is
9 organized and operated primarily for the recreation of
10 persons 55 years of age or older. A limited liability
11 company may qualify for the exemption under this paragraph
12 only if the limited liability company is organized and
13 operated exclusively for educational purposes.

14 (4) (blank).

15 (4a) a sale or transfer of tangible personal property
16 as an incident to the rendering of service for owners,
17 lessors, or shippers of tangible personal property which is
18 utilized by interstate carriers for hire for use as rolling
19 stock moving in interstate commerce so long as so used by
20 interstate carriers for hire, and equipment operated by a
21 telecommunications provider, licensed as a common carrier
22 by the Federal Communications Commission, which is
23 permanently installed in or affixed to aircraft moving in
24 interstate commerce.

25 (4a-5) on and after July 1, 2003 and through June 30,
26 2004, a sale or transfer of a motor vehicle of the second

1 division with a gross vehicle weight in excess of 8,000
2 pounds as an incident to the rendering of service if that
3 motor vehicle is subject to the commercial distribution fee
4 imposed under Section 3-815.1 of the Illinois Vehicle Code.
5 Beginning on July 1, 2004 and through June 30, 2005, the
6 use in this State of motor vehicles of the second division:
7 (i) with a gross vehicle weight rating in excess of 8,000
8 pounds; (ii) that are subject to the commercial
9 distribution fee imposed under Section 3-815.1 of the
10 Illinois Vehicle Code; and (iii) that are primarily used
11 for commercial purposes. Through June 30, 2005, this
12 exemption applies to repair and replacement parts added
13 after the initial purchase of such a motor vehicle if that
14 motor vehicle is used in a manner that would qualify for
15 the rolling stock exemption otherwise provided for in this
16 Act. For purposes of this paragraph, "used for commercial
17 purposes" means the transportation of persons or property
18 in furtherance of any commercial or industrial enterprise
19 whether for-hire or not.

20 (5) a sale or transfer of machinery and equipment used
21 primarily in the process of the manufacturing or
22 assembling, either in an existing, an expanded or a new
23 manufacturing facility, of tangible personal property for
24 wholesale or retail sale or lease, whether such sale or
25 lease is made directly by the manufacturer or by some other
26 person, whether the materials used in the process are owned

1 by the manufacturer or some other person, or whether such
2 sale or lease is made apart from or as an incident to the
3 seller's engaging in a service occupation and the
4 applicable tax is a Service Use Tax or Service Occupation
5 Tax, rather than Use Tax or Retailers' Occupation Tax. The
6 exemption provided by this paragraph (5) does not include
7 machinery and equipment used in (i) the generation of
8 electricity for wholesale or retail sale; (ii) the
9 generation or treatment of natural or artificial gas for
10 wholesale or retail sale that is delivered to customers
11 through pipes, pipelines, or mains; or (iii) the treatment
12 of water for wholesale or retail sale that is delivered to
13 customers through pipes, pipelines, or mains. The
14 provisions of Public Act 98-583 are declaratory of existing
15 law as to the meaning and scope of this exemption. The
16 exemption under this paragraph (5) is exempt from the
17 provisions of Section 3-75.

18 (5a) the repairing, reconditioning or remodeling, for
19 a common carrier by rail, of tangible personal property
20 which belongs to such carrier for hire, and as to which
21 such carrier receives the physical possession of the
22 repaired, reconditioned or remodeled item of tangible
23 personal property in Illinois, and which such carrier
24 transports, or shares with another common carrier in the
25 transportation of such property, out of Illinois on a
26 standard uniform bill of lading showing the person who

1 repaired, reconditioned or remodeled the property to a
2 destination outside Illinois, for use outside Illinois.

3 (5b) a sale or transfer of tangible personal property
4 which is produced by the seller thereof on special order in
5 such a way as to have made the applicable tax the Service
6 Occupation Tax or the Service Use Tax, rather than the
7 Retailers' Occupation Tax or the Use Tax, for an interstate
8 carrier by rail which receives the physical possession of
9 such property in Illinois, and which transports such
10 property, or shares with another common carrier in the
11 transportation of such property, out of Illinois on a
12 standard uniform bill of lading showing the seller of the
13 property as the shipper or consignor of such property to a
14 destination outside Illinois, for use outside Illinois.

15 (6) until July 1, 2003, a sale or transfer of
16 distillation machinery and equipment, sold as a unit or kit
17 and assembled or installed by the retailer, which machinery
18 and equipment is certified by the user to be used only for
19 the production of ethyl alcohol that will be used for
20 consumption as motor fuel or as a component of motor fuel
21 for the personal use of such user and not subject to sale
22 or resale.

23 (7) at the election of any serviceman not required to
24 be otherwise registered as a retailer under Section 2a of
25 the Retailers' Occupation Tax Act, made for each fiscal
26 year sales of service in which the aggregate annual cost

1 price of tangible personal property transferred as an
2 incident to the sales of service is less than 35%, or 75%
3 in the case of servicemen transferring prescription drugs
4 or servicemen engaged in graphic arts production, of the
5 aggregate annual total gross receipts from all sales of
6 service. The purchase of such tangible personal property by
7 the serviceman shall be subject to tax under the Retailers'
8 Occupation Tax Act and the Use Tax Act. However, if a
9 primary serviceman who has made the election described in
10 this paragraph subcontracts service work to a secondary
11 serviceman who has also made the election described in this
12 paragraph, the primary serviceman does not incur a Use Tax
13 liability if the secondary serviceman (i) has paid or will
14 pay Use Tax on his or her cost price of any tangible
15 personal property transferred to the primary serviceman
16 and (ii) certifies that fact in writing to the primary
17 serviceman.

18 Tangible personal property transferred incident to the
19 completion of a maintenance agreement is exempt from the tax
20 imposed pursuant to this Act.

21 Exemption (5) also includes machinery and equipment used in
22 the general maintenance or repair of such exempt machinery and
23 equipment or for in-house manufacture of exempt machinery and
24 equipment. On and after July 1, 2017, exemption (5) also
25 includes graphic arts machinery and equipment, as defined in
26 paragraph (5) of Section 3-5. The machinery and equipment

1 exemption does not include machinery and equipment used in (i)
2 the generation of electricity for wholesale or retail sale;
3 (ii) the generation or treatment of natural or artificial gas
4 for wholesale or retail sale that is delivered to customers
5 through pipes, pipelines, or mains; or (iii) the treatment of
6 water for wholesale or retail sale that is delivered to
7 customers through pipes, pipelines, or mains. The provisions of
8 Public Act 98-583 are declaratory of existing law as to the
9 meaning and scope of this exemption. For the purposes of
10 exemption (5), each of these terms shall have the following
11 meanings: (1) "manufacturing process" shall mean the
12 production of any article of tangible personal property,
13 whether such article is a finished product or an article for
14 use in the process of manufacturing or assembling a different
15 article of tangible personal property, by procedures commonly
16 regarded as manufacturing, processing, fabricating, or
17 refining which changes some existing material or materials into
18 a material with a different form, use or name. In relation to a
19 recognized integrated business composed of a series of
20 operations which collectively constitute manufacturing, or
21 individually constitute manufacturing operations, the
22 manufacturing process shall be deemed to commence with the
23 first operation or stage of production in the series, and shall
24 not be deemed to end until the completion of the final product
25 in the last operation or stage of production in the series; and
26 further, for purposes of exemption (5), photoprocessing is

1 deemed to be a manufacturing process of tangible personal
2 property for wholesale or retail sale; (2) "assembling process"
3 shall mean the production of any article of tangible personal
4 property, whether such article is a finished product or an
5 article for use in the process of manufacturing or assembling a
6 different article of tangible personal property, by the
7 combination of existing materials in a manner commonly regarded
8 as assembling which results in a material of a different form,
9 use or name; (3) "machinery" shall mean major mechanical
10 machines or major components of such machines contributing to a
11 manufacturing or assembling process; and (4) "equipment" shall
12 include any independent device or tool separate from any
13 machinery but essential to an integrated manufacturing or
14 assembly process; including computers used primarily in a
15 manufacturer's computer assisted design, computer assisted
16 manufacturing (CAD/CAM) system; or any subunit or assembly
17 comprising a component of any machinery or auxiliary, adjunct
18 or attachment parts of machinery, such as tools, dies, jigs,
19 fixtures, patterns and molds; or any parts which require
20 periodic replacement in the course of normal operation; but
21 shall not include hand tools. Equipment includes chemicals or
22 chemicals acting as catalysts but only if the chemicals or
23 chemicals acting as catalysts effect a direct and immediate
24 change upon a product being manufactured or assembled for
25 wholesale or retail sale or lease. The purchaser of such
26 machinery and equipment who has an active resale registration

1 number shall furnish such number to the seller at the time of
2 purchase. The user of such machinery and equipment and tools
3 without an active resale registration number shall prepare a
4 certificate of exemption for each transaction stating facts
5 establishing the exemption for that transaction, which
6 certificate shall be available to the Department for inspection
7 or audit. The Department shall prescribe the form of the
8 certificate.

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

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

26 The purchase, employment and transfer of such tangible

1 personal property as newsprint and ink for the primary purpose
2 of conveying news (with or without other information) is not a
3 purchase, use or sale of service or of tangible personal
4 property within the meaning of this Act.

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

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

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

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

14 (1) having or maintaining within this State, directly
15 or by a subsidiary, an office, distribution house, sales
16 house, warehouse or other place of business, or any agent
17 or other representative operating within this State under
18 the authority of the serviceman or its subsidiary,
19 irrespective of whether such place of business or agent or
20 other representative is located here permanently or
21 temporarily, or whether such serviceman or subsidiary is
22 licensed to do business in this State;

23 (1.1) having a contract with a person located in this
24 State under which the person, for a commission or other
25 consideration based on the sale of service by the
26 serviceman, directly or indirectly refers potential

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

24 (1.2) beginning July 1, 2011, having a contract with a
25 person located in this State under which:

26 (A) the serviceman sells the same or substantially

1 similar line of services as the person located in this
2 State and does so using an identical or substantially
3 similar name, trade name, or trademark as the person
4 located in this State; and

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

8 The provisions of this paragraph (1.2) shall apply only if
9 the cumulative gross receipts from sales of service by the
10 serviceman to customers in this State under all such
11 contracts exceed \$10,000 during the preceding 4 quarterly
12 periods ending on the last day of March, June, September,
13 and December;

14 (2) soliciting orders for tangible personal property
15 by means of a telecommunication or television shopping
16 system (which utilizes toll free numbers) which is intended
17 by the retailer to be broadcast by cable television or
18 other means of broadcasting, to consumers located in this
19 State;

20 (3) pursuant to a contract with a broadcaster or
21 publisher located in this State, soliciting orders for
22 tangible personal property by means of advertising which is
23 disseminated primarily to consumers located in this State
24 and only secondarily to bordering jurisdictions;

25 (4) soliciting orders for tangible personal property
26 by mail if the solicitations are substantial and recurring

1 and if the retailer benefits from any banking, financing,
2 debt collection, telecommunication, or marketing
3 activities occurring in this State or benefits from the
4 location in this State of authorized installation,
5 servicing, or repair facilities;

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

9 (6) having a franchisee or licensee operating under its
10 trade name if the franchisee or licensee is required to
11 collect the tax under this Section;

12 (7) pursuant to a contract with a cable television
13 operator located in this State, soliciting orders for
14 tangible personal property by means of advertising which is
15 transmitted or distributed over a cable television system
16 in this State;

17 (8) engaging in activities in Illinois, which
18 activities in the state in which the supply business
19 engaging in such activities is located would constitute
20 maintaining a place of business in that state; or

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

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

25 or

26 (B) the serviceman enters into 200 or more separate

1 transactions for sales of service to purchasers in
2 Illinois.

3 The serviceman shall determine on a quarterly basis,
4 ending on the last day of March, June, September, and
5 December, whether he or she meets the criteria of either
6 subparagraph (A) or (B) of this paragraph (9) for the
7 preceding 12-month period. If the serviceman meets the
8 criteria of either subparagraph (A) or (B) for a 12-month
9 period, he or she is considered a serviceman maintaining a
10 place of business in this State and is required to collect
11 and remit the tax imposed under this Act and file returns
12 for one year. At the end of that one-year period, the
13 serviceman shall determine whether the serviceman met the
14 criteria of either subparagraph (A) or (B) during the
15 preceding 12-month period. If the serviceman met the
16 criteria in either subparagraph (A) or (B) for the
17 preceding 12-month period, he or she is considered a
18 serviceman maintaining a place of business in this State
19 and is required to collect and remit the tax imposed under
20 this Act and file returns for the subsequent year. If at
21 the end of a one-year period a serviceman that was required
22 to collect and remit the tax imposed under this Act
23 determines that he or she did not meet the criteria in
24 either subparagraph (A) or (B) during the preceding
25 12-month period, the serviceman subsequently shall
26 determine on a quarterly basis, ending on the last day of

1 March, June, September, and December, whether he or she
2 meets the criteria of either subparagraph (A) or (B) for
3 the preceding 12-month period.

4 Beginning January 1, 2020, neither the gross receipts
5 from nor the number of separate transactions for sales of
6 service to purchasers in Illinois that a serviceman makes
7 through a marketplace facilitator and for which the
8 serviceman has received a certification from the
9 marketplace facilitator pursuant to Section 2d of this Act
10 shall be included for purposes of determining whether he or
11 she has met the thresholds of this paragraph (9).

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

14 (Source: P.A. 100-22, eff. 7-6-17; 100-321, eff. 8-24-17;
15 100-587, eff. 6-4-18; 100-863, eff. 8-14-18.)

16 (35 ILCS 110/2d new)

17 Sec. 2d. Marketplace facilitators and marketplace
18 servicemen.

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

20 "Affiliate" means a person that, with respect to another
21 person: (i) has a direct or indirect ownership interest of more
22 than 5% in the other person; or (ii) is related to the other
23 person because a third person, or group of third persons who
24 are affiliated with each other as defined in this subsection,
25 holds a direct or indirect ownership interest of more than 5%

1 in the related person.

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

5 "Marketplace facilitator" means a person who, pursuant to
6 an agreement with a marketplace serviceman, facilitates sales
7 of service by that marketplace serviceman. A person facilitates
8 a sale of service by, directly or indirectly through one or
9 more affiliates, doing both of the following: (i) listing or
10 otherwise making available a sale of service of the marketplace
11 serviceman through a marketplace owned or operated by the
12 marketplace facilitator; and (ii) processing sales of service
13 for, or payments for sales of service by, marketplace
14 servicemen.

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

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

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

23 (2) the marketplace facilitator and marketplace
24 servicemen cumulatively enter into 200 or more separate
25 transactions for the sale of service to purchasers in
26 Illinois.

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

1 (c) A marketplace facilitator that meets either of the
2 thresholds in subsection (b) of this Section is considered the
3 serviceman for each sale of service made through its
4 marketplace and is liable for collecting and remitting the tax
5 under this Act on all such sales. The marketplace facilitator
6 has all the rights and duties, and is required to comply with
7 the same requirements and procedures, as all other servicemen
8 maintaining a place of business in this State who are
9 registered or who are required to be registered to collect and
10 remit the tax imposed by this Act.

11 (d) A marketplace facilitator shall:

12 (1) certify to each marketplace serviceman that the
13 marketplace facilitator assumes the rights and duties of a
14 serviceman under this Act with respect to sales of service
15 made by the marketplace serviceman through the
16 marketplace; and

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

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

23 (f) A marketplace serviceman shall furnish to the
24 marketplace facilitator information that is necessary for the
25 marketplace facilitator to correctly collect and remit taxes
26 for a sale of service. The information may include a

1 certification that an item transferred incident to a sale of
2 service under this Act is taxable, not taxable, exempt from
3 taxation, or taxable at a specified rate. A marketplace
4 serviceman shall be held harmless for liability for the tax
5 imposed under this Act when a marketplace facilitator fails to
6 correctly collect and remit tax after having been provided with
7 information by a marketplace serviceman to correctly collect
8 and remit taxes imposed under this Act.

9 (g) Except as provided in subsection (h), if the
10 marketplace facilitator demonstrates to the satisfaction of
11 the Department that its failure to correctly collect and remit
12 tax on a sale of service resulted from the marketplace
13 facilitator's good faith reliance on incorrect or insufficient
14 information provided by a marketplace serviceman, it shall be
15 relieved of liability for the tax on that sale of service. In
16 this case, a marketplace serviceman is liable for any resulting
17 tax due.

18 (h) A marketplace facilitator and marketplace serviceman
19 that are affiliates, as defined by subsection (a), are jointly
20 and severally liable for tax liability resulting from a sale of
21 service made by the affiliated marketplace serviceman through
22 the marketplace.

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

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

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

3 (35 ILCS 745/10)

4 Sec. 10. Amnesty program. The Department shall establish an
5 amnesty program for all taxpayers owing any tax imposed by
6 reason of or pursuant to authorization by any law of the State
7 of Illinois and collected by the Department.

8 The amnesty program shall be for a period from October 1,
9 2003 through November 15, 2003 and for a period beginning on
10 October 1, 2010 and ending November 8, 2010 and for a period
11 beginning on October 1, 2019 and ending on November 15, 2019.

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

1 granted to the taxpayer. Failure to pay all taxes due to the
2 State for a taxable period shall invalidate any amnesty granted
3 under this Act. Amnesty shall be granted only if all amnesty
4 conditions are satisfied by the taxpayer.

5 Amnesty shall not be granted to taxpayers who are a party
6 to any criminal investigation or to any civil or criminal
7 litigation that is pending in any circuit court or appellate
8 court or the Supreme Court of this State for nonpayment,
9 delinquency, or fraud in relation to any State tax imposed by
10 any law of the State of Illinois.

11 Participation in an amnesty program shall not preclude a
12 taxpayer from claiming a refund for an overpayment of tax on an
13 issue unrelated to the issues for which the taxpayer claimed
14 amnesty or for an overpayment of tax by taxpayers estimating a
15 non-final liability for the amnesty program pursuant to Section
16 506(b) of the Illinois Income Tax Act (35 ILCS 5/506(b)).

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

19 The Department shall adopt rules as necessary to implement
20 the provisions of this Act.

21 Except as otherwise provided in this Section, all money
22 collected under this Act that would otherwise be deposited into
23 the General Revenue Fund shall be deposited as follows: (i)
24 one-half into the Common School Fund; (ii) one-half into the
25 General Revenue Fund. Two percent of all money collected under
26 this Act shall be deposited by the State Treasurer into the Tax

1 Compliance and Administration Fund and, subject to
2 appropriation, shall be used by the Department to cover costs
3 associated with the administration of this Act.

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

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

8 (215 ILCS 125/5-5) (from Ch. 111 1/2, par. 1413)

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

14 (a) The health maintenance organization is operating
15 significantly in contravention of its basic organizational
16 document, its health care plan, or in a manner contrary to that
17 described in any information submitted under Section 2-1 or
18 4-12.

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

23 (c) The health care plan does not provide or arrange for
24 basic health care services, except as provided in Section 4-13

1 concerning mental health services for clients of the Department
2 of Children and Family Services.

3 (d) The Director of Public Health certifies to the Director
4 that (1) the health maintenance organization does not meet the
5 requirements of Section 2-2 or (2) the health maintenance
6 organization is unable to fulfill its obligations to furnish
7 health care services as required under its health care plan.
8 The Department of Public Health shall promulgate by rule,
9 pursuant to the Illinois Administrative Procedure Act, the
10 precise standards used for determining what constitutes a
11 material misrepresentation, what constitutes a material
12 violation of a contract or evidence of coverage, or what
13 constitutes good faith with regard to certification under this
14 paragraph.

15 (e) The health maintenance organization is no longer
16 financially responsible and may reasonably be expected to be
17 unable to meet its obligations to enrollees or prospective
18 enrollees.

19 (f) The health maintenance organization, or any person on
20 its behalf, has advertised or merchandised its services in an
21 untrue, misrepresentative, misleading, deceptive, or unfair
22 manner.

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

25 (h) The health maintenance organization has neglected to
26 correct, within the time prescribed by subsection (c) of

1 Section 2-4, any deficiency occurring due to the organization's
2 prescribed minimum net worth or special contingent reserve
3 being impaired.

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

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

9 When the certificate of authority of a health maintenance
10 organization is revoked, the organization shall proceed,
11 immediately following the effective date of the order of
12 revocation, to wind up its affairs and shall conduct no further
13 business except as may be essential to the orderly conclusion
14 of the affairs of the organization. The Director may permit
15 further operation of the organization that he finds to be in
16 the best interest of enrollees to the end that the enrollees
17 will be afforded the greatest practical opportunity to obtain
18 health care services.

19 (k) The health maintenance organization has failed to pay
20 any assessment due under Article V-H of the Public Aid Code for
21 60 days following the due date of the payment (as extended by
22 any grace period granted).

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

24 (215 ILCS 125/5-10 new)

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

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

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

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

10 (305 ILCS 5/Art. V-H heading new)

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

12 (305 ILCS 5/5H-1 new)

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

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

16 "Department" means the Department of Healthcare and Family
17 Services.

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

21 "Fund" means the Healthcare Provider Relief Fund.

22 "Managed care organization" means an entity operating
23 under a certificate of authority issued pursuant to the Health

1 Maintenance Organization Act or as a Managed Care Community
2 Network pursuant to Section 5-11 of the Public Aid Code.

3 "Medicaid managed care organization" means a managed care
4 organization under contract with the Department to provide
5 services to recipients of benefits in the medical assistance
6 program pursuant to Article V of the Public Aid Code, the
7 Children's Health Insurance Program Act, or the Covering ALL
8 KIDS Health Insurance Act. It does not include contracts the
9 same entity or an affiliated entity has for other business.

10 "Medicare" means the federal Medicare program established
11 under Title XVIII of the federal Social Security Act.

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

1 (305 ILCS 5/5H-2 new)

2 Sec. 5H-2. Federal waivers. The Department shall request a
3 waiver from the federal Centers for Medicare and Medicaid
4 Services of the broad-based and uniformity provisions of
5 Section 1903(w)(3)(B) and (C) of Title XIX of the Social
6 Security Act, 42 U.S.C. 1396b, relating to the assessment
7 imposed under this Article. The assessment required pursuant to
8 Section 5H-3 shall not be due and payable until such waiver has
9 been approved and all other federal requirements necessary to
10 obtain federal financial participation have been approved by
11 the Centers for Medicare and Medicaid Services.

12 (305 ILCS 5/5H-3 new)

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

14 (a) For State Fiscal year 2020 through State Fiscal Year
15 2025, there is imposed upon managed care organization member
16 months an assessment, calculated on base year data, as set
17 forth below for the appropriate tier:

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

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

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

21 (b) The tiers are established as follows:

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

24 (ii) Tier 2 includes member months over 4,195,000 in a

1 Medicaid managed care organization during the base year;
2 and

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

6 (c) For State fiscal year 2020 through State fiscal year
7 2025, the Department may by rule adjust rates or tier
8 parameters or both in order to maximize the revenue generated
9 by the assessment consistent with federal regulations and to
10 meet federal statistical tests necessary for federal financial
11 participation. Any upward adjustment to the Tier 3 rate shall
12 be the minimum necessary to meet federal statistical tests.

13 (305 ILCS 5/5H-4 new)

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

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

19 (b) If the approval of the waivers required under Section
20 5H-2 is delayed beyond the start of State fiscal year 2020,
21 then the first installment shall be due on the first business
22 day of the first month that begins more than 15 days after the
23 date of such approval. In the event approval results in
24 installments beginning after July 1, 2019, the amount of each
25 installment for that fiscal year shall equal the full amount of

1 the annual assessment divided by the number of payments that
2 will be paid in fiscal year 2020.

3 (c) The Department shall notify each managed care
4 organization of its annual fiscal year 2020 assessment and the
5 installment due dates no later than 30 days prior to the first
6 installment due date and the annual assessment and due dates
7 for each subsequent year at least 30 days prior to the start of
8 each fiscal year.

9 (d) Proceeds from the assessment levied pursuant to Section
10 5H-3 shall be deposited into the Fund.

11 (305 ILCS 5/5H-5 new)

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

1 be construed to limit authority granted in subsection (c) of
2 Section 5H-3.

3 (305 ILCS 5/5H-6 new)

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

5 (a) A managed care organization that is liable for the
6 assessment under this Article shall keep accurate and complete
7 records and pertinent documents as may be required by the
8 Department. Records required by the Department shall be
9 retained for a period of 4 years after the assessment imposed
10 under this Act to which the records apply is due or as
11 otherwise provided by law. The Department or the Department of
12 Insurance may audit all records necessary to ensure compliance
13 with this Article and make adjustments to assessment amounts
14 previously calculated based on the results of any such audit.

15 (b) If a managed care organization fails to make a payment
16 due under this Article in a timely fashion, they shall pay an
17 additional penalty of 5% of the amount of the installment not
18 paid on or before the due date, or any grace period granted,
19 plus 5% of the portion thereof remaining unpaid on the last day
20 of each 30-day period thereafter. The Department is authorized
21 to grant grace periods of up to 30 days upon request of a
22 managed care organization for good cause due to financial or
23 other difficulties, as determined by the Department. If a
24 managed care organization fails to make a payment within 60
25 days after the due date the Department shall additionally

1 impose a contractual sanction allowed against a Medicaid
2 managed care organization and may terminate any such contract.
3 The Department of Insurance shall take action against the
4 certificate of authority of a non-Medicaid managed care
5 organization that fails to pay an installment within 60 days
6 after the due date.

7 (305 ILCS 5/5H-7 new)

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

20 (305 ILCS 5/5H-8 new)

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

22 (a) The Department shall ensure that rates to Medicaid
23 managed care organizations are actuarially sound including
24 appropriate incorporation of assessments under this Article,

1 other taxes and administrative expenses, including
2 standardization of processes, and cost of medical care.

3 (b) The Department shall pay to each Medicaid managed care
4 organization the amount required to be included in its rates
5 due to the assessment under this Article in order to ensure
6 actuarial soundness within 10 business days of receipt of each
7 assessment payment from the Medicaid managed care
8 organization. The Department shall extend the deadline for any
9 assessment payment due after the initial assessment payment if
10 the payment to the managed care organizations under this
11 subsection for the previous assessment payment has not been
12 paid. Such extension shall extend until 7 business days after
13 receipt by the managed care organization of the late payment
14 under this subsection.

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

22 (d) The Department shall include in its annual report,
23 beginning with its fiscal year 2020 report, and every year
24 thereafter, information on the revenues collected from this
25 assessment, the federal funds drawn based on those revenues,
26 the rates set in Section 5H-3 or any alterations thereof by

1 administrative rule, and other impacts this gross revenue has
2 had on the Medicaid program.

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

5 (805 ILCS 8/5-10)

6 Sec. 5-10. Amnesty program. The Secretary shall establish
7 an amnesty program for all taxpayers owing any franchise tax or
8 license fee imposed by Article XV of the Business Corporation
9 Act of 1983. The amnesty program shall be for a period from
10 February 1, 2008 through March 15, 2008. The amnesty program
11 shall also be for a period between October 1, 2019 and November
12 15, 2019, and shall apply to franchise tax or license fee
13 liabilities for any tax period ending after March 15, 2008 and
14 on or before June 30, 2019. The amnesty program shall provide
15 that, upon payment by a taxpayer of all franchise taxes and
16 license fees due from that taxpayer to the State of Illinois
17 for any taxable period, the Secretary shall abate and not seek
18 to collect any interest or penalties that may be applicable,
19 and the Secretary shall not seek civil or criminal prosecution
20 for any taxpayer for the period of time for which amnesty has
21 been granted to the taxpayer. Failure to pay all taxes due to
22 the State for a taxable period shall not invalidate any amnesty
23 granted under this Act with respect to the taxes paid pursuant
24 to the amnesty program. Amnesty shall be granted only if all

1 amnesty conditions are satisfied by the taxpayer. Amnesty shall
2 not be granted to taxpayers who are a party to any criminal
3 investigation or to any civil or criminal litigation that is
4 pending in any circuit court or appellate court or the Supreme
5 Court of this State for nonpayment, delinquency, or fraud in
6 relation to any franchise tax or license fee imposed by Article
7 XV of the Business Corporation Act of 1983. Voluntary payments
8 made under this Act shall be made by check, guaranteed
9 remittance, or ACH debit. The Secretary shall adopt rules as
10 necessary to implement the provisions of this Act. Except as
11 otherwise provided in this Section, all money collected under
12 this Act that would otherwise be deposited into the General
13 Revenue Fund shall be deposited into the General Revenue Fund.
14 Two percent of all money collected under this Act shall be
15 deposited by the State Treasurer into the Franchise Tax and
16 License Fee Amnesty Administration Fund and, subject to
17 appropriation, shall be used by the Secretary to cover costs
18 associated with the administration of this Act.

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

20 ARTICLE 20. BLUE COLLAR JOBS ACT

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

23 Section 20-5. The Illinois Enterprise Zone Act is amended

1 by changing Section 5.5 and by adding Section 13 as follows:

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

3 Sec. 5.5. High Impact Business.

4 (a) In order to respond to unique opportunities to assist
5 in the encouragement, development, growth and expansion of the
6 private sector through large scale investment and development
7 projects, the Department is authorized to receive and approve
8 applications for the designation of "High Impact Businesses" in
9 Illinois subject to the following conditions:

10 (1) such applications may be submitted at any time
11 during the year;

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

15 (3) the business intends to do one or more of the
16 following:

17 (A) the business intends to make a minimum
18 investment of \$12,000,000 which will be placed in
19 service in qualified property and intends to create 500
20 full-time equivalent jobs at a designated location in
21 Illinois or intends to make a minimum investment of
22 \$30,000,000 which will be placed in service in
23 qualified property and intends to retain 1,500
24 full-time retained jobs at a designated location in
25 Illinois. The business must certify in writing that the

1 investments would not be placed in service in qualified
2 property and the job creation or job retention would
3 not occur without the tax credits and exemptions set
4 forth in subsection (b) of this Section. The terms
5 "placed in service" and "qualified property" have the
6 same meanings as described in subsection (h) of Section
7 201 of the Illinois Income Tax Act; or

8 (B) the business intends to establish a new
9 electric generating facility at a designated location
10 in Illinois. "New electric generating facility", for
11 purposes of this Section, means a newly-constructed
12 electric generation plant or a newly-constructed
13 generation capacity expansion at an existing electric
14 generation plant, including the transmission lines and
15 associated equipment that transfers electricity from
16 points of supply to points of delivery, and for which
17 such new foundation construction commenced not sooner
18 than July 1, 2001. Such facility shall be designed to
19 provide baseload electric generation and shall operate
20 on a continuous basis throughout the year; and (i)
21 shall have an aggregate rated generating capacity of at
22 least 1,000 megawatts for all new units at one site if
23 it uses natural gas as its primary fuel and foundation
24 construction of the facility is commenced on or before
25 December 31, 2004, or shall have an aggregate rated
26 generating capacity of at least 400 megawatts for all

1 new units at one site if it uses coal or gases derived
2 from coal as its primary fuel and shall support the
3 creation of at least 150 new Illinois coal mining jobs,
4 or (ii) shall be funded through a federal Department of
5 Energy grant before December 31, 2010 and shall support
6 the creation of Illinois coal-mining jobs, or (iii)
7 shall use coal gasification or integrated
8 gasification-combined cycle units that generate
9 electricity or chemicals, or both, and shall support
10 the creation of Illinois coal-mining jobs. The
11 business must certify in writing that the investments
12 necessary to establish a new electric generating
13 facility would not be placed in service and the job
14 creation in the case of a coal-fueled plant would not
15 occur without the tax credits and exemptions set forth
16 in subsection (b-5) of this Section. The term "placed
17 in service" has the same meaning as described in
18 subsection (h) of Section 201 of the Illinois Income
19 Tax Act; or

20 (B-5) the business intends to establish a new
21 gasification facility at a designated location in
22 Illinois. As used in this Section, "new gasification
23 facility" means a newly constructed coal gasification
24 facility that generates chemical feedstocks or
25 transportation fuels derived from coal (which may
26 include, but are not limited to, methane, methanol, and

1 nitrogen fertilizer), that supports the creation or
2 retention of Illinois coal-mining jobs, and that
3 qualifies for financial assistance from the Department
4 before December 31, 2010. A new gasification facility
5 does not include a pilot project located within
6 Jefferson County or within a county adjacent to
7 Jefferson County for synthetic natural gas from coal;
8 or

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

1 Tax Act; or

2 (D) the business intends to construct new
3 transmission facilities or upgrade existing
4 transmission facilities at designated locations in
5 Illinois, for which construction commenced not sooner
6 than July 1, 2001. For the purposes of this Section,
7 "transmission facilities" means transmission lines
8 with a voltage rating of 115 kilovolts or above,
9 including associated equipment, that transfer
10 electricity from points of supply to points of delivery
11 and that transmit a majority of the electricity
12 generated by a new electric generating facility
13 designated as a High Impact Business in accordance with
14 this Section. The business must certify in writing that
15 the investments necessary to construct new
16 transmission facilities or upgrade existing
17 transmission facilities would not be placed in service
18 without the tax credits and exemptions set forth in
19 subsection (b-5) of this Section. The term "placed in
20 service" has the same meaning as described in
21 subsection (h) of Section 201 of the Illinois Income
22 Tax Act; or

23 (E) the business intends to establish a new wind
24 power facility at a designated location in Illinois.
25 For purposes of this Section, "new wind power facility"
26 means a newly constructed electric generation

1 facility, or a newly constructed expansion of an
2 existing electric generation facility, placed in
3 service on or after July 1, 2009, that generates
4 electricity using wind energy devices, and such
5 facility shall be deemed to include all associated
6 transmission lines, substations, and other equipment
7 related to the generation of electricity from wind
8 energy devices. For purposes of this Section, "wind
9 energy device" means any device, with a nameplate
10 capacity of at least 0.5 megawatts, that is used in the
11 process of converting kinetic energy from the wind to
12 generate electricity; or

13 (F) the business commits to (i) make a minimum
14 investment of \$500,000,000, which will be placed in
15 service in a qualified property, (ii) create 125
16 full-time equivalent jobs at a designated location in
17 Illinois, (iii) establish a fertilizer plant at a
18 designated location in Illinois that complies with the
19 set-back standards as described in Table 1: Initial
20 Isolation and Protective Action Distances in the 2012
21 Emergency Response Guidebook published by the United
22 States Department of Transportation, (iv) pay a
23 prevailing wage for employees at that location who are
24 engaged in construction activities, and (v) secure an
25 appropriate level of general liability insurance to
26 protect against catastrophic failure of the fertilizer

1 plant or any of its constituent systems; in addition,
2 the business must agree to enter into a construction
3 project labor agreement including provisions
4 establishing wages, benefits, and other compensation
5 for employees performing work under the project labor
6 agreement at that location; for the purposes of this
7 Section, "fertilizer plant" means a newly constructed
8 or upgraded plant utilizing gas used in the production
9 of anhydrous ammonia and downstream nitrogen
10 fertilizer products for resale; for the purposes of
11 this Section, "prevailing wage" means the hourly cash
12 wages plus fringe benefits for training and
13 apprenticeship programs approved by the U.S.
14 Department of Labor, Bureau of Apprenticeship and
15 Training, health and welfare, insurance, vacations and
16 pensions paid generally, in the locality in which the
17 work is being performed, to employees engaged in work
18 of a similar character on public works; this paragraph
19 (F) applies only to businesses that submit an
20 application to the Department within 60 days after the
21 effective date of this amendatory Act of the 98th
22 General Assembly; and

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

1 (b) Businesses designated as High Impact Businesses
2 pursuant to subdivision (a) (3) (A) of this Section shall qualify
3 for the credits and exemptions described in the following Acts:
4 Section 9-222 and Section 9-222.1A of the Public Utilities Act,
5 subsection (h) of Section 201 of the Illinois Income Tax Act,
6 and Section 1d of the Retailers' Occupation Tax Act; provided
7 that these credits and exemptions described in these Acts shall
8 not be authorized until the minimum investments set forth in
9 subdivision (a) (3) (A) of this Section have been placed in
10 service in qualified properties and, in the case of the
11 exemptions described in the Public Utilities Act and Section 1d
12 of the Retailers' Occupation Tax Act, the minimum full-time
13 equivalent jobs or full-time retained jobs set forth in
14 subdivision (a) (3) (A) of this Section have been created or
15 retained. Businesses designated as High Impact Businesses
16 under this Section shall also qualify for the exemption
17 described in Section 51 of the Retailers' Occupation Tax Act.
18 The credit provided in subsection (h) of Section 201 of the
19 Illinois Income Tax Act shall be applicable to investments in
20 qualified property as set forth in subdivision (a) (3) (A) of
21 this Section.

22 (b-5) Businesses designated as High Impact Businesses
23 pursuant to subdivisions (a) (3) (B), (a) (3) (B-5), (a) (3) (C),
24 and (a) (3) (D) of this Section shall qualify for the credits and
25 exemptions described in the following Acts: Section 51 of the
26 Retailers' Occupation Tax Act, Section 9-222 and Section

1 9-222.1A of the Public Utilities Act, and subsection (h) of
2 Section 201 of the Illinois Income Tax Act; however, the
3 credits and exemptions authorized under Section 9-222 and
4 Section 9-222.1A of the Public Utilities Act, and subsection
5 (h) of Section 201 of the Illinois Income Tax Act shall not be
6 authorized until the new electric generating facility, the new
7 gasification facility, the new transmission facility, or the
8 new, expanded, or reopened coal mine is operational, except
9 that a new electric generating facility whose primary fuel
10 source is natural gas is eligible only for the exemption under
11 Section 51 of the Retailers' Occupation Tax Act.

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

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

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

7 (d) Except for businesses contemplated under subdivision
8 (a) (3) (E) of this Section, existing Illinois businesses which
9 apply for designation as a High Impact Business must provide
10 the Department with the prospective plan for which 1,500
11 full-time retained jobs would be eliminated in the event that
12 the business is not designated.

13 (e) Except for new wind power facilities contemplated under
14 subdivision (a) (3) (E) of this Section, new proposed facilities
15 which apply for designation as High Impact Business must
16 provide the Department with proof of alternative non-Illinois
17 sites which would receive the proposed investment and job
18 creation in the event that the business is not designated as a
19 High Impact Business.

20 (f) Except for businesses contemplated under subdivision
21 (a) (3) (E) of this Section, in the event that a business is
22 designated a High Impact Business and it is later determined
23 after reasonable notice and an opportunity for a hearing as
24 provided under the Illinois Administrative Procedure Act, that
25 the business would have placed in service in qualified property
26 the investments and created or retained the requisite number of

1 jobs without the benefits of the High Impact Business
2 designation, the Department shall be required to immediately
3 revoke the designation and notify the Director of the
4 Department of Revenue who shall begin proceedings to recover
5 all wrongfully exempted State taxes with interest. The business
6 shall also be ineligible for all State funded Department
7 programs for a period of 10 years.

8 (g) The Department shall revoke a High Impact Business
9 designation if the participating business fails to comply with
10 the terms and conditions of the designation. However, the
11 penalties for new wind power facilities or Wind Energy
12 Businesses for failure to comply with any of the terms or
13 conditions of the Illinois Prevailing Wage Act shall be only
14 those penalties identified in the Illinois Prevailing Wage Act,
15 and the Department shall not revoke a High Impact Business
16 designation as a result of the failure to comply with any of
17 the terms or conditions of the Illinois Prevailing Wage Act in
18 relation to a new wind power facility or a Wind Energy
19 Business.

20 (h) Prior to designating a business, the Department shall
21 provide the members of the General Assembly and Commission on
22 Government Forecasting and Accountability with a report
23 setting forth the terms and conditions of the designation and
24 guarantees that have been received by the Department in
25 relation to the proposed business being designated.

26 (i) High Impact Business construction jobs credit.

1 Beginning on January 1, 2021, a High Impact Business may
2 receive a tax credit against the tax imposed under subsections
3 (a) and (b) of Section 201 of the Illinois Income Tax Act in an
4 amount equal to 50% of the amount of the incremental income tax
5 attributable to High Impact Business construction jobs credit
6 employees employed in the course of completing a High Impact
7 Business construction jobs project. However, the High Impact
8 Business construction jobs credit may equal 75% of the amount
9 of the incremental income tax attributable to High Impact
10 Business construction jobs credit employees if the High Impact
11 Business construction jobs credit project is located in an
12 underserved area.

13 The Department shall certify to the Department of Revenue:
14 (1) the identity of taxpayers that are eligible for the High
15 Impact Business construction jobs credit; and (2) the amount of
16 High Impact Business construction jobs credits that are claimed
17 pursuant to subsection (h-5) of Section 201 of the Illinois
18 Income Tax Act in each taxable year. Any business entity that
19 receives a High Impact Business construction jobs credit shall
20 maintain a certified payroll pursuant to subsection (j) of this
21 Section.

22 As used in this subsection (i):

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

1 construction job employees. The total aggregate amount of
2 credits awarded under the Blue Collar Jobs Act (Article 20 of
3 this amendatory Act of the 101st General Assembly) shall not
4 exceed \$20,000,000 in any State fiscal year

5 "High Impact Business construction job employee" means a
6 laborer or worker who is employed by an Illinois contractor or
7 subcontractor in the actual construction work on the site of a
8 High Impact Business construction job project.

9 "High Impact Business construction jobs project" means
10 building a structure or building or making improvements of any
11 kind to real property, undertaken and commissioned by a
12 business that was designated as a High Impact Business by the
13 Department. The term "High Impact Business construction jobs
14 project" does not include the routine operation, routine
15 repair, or routine maintenance of existing structures,
16 buildings, or real property.

17 "Incremental income tax" means the total amount withheld
18 during the taxable year from the compensation of High Impact
19 Business construction job employees.

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

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

24 (2) 75% or more of the children in the area participate
25 in the federal free lunch program according to reported
26 statistics from the State Board of Education;

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

4 (4) the area has an average unemployment rate, as
5 determined by the Illinois Department of Employment
6 Security, that is more than 120% of the national
7 unemployment average, as determined by the U.S. Department
8 of Labor, for a period of at least 2 consecutive calendar
9 years preceding the date of the application.

10 (j) Each contractor and subcontractor who is engaged in and
11 executing a High Impact Business Construction jobs project, as
12 defined under subsection (i) of this Section, for a business
13 that is entitled to a credit pursuant to subsection (i) of this
14 Section shall:

15 (1) make and keep, for a period of 5 years from the
16 date of the last payment made on or after the effective
17 date of this amendatory Act of the 101st General Assembly
18 on a contract or subcontract for a High Impact Business
19 Construction Jobs Project, records for all laborers and
20 other workers employed by the contractor or subcontractor
21 on the project; the records shall include:

22 (A) the worker's name;

23 (B) the worker's address;

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

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

26 (E) the worker's classification or

1 classifications;

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

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

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

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

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

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

26 (A) he or she has examined the certified payroll

1 records required to be submitted by the Act and such
2 records are true and accurate; and

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

6 A general contractor is not prohibited from relying on a
7 certified payroll of a lower-tier subcontractor, provided the
8 general contractor does not knowingly rely upon a
9 subcontractor's false certification.

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

20 The taxpayer in charge of the project shall keep the
21 records submitted in accordance with this subsection on or
22 after the effective date of this amendatory Act of the 101st
23 General Assembly for a period of 5 years from the date of the
24 last payment for work on a contract or subcontract for the High
25 Impact Business construction jobs project.

26 The records submitted in accordance with this subsection

1 shall be considered public records, except an employee's
2 address, telephone number, and social security number, and made
3 available in accordance with the Freedom of Information Act.
4 The Department of Labor shall accept any reasonable submissions
5 by the contractor that meet the requirements of this subsection
6 (j) and shall share the information with the Department in
7 order to comply with the awarding of a High Impact Business
8 construction jobs credit. A contractor, subcontractor, or
9 public body may retain records required under this Section in
10 paper or electronic format.

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

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

20 (20 ILCS 655/13 new)

21 Sec. 13. Enterprise Zone construction jobs credit.

22 (a) Beginning on January 1, 2021, a business entity in a
23 certified Enterprise Zone that makes a capital investment of at
24 least \$10,000,000 in an Enterprise Zone construction jobs
25 project may receive an Enterprise Zone construction jobs credit

1 against the tax imposed under subsections (a) and (b) of
2 Section 201 of the Illinois Income Tax Act in an amount equal
3 to 50% of the amount of the incremental income tax attributable
4 to Enterprise Zone construction jobs credit employees employed
5 in the course of completing an Enterprise Zone construction
6 jobs project. However, the Enterprise Zone construction jobs
7 credit may equal 75% of the amount of the incremental income
8 tax attributable to Enterprise Zone construction jobs credit
9 employees if the project is located in an underserved area.

10 (b) A business entity seeking a credit under this Section
11 must submit an application to the Department and must receive
12 approval from the designating municipality or county and the
13 Department for the Enterprise Zone construction jobs credit
14 project. The application must describe the nature and benefit
15 of the project to the certified Enterprise Zone and its
16 potential contributors. The total aggregate amount of credits
17 awarded under the Blue Collar Jobs Act (Article 20 of this
18 amendatory Act of the 101st General Assembly) shall not exceed
19 \$20,000,000 in any State fiscal year.

20 Within 45 days after receipt of an application, the
21 Department shall give notice to the applicant as to whether the
22 application has been approved or disapproved. If the Department
23 disapproves the application, it shall specify the reasons for
24 this decision and allow 60 days for the applicant to amend and
25 resubmit its application. The Department shall provide
26 assistance upon request to applicants. Resubmitted

1 applications shall receive the Department's approval or
2 disapproval within 30 days after the application is
3 resubmitted. Those resubmitted applications satisfying initial
4 Department objectives shall be approved unless reasonable
5 circumstances warrant disapproval.

6 On an annual basis, the designated zone organization shall
7 furnish a statement to the Department on the programmatic and
8 financial status of any approved project and an audited
9 financial statement of the project.

10 The Department shall certify to the Department of Revenue
11 the identity of taxpayers who are eligible for the credits and
12 the amount of credits that are claimed pursuant to subparagraph
13 (8) of subsection (f) of Section 201 the Illinois Income Tax
14 Act.

15 The Enterprise Zone construction jobs credit project must
16 be undertaken by the business entity in the course of
17 completing a project that complies with the criteria contained
18 in Section 4 of this Act and is undertaken in a certified
19 Enterprise Zone. The Department shall adopt any necessary rules
20 for the implementation of this subsection (b).

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

24 (d) Each contractor and subcontractor who is engaged in and
25 is executing an Enterprise Zone Construction jobs credit
26 project for a business that is entitled to a credit pursuant to

1 this Section shall:

2 (1) make and keep, for a period of 5 years from the
3 date of the last payment made on or after the effective
4 date of this amendatory Act of the 101st General Assembly
5 on a contract or subcontract for an Enterprise Zone
6 construction jobs credit project, records for all laborers
7 and other workers employed by them on the project; the
8 records shall include:

9 (A) the worker's name;

10 (B) the worker's address;

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

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

13 (E) the worker's classification or
14 classifications;

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

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

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

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

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

22 (2) no later than the 15th day of each calendar month,
23 provide a certified payroll for the immediately preceding
24 month to the taxpayer in charge of the project; within 5
25 business days after receiving the certified payroll, the
26 taxpayer shall file the certified payroll with the

1 Department of Labor and the Department of Commerce and
2 Economic Opportunity; a certified payroll must be filed for
3 only those calendar months during which construction on an
4 Enterprise Zone construction jobs project has occurred;
5 the certified payroll shall consist of a complete copy of
6 the records identified in paragraph (1) of this subsection
7 (d), but may exclude the starting and ending times of work
8 each day; the certified payroll shall be accompanied by a
9 statement signed by the contractor or subcontractor or an
10 officer, employee, or agent of the contractor or
11 subcontractor which avers that:

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

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

18 A general contractor is not prohibited from relying on a
19 certified payroll of a lower-tier subcontractor, provided the
20 general contractor does not knowingly rely upon a
21 subcontractor's false certification.

22 Any contractor or subcontractor subject to this
23 subsection, and any officer, employee, or agent of such
24 contractor or subcontractor whose duty as an officer, employee,
25 or agent it is to file a certified payroll under this
26 subsection, who willfully fails to file such a certified

1 payroll on or before the date such certified payroll is
2 required by this paragraph to be filed and any person who
3 willfully files a false certified payroll that is false as to
4 any material fact is in violation of this Act and guilty of a
5 Class A misdemeanor.

6 The taxpayer in charge of the project shall keep the
7 records submitted in accordance with this subsection on or
8 after the effective date of this amendatory Act of the 101st
9 General Assembly for a period of 5 years from the date of the
10 last payment for work on a contract or subcontract for the
11 project.

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

23 Upon 7 business days' notice, the contractor and each
24 subcontractor shall make available for inspection and copying
25 at a location within this State during reasonable hours, the
26 records identified in paragraph (1) of this subsection to the

1 taxpayer in charge of the project, its officers and agents, the
2 Director of Labor and his deputies and agents, and to federal,
3 State, or local law enforcement agencies and prosecutors.

4 (e) As used in this Section:

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

9 "Enterprise Zone construction jobs credit employee" means
10 a laborer or worker who is employed by an Illinois contractor
11 or subcontractor in the actual construction work on the site of
12 an Enterprise Zone construction jobs credit project.

13 "Enterprise Zone construction jobs credit project" means
14 building a structure or building or making improvements of any
15 kind to real property commissioned and paid for by a business
16 that has applied and been approved for an Enterprise Zone
17 construction jobs credit pursuant to this Section. "Enterprise
18 Zone construction jobs credit project" does not include the
19 routine operation, routine repair, or routine maintenance of
20 existing structures, buildings, or real property.

21 "Incremental income tax" means the total amount withheld
22 during the taxable year from the compensation of Enterprise
23 Zone construction jobs credit employees.

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

26 (1) the area has a poverty rate of at least 20%

1 according to the latest federal decennial census;

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

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

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

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

16 (35 ILCS 5/201) (from Ch. 120, par. 2-201)

17 Sec. 201. Tax imposed.

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

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

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

8 (2) In the case of an individual, trust or estate, for
9 taxable years beginning prior to July 1, 1989 and ending
10 after June 30, 1989, an amount equal to the sum of (i) 2
11 1/2% of the taxpayer's net income for the period prior to
12 July 1, 1989, as calculated under Section 202.3, and (ii)
13 3% of the taxpayer's net income for the period after June
14 30, 1989, as calculated under Section 202.3.

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

19 (4) In the case of an individual, trust, or estate, for
20 taxable years beginning prior to January 1, 2011, and
21 ending after December 31, 2010, an amount equal to the sum
22 of (i) 3% of the taxpayer's net income for the period prior
23 to January 1, 2011, as calculated under Section 202.5, and
24 (ii) 5% of the taxpayer's net income for the period after
25 December 31, 2010, as calculated under Section 202.5.

26 (5) In the case of an individual, trust, or estate, for

1 taxable years beginning on or after January 1, 2011, and
2 ending prior to January 1, 2015, an amount equal to 5% of
3 the taxpayer's net income for the taxable year.

4 (5.1) In the case of an individual, trust, or estate,
5 for taxable years beginning prior to January 1, 2015, and
6 ending after December 31, 2014, an amount equal to the sum
7 of (i) 5% of the taxpayer's net income for the period prior
8 to January 1, 2015, as calculated under Section 202.5, and
9 (ii) 3.75% of the taxpayer's net income for the period
10 after December 31, 2014, as calculated under Section 202.5.

11 (5.2) In the case of an individual, trust, or estate,
12 for taxable years beginning on or after January 1, 2015,
13 and ending prior to July 1, 2017, an amount equal to 3.75%
14 of the taxpayer's net income for the taxable year.

15 (5.3) In the case of an individual, trust, or estate,
16 for taxable years beginning prior to July 1, 2017, and
17 ending after June 30, 2017, an amount equal to the sum of
18 (i) 3.75% of the taxpayer's net income for the period prior
19 to July 1, 2017, as calculated under Section 202.5, and
20 (ii) 4.95% of the taxpayer's net income for the period
21 after June 30, 2017, as calculated under Section 202.5.

22 (5.4) In the case of an individual, trust, or estate,
23 for taxable years beginning on or after July 1, 2017, an
24 amount equal to 4.95% of the taxpayer's net income for the
25 taxable year.

26 (6) In the case of a corporation, for taxable years

1 ending prior to July 1, 1989, an amount equal to 4% of the
2 taxpayer's net income for the taxable year.

3 (7) In the case of a corporation, for taxable years
4 beginning prior to July 1, 1989 and ending after June 30,
5 1989, an amount equal to the sum of (i) 4% of the
6 taxpayer's net income for the period prior to July 1, 1989,
7 as calculated under Section 202.3, and (ii) 4.8% of the
8 taxpayer's net income for the period after June 30, 1989,
9 as calculated under Section 202.3.

10 (8) In the case of a corporation, for taxable years
11 beginning after June 30, 1989, and ending prior to January
12 1, 2011, an amount equal to 4.8% of the taxpayer's net
13 income for the taxable year.

14 (9) In the case of a corporation, for taxable years
15 beginning prior to January 1, 2011, and ending after
16 December 31, 2010, an amount equal to the sum of (i) 4.8%
17 of the taxpayer's net income for the period prior to
18 January 1, 2011, as calculated under Section 202.5, and
19 (ii) 7% of the taxpayer's net income for the period after
20 December 31, 2010, as calculated under Section 202.5.

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

25 (11) In the case of a corporation, for taxable years
26 beginning prior to January 1, 2015, and ending after

1 December 31, 2014, an amount equal to the sum of (i) 7% of
2 the taxpayer's net income for the period prior to January
3 1, 2015, as calculated under Section 202.5, and (ii) 5.25%
4 of the taxpayer's net income for the period after December
5 31, 2014, as calculated under Section 202.5.

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

10 (13) In the case of a corporation, for taxable years
11 beginning prior to July 1, 2017, and ending after June 30,
12 2017, an amount equal to the sum of (i) 5.25% of the
13 taxpayer's net income for the period prior to July 1, 2017,
14 as calculated under Section 202.5, and (ii) 7% of the
15 taxpayer's net income for the period after June 30, 2017,
16 as calculated under Section 202.5.

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

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

22 (c) Personal Property Tax Replacement Income Tax.
23 Beginning on July 1, 1979 and thereafter, in addition to such
24 income tax, there is also hereby imposed the Personal Property
25 Tax Replacement Income Tax measured by net income on every
26 corporation (including Subchapter S corporations), partnership

1 and trust, for each taxable year ending after June 30, 1979.
2 Such taxes are imposed on the privilege of earning or receiving
3 income in or as a resident of this State. The Personal Property
4 Tax Replacement Income Tax shall be in addition to the income
5 tax imposed by subsections (a) and (b) of this Section and in
6 addition to all other occupation or privilege taxes imposed by
7 this State or by any municipal corporation or political
8 subdivision thereof.

9 (d) Additional Personal Property Tax Replacement Income
10 Tax Rates. The personal property tax replacement income tax
11 imposed by this subsection and subsection (c) of this Section
12 in the case of a corporation, other than a Subchapter S
13 corporation and except as adjusted by subsection (d-1), shall
14 be an additional amount equal to 2.85% of such taxpayer's net
15 income for the taxable year, except that beginning on January
16 1, 1981, and thereafter, the rate of 2.85% specified in this
17 subsection shall be reduced to 2.5%, and in the case of a
18 partnership, trust or a Subchapter S corporation shall be an
19 additional amount equal to 1.5% of such taxpayer's net income
20 for the taxable year.

21 (d-1) Rate reduction for certain foreign insurers. In the
22 case of a foreign insurer, as defined by Section 35A-5 of the
23 Illinois Insurance Code, whose state or country of domicile
24 imposes on insurers domiciled in Illinois a retaliatory tax
25 (excluding any insurer whose premiums from reinsurance assumed
26 are 50% or more of its total insurance premiums as determined

1 under paragraph (2) of subsection (b) of Section 304, except
2 that for purposes of this determination premiums from
3 reinsurance do not include premiums from inter-affiliate
4 reinsurance arrangements), beginning with taxable years ending
5 on or after December 31, 1999, the sum of the rates of tax
6 imposed by subsections (b) and (d) shall be reduced (but not
7 increased) to the rate at which the total amount of tax imposed
8 under this Act, net of all credits allowed under this Act,
9 shall equal (i) the total amount of tax that would be imposed
10 on the foreign insurer's net income allocable to Illinois for
11 the taxable year by such foreign insurer's state or country of
12 domicile if that net income were subject to all income taxes
13 and taxes measured by net income imposed by such foreign
14 insurer's state or country of domicile, net of all credits
15 allowed or (ii) a rate of zero if no such tax is imposed on such
16 income by the foreign insurer's state of domicile. For the
17 purposes of this subsection (d-1), an inter-affiliate includes
18 a mutual insurer under common management.

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

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

25 (B) the privilege tax imposed by Section 409 of the
26 Illinois Insurance Code, the fire insurance company

1 tax imposed by Section 12 of the Fire Investigation
2 Act, and the fire department taxes imposed under
3 Section 11-10-1 of the Illinois Municipal Code,
4 equals 1.25% for taxable years ending prior to December 31,
5 2003, or 1.75% for taxable years ending on or after
6 December 31, 2003, of the net taxable premiums written for
7 the taxable year, as described by subsection (1) of Section
8 409 of the Illinois Insurance Code. This paragraph will in
9 no event increase the rates imposed under subsections (b)
10 and (d).

11 (2) Any reduction in the rates of tax imposed by this
12 subsection shall be applied first against the rates imposed
13 by subsection (b) and only after the tax imposed by
14 subsection (a) net of all credits allowed under this
15 Section other than the credit allowed under subsection (i)
16 has been reduced to zero, against the rates imposed by
17 subsection (d).

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

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

23 (1) A taxpayer shall be allowed a credit equal to .5%
24 of the basis of qualified property placed in service during
25 the taxable year, provided such property is placed in
26 service on or after July 1, 1984. There shall be allowed an

1 additional credit equal to .5% of the basis of qualified
2 property placed in service during the taxable year,
3 provided such property is placed in service on or after
4 July 1, 1986, and the taxpayer's base employment within
5 Illinois has increased by 1% or more over the preceding
6 year as determined by the taxpayer's employment records
7 filed with the Illinois Department of Employment Security.
8 Taxpayers who are new to Illinois shall be deemed to have
9 met the 1% growth in base employment for the first year in
10 which they file employment records with the Illinois
11 Department of Employment Security. The provisions added to
12 this Section by Public Act 85-1200 (and restored by Public
13 Act 87-895) shall be construed as declaratory of existing
14 law and not as a new enactment. If, in any year, the
15 increase in base employment within Illinois over the
16 preceding year is less than 1%, the additional credit shall
17 be limited to that percentage times a fraction, the
18 numerator of which is .5% and the denominator of which is
19 1%, but shall not exceed .5%. The investment credit shall
20 not be allowed to the extent that it would reduce a
21 taxpayer's liability in any tax year below zero, nor may
22 any credit for qualified property be allowed for any year
23 other than the year in which the property was placed in
24 service in Illinois. For tax years ending on or after
25 December 31, 1987, and on or before December 31, 1988, the
26 credit shall be allowed for the tax year in which the

1 property is placed in service, or, if the amount of the
2 credit exceeds the tax liability for that year, whether it
3 exceeds the original liability or the liability as later
4 amended, such excess may be carried forward and applied to
5 the tax liability of the 5 taxable years following the
6 excess credit years if the taxpayer (i) makes investments
7 which cause the creation of a minimum of 2,000 full-time
8 equivalent jobs in Illinois, (ii) is located in an
9 enterprise zone established pursuant to the Illinois
10 Enterprise Zone Act and (iii) is certified by the
11 Department of Commerce and Community Affairs (now
12 Department of Commerce and Economic Opportunity) as
13 complying with the requirements specified in clause (i) and
14 (ii) by July 1, 1986. The Department of Commerce and
15 Community Affairs (now Department of Commerce and Economic
16 Opportunity) shall notify the Department of Revenue of all
17 such certifications immediately. For tax years ending
18 after December 31, 1988, the credit shall be allowed for
19 the tax year in which the property is placed in service,
20 or, if the amount of the credit exceeds the tax liability
21 for that year, whether it exceeds the original liability or
22 the liability as later amended, such excess may be carried
23 forward and applied to the tax liability of the 5 taxable
24 years following the excess credit years. The credit shall
25 be applied to the earliest year for which there is a
26 liability. If there is credit from more than one tax year

1 that is available to offset a liability, earlier credit
2 shall be applied first.

3 (2) The term "qualified property" means property
4 which:

5 (A) is tangible, whether new or used, including
6 buildings and structural components of buildings and
7 signs that are real property, but not including land or
8 improvements to real property that are not a structural
9 component of a building such as landscaping, sewer
10 lines, local access roads, fencing, parking lots, and
11 other appurtenances;

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

17 (C) is acquired by purchase as defined in Section
18 179(d) of the Internal Revenue Code;

19 (D) is used in Illinois by a taxpayer who is
20 primarily engaged in manufacturing, or in mining coal
21 or fluorite, or in retailing, or was placed in service
22 on or after July 1, 2006 in a River Edge Redevelopment
23 Zone established pursuant to the River Edge
24 Redevelopment Zone Act; and

25 (E) has not previously been used in Illinois in
26 such a manner and by such a person as would qualify for

1 the credit provided by this subsection (e) or
2 subsection (f).

3 (3) For purposes of this subsection (e),
4 "manufacturing" means the material staging and production
5 of tangible personal property by procedures commonly
6 regarded as manufacturing, processing, fabrication, or
7 assembling which changes some existing material into new
8 shapes, new qualities, or new combinations. For purposes of
9 this subsection (e) the term "mining" shall have the same
10 meaning as the term "mining" in Section 613(c) of the
11 Internal Revenue Code. For purposes of this subsection (e),
12 the term "retailing" means the sale of tangible personal
13 property for use or consumption and not for resale, or
14 services rendered in conjunction with the sale of tangible
15 personal property for use or consumption and not for
16 resale. For purposes of this subsection (e), "tangible
17 personal property" has the same meaning as when that term
18 is used in the Retailers' Occupation Tax Act, and, for
19 taxable years ending after December 31, 2008, does not
20 include the generation, transmission, or distribution of
21 electricity.

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

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

1 in service in Illinois by the taxpayer, the amount of such
2 increase shall be deemed property placed in service on the
3 date of such increase in basis.

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

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

22 (8) Unless the investment credit is extended by law,
23 the basis of qualified property shall not include costs
24 incurred after December 31, 2018, except for costs incurred
25 pursuant to a binding contract entered into on or before
26 December 31, 2018.

1 (9) Each taxable year ending before December 31, 2000,
2 a partnership may elect to pass through to its partners the
3 credits to which the partnership is entitled under this
4 subsection (e) for the taxable year. A partner may use the
5 credit allocated to him or her under this paragraph only
6 against the tax imposed in subsections (c) and (d) of this
7 Section. If the partnership makes that election, those
8 credits shall be allocated among the partners in the
9 partnership in accordance with the rules set forth in
10 Section 704(b) of the Internal Revenue Code, and the rules
11 promulgated under that Section, and the allocated amount of
12 the credits shall be allowed to the partners for that
13 taxable year. The partnership shall make this election on
14 its Personal Property Tax Replacement Income Tax return for
15 that taxable year. The election to pass through the credits
16 shall be irrevocable.

17 For taxable years ending on or after December 31, 2000,
18 a partner that qualifies its partnership for a subtraction
19 under subparagraph (I) of paragraph (2) of subsection (d)
20 of Section 203 or a shareholder that qualifies a Subchapter
21 S corporation for a subtraction under subparagraph (S) of
22 paragraph (2) of subsection (b) of Section 203 shall be
23 allowed a credit under this subsection (e) equal to its
24 share of the credit earned under this subsection (e) during
25 the taxable year by the partnership or Subchapter S
26 corporation, determined in accordance with the

1 determination of income and distributive share of income
2 under Sections 702 and 704 and Subchapter S of the Internal
3 Revenue Code. This paragraph is exempt from the provisions
4 of Section 250.

5 (f) Investment credit; Enterprise Zone; River Edge
6 Redevelopment Zone.

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

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

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

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

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

22 (C) is acquired by purchase as defined in Section
23 179(d) of the Internal Revenue Code;

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

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

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

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

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

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

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

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

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

23 (8) For taxable years beginning on or after January 1,
24 2021, there shall be allowed an Enterprise Zone
25 construction jobs credit against the taxes imposed under
26 subsections (a) and (b) of this Section as provided in

1 Section 13 of the Illinois Enterprise Zone Act.

2 The credit or credits may not reduce the taxpayer's
3 liability to less than zero. If the amount of the credit or
4 credits exceeds the taxpayer's liability, the excess may be
5 carried forward and applied against the taxpayer's
6 liability in succeeding calendar years in the same manner
7 provided under paragraph (4) of Section 211 of this Act.
8 The credit or credits shall be applied to the earliest year
9 for which there is a tax liability. If there are credits
10 from more than one taxable year that are available to
11 offset a liability, the earlier credit shall be applied
12 first.

13 For partners, shareholders of Subchapter S
14 corporations, and owners of limited liability companies,
15 if the liability company is treated as a partnership for
16 the purposes of federal and State income taxation, there
17 shall be allowed a credit under this Section to be
18 determined in accordance with the determination of income
19 and distributive share of income under Sections 702 and 704
20 and Subchapter S of the Internal Revenue Code.

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

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

1 (g) (Blank).

2 (h) Investment credit; High Impact Business.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

17 The total aggregate amount of credits awarded under the
18 Blue Collar Jobs Act (Article 20 of this amendatory Act of the
19 101st General Assembly) shall not exceed \$20,000,000 in any
20 State fiscal year

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

23 (i) Credit for Personal Property Tax Replacement Income
24 Tax. For tax years ending prior to December 31, 2003, a credit
25 shall be allowed against the tax imposed by subsections (a) and
26 (b) of this Section for the tax imposed by subsections (c) and

1 (d) of this Section. This credit shall be computed by
2 multiplying the tax imposed by subsections (c) and (d) of this
3 Section by a fraction, the numerator of which is base income
4 allocable to Illinois and the denominator of which is Illinois
5 base income, and further multiplying the product by the tax
6 rate imposed by subsections (a) and (b) of this Section.

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

21 If, during any taxable year ending on or after December 31,
22 1986, the tax imposed by subsections (c) and (d) of this
23 Section for which a taxpayer has claimed a credit under this
24 subsection (i) is reduced, the amount of credit for such tax
25 shall also be reduced. Such reduction shall be determined by
26 recomputing the credit to take into account the reduced tax

1 imposed by subsections (c) and (d). If any portion of the
2 reduced amount of credit has been carried to a different
3 taxable year, an amended return shall be filed for such taxable
4 year to reduce the amount of credit claimed.

5 (j) Training expense credit. Beginning with tax years
6 ending on or after December 31, 1986 and prior to December 31,
7 2003, a taxpayer shall be allowed a credit against the tax
8 imposed by subsections (a) and (b) under this Section for all
9 amounts paid or accrued, on behalf of all persons employed by
10 the taxpayer in Illinois or Illinois residents employed outside
11 of Illinois by a taxpayer, for educational or vocational
12 training in semi-technical or technical fields or semi-skilled
13 or skilled fields, which were deducted from gross income in the
14 computation of taxable income. The credit against the tax
15 imposed by subsections (a) and (b) shall be 1.6% of such
16 training expenses. For partners, shareholders of subchapter S
17 corporations, and owners of limited liability companies, if the
18 liability company is treated as a partnership for purposes of
19 federal and State income taxation, there shall be allowed a
20 credit under this subsection (j) to be determined in accordance
21 with the determination of income and distributive share of
22 income under Sections 702 and 704 and subchapter S of the
23 Internal Revenue Code.

24 Any credit allowed under this subsection which is unused in
25 the year the credit is earned may be carried forward to each of
26 the 5 taxable years following the year for which the credit is

1 first computed until it is used. This credit shall be applied
2 first to the earliest year for which there is a liability. If
3 there is a credit under this subsection from more than one tax
4 year that is available to offset a liability the earliest
5 credit arising under this subsection shall be applied first. No
6 carryforward credit may be claimed in any tax year ending on or
7 after December 31, 2003.

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

25 For purposes of this subsection, "qualifying expenditures"
26 means the qualifying expenditures as defined for the federal

1 credit for increasing research activities which would be
2 allowable under Section 41 of the Internal Revenue Code and
3 which are conducted in this State, "qualifying expenditures for
4 increasing research activities in this State" means the excess
5 of qualifying expenditures for the taxable year in which
6 incurred over qualifying expenditures for the base period,
7 "qualifying expenditures for the base period" means the average
8 of the qualifying expenditures for each year in the base
9 period, and "base period" means the 3 taxable years immediately
10 preceding the taxable year for which the determination is being
11 made.

12 Any credit in excess of the tax liability for the taxable
13 year may be carried forward. A taxpayer may elect to have the
14 unused credit shown on its final completed return carried over
15 as a credit against the tax liability for the following 5
16 taxable years or until it has been fully used, whichever occurs
17 first; provided that no credit earned in a tax year ending
18 prior to December 31, 2003 may be carried forward to any year
19 ending on or after December 31, 2003.

20 If an unused credit is carried forward to a given year from
21 2 or more earlier years, that credit arising in the earliest
22 year will be applied first against the tax liability for the
23 given year. If a tax liability for the given year still
24 remains, the credit from the next earliest year will then be
25 applied, and so on, until all credits have been used or no tax
26 liability for the given year remains. Any remaining unused

1 credit or credits then will be carried forward to the next
2 following year in which a tax liability is incurred, except
3 that no credit can be carried forward to a year which is more
4 than 5 years after the year in which the expense for which the
5 credit is given was incurred.

6 No inference shall be drawn from this amendatory Act of the
7 91st General Assembly in construing this Section for taxable
8 years beginning before January 1, 1999.

9 It is the intent of the General Assembly that the research
10 and development credit under this subsection (k) shall apply
11 continuously for all tax years ending on or after December 31,
12 2004 and ending prior to January 1, 2022, including, but not
13 limited to, the period beginning on January 1, 2016 and ending
14 on the effective date of this amendatory Act of the 100th
15 General Assembly. All actions taken in reliance on the
16 continuation of the credit under this subsection (k) by any
17 taxpayer are hereby validated.

18 (l) Environmental Remediation Tax Credit.

19 (i) For tax years ending after December 31, 1997 and on
20 or before December 31, 2001, a taxpayer shall be allowed a
21 credit against the tax imposed by subsections (a) and (b)
22 of this Section for certain amounts paid for unreimbursed
23 eligible remediation costs, as specified in this
24 subsection. For purposes of this Section, "unreimbursed
25 eligible remediation costs" means costs approved by the
26 Illinois Environmental Protection Agency ("Agency") under

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

1 and (b) shall be equal to 25% of the unreimbursed eligible
2 remediation costs in excess of \$100,000 per site, except
3 that the \$100,000 threshold shall not apply to any site
4 contained in an enterprise zone as determined by the
5 Department of Commerce and Community Affairs (now
6 Department of Commerce and Economic Opportunity). The
7 total credit allowed shall not exceed \$40,000 per year with
8 a maximum total of \$150,000 per site. For partners and
9 shareholders of subchapter S corporations, there shall be
10 allowed a credit under this subsection to be determined in
11 accordance with the determination of income and
12 distributive share of income under Sections 702 and 704 and
13 subchapter S of the Internal Revenue Code.

14 (ii) A credit allowed under this subsection that is
15 unused in the year the credit is earned may be carried
16 forward to each of the 5 taxable years following the year
17 for which the credit is first earned until it is used. The
18 term "unused credit" does not include any amounts of
19 unreimbursed eligible remediation costs in excess of the
20 maximum credit per site authorized under paragraph (i).
21 This credit shall be applied first to the earliest year for
22 which there is a liability. If there is a credit under this
23 subsection from more than one tax year that is available to
24 offset a liability, the earliest credit arising under this
25 subsection shall be applied first. A credit allowed under
26 this subsection may be sold to a buyer as part of a sale of

1 all or part of the remediation site for which the credit
2 was granted. The purchaser of a remediation site and the
3 tax credit shall succeed to the unused credit and remaining
4 carry-forward period of the seller. To perfect the
5 transfer, the assignor shall record the transfer in the
6 chain of title for the site and provide written notice to
7 the Director of the Illinois Department of Revenue of the
8 assignor's intent to sell the remediation site and the
9 amount of the tax credit to be transferred as a portion of
10 the sale. In no event may a credit be transferred to any
11 taxpayer if the taxpayer or a related party would not be
12 eligible under the provisions of subsection (i).

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

16 (m) Education expense credit. Beginning with tax years
17 ending after December 31, 1999, a taxpayer who is the custodian
18 of one or more qualifying pupils shall be allowed a credit
19 against the tax imposed by subsections (a) and (b) of this
20 Section for qualified education expenses incurred on behalf of
21 the qualifying pupils. The credit shall be equal to 25% of
22 qualified education expenses, but in no event may the total
23 credit under this subsection claimed by a family that is the
24 custodian of qualifying pupils exceed (i) \$500 for tax years
25 ending prior to December 31, 2017, and (ii) \$750 for tax years
26 ending on or after December 31, 2017. In no event shall a

1 credit under this subsection reduce the taxpayer's liability
2 under this Act to less than zero. Notwithstanding any other
3 provision of law, for taxable years beginning on or after
4 January 1, 2017, no taxpayer may claim a credit under this
5 subsection (m) if the taxpayer's adjusted gross income for the
6 taxable year exceeds (i) \$500,000, in the case of spouses
7 filing a joint federal tax return or (ii) \$250,000, in the case
8 of all other taxpayers. This subsection is exempt from the
9 provisions of Section 250 of this Act.

10 For purposes of this subsection:

11 "Qualifying pupils" means individuals who (i) are
12 residents of the State of Illinois, (ii) are under the age of
13 21 at the close of the school year for which a credit is
14 sought, and (iii) during the school year for which a credit is
15 sought were full-time pupils enrolled in a kindergarten through
16 twelfth grade education program at any school, as defined in
17 this subsection.

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

22 "School" means any public or nonpublic elementary or
23 secondary school in Illinois that is in compliance with Title
24 VI of the Civil Rights Act of 1964 and attendance at which
25 satisfies the requirements of Section 26-1 of the School Code,
26 except that nothing shall be construed to require a child to

1 attend any particular public or nonpublic school to qualify for
2 the credit under this Section.

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

6 (n) River Edge Redevelopment Zone site remediation tax
7 credit.

8 (i) For tax years ending on or after December 31, 2006,
9 a taxpayer shall be allowed a credit against the tax
10 imposed by subsections (a) and (b) of this Section for
11 certain amounts paid for unreimbursed eligible remediation
12 costs, as specified in this subsection. For purposes of
13 this Section, "unreimbursed eligible remediation costs"
14 means costs approved by the Illinois Environmental
15 Protection Agency ("Agency") under Section 58.14a of the
16 Environmental Protection Act that were paid in performing
17 environmental remediation at a site within a River Edge
18 Redevelopment Zone for which a No Further Remediation
19 Letter was issued by the Agency and recorded under Section
20 58.10 of the Environmental Protection Act. The credit must
21 be claimed for the taxable year in which Agency approval of
22 the eligible remediation costs is granted. The credit is
23 not available to any taxpayer if the taxpayer or any
24 related party caused or contributed to, in any material
25 respect, a release of regulated substances on, in, or under
26 the site that was identified and addressed by the remedial

1 action pursuant to the Site Remediation Program of the
2 Environmental Protection Act. Determinations as to credit
3 availability for purposes of this Section shall be made
4 consistent with rules adopted by the Pollution Control
5 Board pursuant to the Illinois Administrative Procedure
6 Act for the administration and enforcement of Section 58.9
7 of the Environmental Protection Act. For purposes of this
8 Section, "taxpayer" includes a person whose tax attributes
9 the taxpayer has succeeded to under Section 381 of the
10 Internal Revenue Code and "related party" includes the
11 persons disallowed a deduction for losses by paragraphs
12 (b), (c), and (f) (1) of Section 267 of the Internal Revenue
13 Code by virtue of being a related taxpayer, as well as any
14 of its partners. The credit allowed against the tax imposed
15 by subsections (a) and (b) shall be equal to 25% of the
16 unreimbursed eligible remediation costs in excess of
17 \$100,000 per site.

18 (ii) A credit allowed under this subsection that is
19 unused in the year the credit is earned may be carried
20 forward to each of the 5 taxable years following the year
21 for which the credit is first earned until it is used. This
22 credit shall be applied first to the earliest year for
23 which there is a liability. If there is a credit under this
24 subsection from more than one tax year that is available to
25 offset a liability, the earliest credit arising under this
26 subsection shall be applied first. A credit allowed under

1 this subsection may be sold to a buyer as part of a sale of
2 all or part of the remediation site for which the credit
3 was granted. The purchaser of a remediation site and the
4 tax credit shall succeed to the unused credit and remaining
5 carry-forward period of the seller. To perfect the
6 transfer, the assignor shall record the transfer in the
7 chain of title for the site and provide written notice to
8 the Director of the Illinois Department of Revenue of the
9 assignor's intent to sell the remediation site and the
10 amount of the tax credit to be transferred as a portion of
11 the sale. In no event may a credit be transferred to any
12 taxpayer if the taxpayer or a related party would not be
13 eligible under the provisions of subsection (i).

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

17 (o) For each of taxable years during the Compassionate Use
18 of Medical Cannabis Pilot Program, a surcharge is imposed on
19 all taxpayers on income arising from the sale or exchange of
20 capital assets, depreciable business property, real property
21 used in the trade or business, and Section 197 intangibles of
22 an organization registrant under the Compassionate Use of
23 Medical Cannabis Pilot Program Act. The amount of the surcharge
24 is equal to the amount of federal income tax liability for the
25 taxable year attributable to those sales and exchanges. The
26 surcharge imposed does not apply if:

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

5 (A) bankruptcy, a receivership, or a debt
6 adjustment initiated by or against the initial
7 registration or the substantial owners of the initial
8 registration;

9 (B) cancellation, revocation, or termination of
10 any registration by the Illinois Department of Public
11 Health;

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

17 (D) the death of an owner of the equity interest in
18 a registrant;

19 (E) the acquisition of a controlling interest in
20 the stock or substantially all of the assets of a
21 publicly traded company;

22 (F) a transfer by a parent company to a wholly
23 owned subsidiary; or

24 (G) the transfer or sale to or by one person to
25 another person where both persons were initial owners
26 of the registration when the registration was issued;

1 or

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

9 (Source: P.A. 100-22, eff. 7-6-17.)

10 (35 ILCS 5/211)

11 Sec. 211. Economic Development for a Growing Economy Tax
12 Credit. For tax years beginning on or after January 1, 1999, a
13 Taxpayer who has entered into an Agreement (including a New
14 Construction EDGE Agreement) under the Economic Development
15 for a Growing Economy Tax Credit Act is entitled to a credit
16 against the taxes imposed under subsections (a) and (b) of
17 Section 201 of this Act in an amount to be determined in the
18 Agreement. If the Taxpayer is a partnership or Subchapter S
19 corporation, the credit shall be allowed to the partners or
20 shareholders in accordance with the determination of income and
21 distributive share of income under Sections 702 and 704 and
22 subchapter S of the Internal Revenue Code. The Department, in
23 cooperation with the Department of Commerce and Economic
24 Opportunity, shall prescribe rules to enforce and administer
25 the provisions of this Section. This Section is exempt from the

1 provisions of Section 250 of this Act.

2 The credit shall be subject to the conditions set forth in
3 the Agreement and the following limitations:

4 (1) The tax credit shall not exceed the Incremental
5 Income Tax (as defined in Section 5-5 of the Economic
6 Development for a Growing Economy Tax Credit Act) with
7 respect to the project; additionally, the New Construction
8 EDGE Credit shall not exceed the New Construction EDGE
9 Incremental Income Tax (as defined in Section 5-5 of the
10 Economic Development for a Growing Economy Tax Credit Act).

11 (2) The amount of the credit allowed during the tax
12 year plus the sum of all amounts allowed in prior years
13 shall not exceed 100% of the aggregate amount expended by
14 the Taxpayer during all prior tax years on approved costs
15 defined by Agreement.

16 (3) The amount of the credit shall be determined on an
17 annual basis. Except as applied in a carryover year
18 pursuant to Section 211(4) of this Act, the credit may not
19 be applied against any State income tax liability in more
20 than 10 taxable years; provided, however, that (i) an
21 eligible business certified by the Department of Commerce
22 and Economic Opportunity under the Corporate Headquarters
23 Relocation Act may not apply the credit against any of its
24 State income tax liability in more than 15 taxable years
25 and (ii) credits allowed to that eligible business are
26 subject to the conditions and requirements set forth in

1 Sections 5-35 and 5-45 of the Economic Development for a
2 Growing Economy Tax Credit Act and Section 5-51 as
3 applicable to New Construction EDGE Credits.

4 (4) The credit may not exceed the amount of taxes
5 imposed pursuant to subsections (a) and (b) of Section 201
6 of this Act. Any credit that is unused in the year the
7 credit is computed may be carried forward and applied to
8 the tax liability of the 5 taxable years following the
9 excess credit year. The credit shall be applied to the
10 earliest year for which there is a tax liability. If there
11 are credits from more than one tax year that are available
12 to offset a liability, the earlier credit shall be applied
13 first.

14 (5) No credit shall be allowed with respect to any
15 Agreement for any taxable year ending after the
16 Noncompliance Date. Upon receiving notification by the
17 Department of Commerce and Economic Opportunity of the
18 noncompliance of a Taxpayer with an Agreement, the
19 Department shall notify the Taxpayer that no credit is
20 allowed with respect to that Agreement for any taxable year
21 ending after the Noncompliance Date, as stated in such
22 notification. If any credit has been allowed with respect
23 to an Agreement for a taxable year ending after the
24 Noncompliance Date for that Agreement, any refund paid to
25 the Taxpayer for that taxable year shall, to the extent of
26 that credit allowed, be an erroneous refund within the

1 meaning of Section 912 of this Act.

2 (6) For purposes of this Section, the terms
3 "Agreement", "Incremental Income Tax", "New Construction
4 EDGE Agreement", "New Construction EDGE Credit", "New
5 Construction EDGE Incremental Income Tax", and
6 "Noncompliance Date" have the same meaning as when used in
7 the Economic Development for a Growing Economy Tax Credit
8 Act.

9 (Source: P.A. 94-793, eff. 5-19-06.)

10 (35 ILCS 5/221)

11 Sec. 221. Rehabilitation costs; qualified historic
12 properties; River Edge Redevelopment Zone.

13 (a) For taxable years that begin on or after January 1,
14 2012 and begin prior to January 1, 2018, there shall be allowed
15 a tax credit against the tax imposed by subsections (a) and (b)
16 of Section 201 of this Act in an amount equal to 25% of
17 qualified expenditures incurred by a qualified taxpayer during
18 the taxable year in the restoration and preservation of a
19 qualified historic structure located in a River Edge
20 Redevelopment Zone pursuant to a qualified rehabilitation
21 plan, provided that the total amount of such expenditures (i)
22 must equal \$5,000 or more and (ii) must exceed 50% of the
23 purchase price of the property.

24 (a-1) For taxable years that begin on or after January 1,
25 2018 and end prior to January 1, 2022, there shall be allowed a

1 tax credit against the tax imposed by subsections (a) and (b)
2 of Section 201 of this Act in an aggregate amount equal to 25%
3 of qualified expenditures incurred by a qualified taxpayer in
4 the restoration and preservation of a qualified historic
5 structure located in a River Edge Redevelopment Zone pursuant
6 to a qualified rehabilitation plan, provided that the total
7 amount of such expenditures must (i) equal \$5,000 or more and
8 (ii) exceed the adjusted basis of the qualified historic
9 structure on the first day the qualified rehabilitation plan
10 begins. For any rehabilitation project, regardless of duration
11 or number of phases, the project's compliance with the
12 foregoing provisions (i) and (ii) shall be determined based on
13 the aggregate amount of qualified expenditures for the entire
14 project and may include expenditures incurred under subsection
15 (a), this subsection, or both subsection (a) and this
16 subsection. If the qualified rehabilitation plan spans
17 multiple years, the aggregate credit for the entire project
18 shall be allowed in the last taxable year, except for phased
19 rehabilitation projects, which may receive credits upon
20 completion of each phase. Before obtaining the first phased
21 credit: (A) the total amount of such expenditures must meet the
22 requirements of provisions (i) and (ii) of this subsection; (B)
23 the rehabilitated portion of the qualified historic structure
24 must be placed in service; and (C) the requirements of
25 subsection (b) must be met.

26 (a-2) For taxable years beginning on or after January 1,

1 2021 and ending prior to January 1, 2022, there shall be
2 allowed a tax credit against the tax imposed by subsections (a)
3 and (b) of Section 201 as provided in Section 10-10.3 of the
4 River Edge Redevelopment Zone Act. The credit allowed under
5 this subsection (a-2) shall apply only to taxpayers that make a
6 capital investment of at least \$1,000,000 in a qualified
7 rehabilitation plan.

8 The credit or credits may not reduce the taxpayer's
9 liability to less than zero. If the amount of the credit or
10 credits exceeds the taxpayer's liability, the excess may be
11 carried forward and applied against the taxpayer's liability in
12 succeeding calendar years in the manner provided under
13 paragraph (4) of Section 211 of this Act. The credit or credits
14 shall be applied to the earliest year for which there is a tax
15 liability. If there are credits from more than one taxable year
16 that are available to offset a liability, the earlier credit
17 shall be applied first.

18 For partners, shareholders of Subchapter S corporations,
19 and owners of limited liability companies, if the liability
20 company is treated as a partnership for the purposes of federal
21 and State income taxation, there shall be allowed a credit
22 under this Section to be determined in accordance with the
23 determination of income and distributive share of income under
24 Sections 702 and 704 and Subchapter S of the Internal Revenue
25 Code.

26 The total aggregate amount of credits awarded under the

1 Blue Collar Jobs Act (Article 20 of this amendatory Act of the
2 101st General Assembly) shall not exceed \$20,000,000 in any
3 State fiscal year.

4 (b) To obtain a tax credit pursuant to this Section, the
5 taxpayer must apply with the Department of Natural Resources.
6 The Department of Natural Resources shall determine the amount
7 of eligible rehabilitation costs and expenses in addition to
8 the amount of the River Edge construction jobs credit within 45
9 days of receipt of a complete application. The taxpayer must
10 submit a certification of costs prepared by an independent
11 certified public accountant that certifies (i) the project
12 expenses, (ii) whether those expenses are qualified
13 expenditures, and (iii) that the qualified expenditures exceed
14 the adjusted basis of the qualified historic structure on the
15 first day the qualified rehabilitation plan commenced. The
16 Department of Natural Resources is authorized, but not
17 required, to accept this certification of costs to determine
18 the amount of qualified expenditures and the amount of the
19 credit. The Department of Natural Resources shall provide
20 guidance as to the minimum standards to be followed in the
21 preparation of such certification. The Department of Natural
22 Resources and the National Park Service shall determine whether
23 the rehabilitation is consistent with the United States
24 Secretary of the Interior's Standards for Rehabilitation.

25 (b-1) Upon completion of the project and approval of the
26 complete application, the Department of Natural Resources

1 shall issue a single certificate in the amount of the eligible
2 credits equal to 25% of qualified expenditures incurred during
3 the eligible taxable years, as defined in subsections (a) and
4 (a-1), excepting any credits awarded under subsection (a) prior
5 to January 1, 2019 (the effective date of Public Act 100-629)
6 ~~this amendatory Act of the 100th General Assembly~~ and any
7 phased credits issued prior to the eligible taxable year under
8 subsection (a-1). At the time the certificate is issued, an
9 issuance fee up to the maximum amount of 2% of the amount of
10 the credits issued by the certificate may be collected from the
11 applicant to administer the provisions of this Section. If
12 collected, this issuance fee shall be deposited into the
13 Historic Property Administrative Fund, a special fund created
14 in the State treasury. Subject to appropriation, moneys in the
15 Historic Property Administrative Fund shall be provided to the
16 Department of Natural Resources as reimbursement ~~Department of~~
17 ~~Natural Resources~~ for the costs associated with administering
18 this Section.

19 (c) The taxpayer must attach the certificate to the tax
20 return on which the credits are to be claimed. The tax credit
21 under this Section may not reduce the taxpayer's liability to
22 less than zero. If the amount of the credit exceeds the tax
23 liability for the year, the excess credit may be carried
24 forward and applied to the tax liability of the 5 taxable years
25 following the excess credit year.

26 (c-1) Subject to appropriation, moneys in the Historic

1 Property Administrative Fund shall be used, on a biennial basis
2 beginning at the end of the second fiscal year after January 1,
3 2019 (the effective date of Public Act 100-629) ~~this amendatory~~
4 ~~Act of the 100th General Assembly~~, to hire a qualified third
5 party to prepare a biennial report to assess the overall
6 economic impact to the State from the qualified rehabilitation
7 projects under this Section completed in that year and in
8 previous years. The overall economic impact shall include at
9 least: (1) the direct and indirect or induced economic impacts
10 of completed projects; (2) temporary, permanent, and
11 construction jobs created; (3) sales, income, and property tax
12 generation before, during construction, and after completion;
13 and (4) indirect neighborhood impact after completion. The
14 report shall be submitted to the Governor and the General
15 Assembly. The report to the General Assembly shall be filed
16 with the Clerk of the House of Representatives and the
17 Secretary of the Senate in electronic form only, in the manner
18 that the Clerk and the Secretary shall direct.

19 (c-2) The Department of Natural Resources may adopt rules
20 to implement this Section in addition to the rules expressly
21 authorized in this Section.

22 (d) As used in this Section, the following terms have the
23 following meanings.

24 "Phased rehabilitation" means a project that is completed
25 in phases, as defined under Section 47 of the federal Internal
26 Revenue Code and pursuant to National Park Service regulations

1 at 36 C.F.R. 67.

2 "Placed in service" means the date when the property is
3 placed in a condition or state of readiness and availability
4 for a specifically assigned function as defined under Section
5 47 of the federal Internal Revenue Code and federal Treasury
6 Regulation Sections 1.46 and 1.48.

7 "Qualified expenditure" means all the costs and expenses
8 defined as qualified rehabilitation expenditures under Section
9 47 of the federal Internal Revenue Code that were incurred in
10 connection with a qualified historic structure.

11 "Qualified historic structure" means a certified historic
12 structure as defined under Section 47(c)(3) of the federal
13 Internal Revenue Code.

14 "Qualified rehabilitation plan" means a project that is
15 approved by the Department of Natural Resources and the
16 National Park Service as being consistent with the United
17 States Secretary of the Interior's Standards for
18 Rehabilitation.

19 "Qualified taxpayer" means the owner of the qualified
20 historic structure or any other person who qualifies for the
21 federal rehabilitation credit allowed by Section 47 of the
22 federal Internal Revenue Code with respect to that qualified
23 historic structure. Partners, shareholders of subchapter S
24 corporations, and owners of limited liability companies (if the
25 limited liability company is treated as a partnership for
26 purposes of federal and State income taxation) are entitled to

1 a credit under this Section to be determined in accordance with
2 the determination of income and distributive share of income
3 under Sections 702 and 703 and subchapter S of the Internal
4 Revenue Code, provided that credits granted to a partnership, a
5 limited liability company taxed as a partnership, or other
6 multiple owners of property shall be passed through to the
7 partners, members, or owners respectively on a pro rata basis
8 or pursuant to an executed agreement among the partners,
9 members, or owners documenting any alternate distribution
10 method.

11 (Source: P.A. 99-914, eff. 12-20-16; 100-236, eff. 8-18-17;
12 100-629, eff. 1-1-19; 100-695, eff. 8-3-18; revised 10-18-18.)

13 Section 20-15. The Economic Development for a Growing
14 Economy Tax Credit Act is amended by changing Section 5-5 and
15 by adding Sections 5-51 and 5-56 as follows:

16 (35 ILCS 10/5-5)

17 Sec. 5-5. Definitions. As used in this Act:

18 "Agreement" means the Agreement between a Taxpayer and the
19 Department under the provisions of Section 5-50 of this Act.

20 "Applicant" means a Taxpayer that is operating a business
21 located or that the Taxpayer plans to locate within the State
22 of Illinois and that is engaged in interstate or intrastate
23 commerce for the purpose of manufacturing, processing,
24 assembling, warehousing, or distributing products, conducting

1 research and development, providing tourism services, or
2 providing services in interstate commerce, office industries,
3 or agricultural processing, but excluding retail, retail food,
4 health, or professional services. "Applicant" does not include
5 a Taxpayer who closes or substantially reduces an operation at
6 one location in the State and relocates substantially the same
7 operation to another location in the State. This does not
8 prohibit a Taxpayer from expanding its operations at another
9 location in the State, provided that existing operations of a
10 similar nature located within the State are not closed or
11 substantially reduced. This also does not prohibit a Taxpayer
12 from moving its operations from one location in the State to
13 another location in the State for the purpose of expanding the
14 operation provided that the Department determines that
15 expansion cannot reasonably be accommodated within the
16 municipality in which the business is located, or in the case
17 of a business located in an incorporated area of the county,
18 within the county in which the business is located, after
19 conferring with the chief elected official of the municipality
20 or county and taking into consideration any evidence offered by
21 the municipality or county regarding the ability to accommodate
22 expansion within the municipality or county.

23 "Committee" means the Illinois Business Investment
24 Committee created under Section 5-25 of this Act within the
25 Illinois Economic Development Board.

26 "Credit" means the amount agreed to between the Department

1 and Applicant under this Act, but not to exceed the lesser of:
2 (1) the sum of (i) 50% of the Incremental Income Tax
3 attributable to New Employees at the Applicant's project and
4 (ii) 10% of the training costs of New Employees; or (2) 100% of
5 the Incremental Income Tax attributable to New Employees at the
6 Applicant's project. However, if the project is located in an
7 underserved area, then the amount of the Credit may not exceed
8 the lesser of: (1) the sum of (i) 75% of the Incremental Income
9 Tax attributable to New Employees at the Applicant's project
10 and (ii) 10% of the training costs of New Employees; or (2)
11 100% of the Incremental Income Tax attributable to New
12 Employees at the Applicant's project. If an Applicant agrees to
13 hire the required number of New Employees, then the maximum
14 amount of the Credit for that Applicant may be increased by an
15 amount not to exceed 25% of the Incremental Income Tax
16 attributable to retained employees at the Applicant's project;
17 provided that, in order to receive the increase for retained
18 employees, the Applicant must provide the additional evidence
19 required under paragraph (3) of subsection (b) of Section 5-25.

20 "Department" means the Department of Commerce and Economic
21 Opportunity.

22 "Director" means the Director of Commerce and Economic
23 Opportunity.

24 "Full-time Employee" means an individual who is employed
25 for consideration for at least 35 hours each week or who
26 renders any other standard of service generally accepted by

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

8 "Incremental Income Tax" means the total amount withheld
9 during the taxable year from the compensation of New Employees
10 and, if applicable, retained employees under Article 7 of the
11 Illinois Income Tax Act arising from employment at a project
12 that is the subject of an Agreement.

13 "New Construction EDGE Agreement" means the Agreement
14 between a Taxpayer and the Department under the provisions of
15 Section 5-51 of this Act.

16 "New Construction EDGE Credit" means an amount agreed to
17 between the Department and the Applicant under this Act as part
18 of a New Construction EDGE Agreement that does not exceed 50%
19 of the Incremental Income Tax attributable to New Construction
20 EDGE Employees at the Applicant's project; however, if the New
21 Construction EDGE Project is located in an underserved area,
22 then the amount of the New Construction EDGE Credit may not
23 exceed 75% of the Incremental Income Tax attributable to New
24 Construction EDGE Employees at the Applicant's New
25 Construction EDGE Project.

26 "New Construction EDGE Employee" means a laborer or worker

1 who is employed by an Illinois contractor or subcontractor in
2 the actual construction work on the site of a New Construction
3 EDGE Project, pursuant to a New Construction EDGE Agreement.

4 "New Construction EDGE Incremental Income Tax" means the
5 total amount withheld during the taxable year from the
6 compensation of New Construction EDGE Employees.

7 "New Construction EDGE Project" means the building of a
8 Taxpayer's structure or building, or making improvements of any
9 kind to real property. "New Construction EDGE Project" does not
10 include the routine operation, routine repair, or routine
11 maintenance of existing structures, buildings, or real
12 property.

13 "New Employee" means:

14 (a) A Full-time Employee first employed by a Taxpayer
15 in the project that is the subject of an Agreement and who
16 is hired after the Taxpayer enters into the tax credit
17 Agreement.

18 (b) The term "New Employee" does not include:

19 (1) an employee of the Taxpayer who performs a job
20 that was previously performed by another employee, if
21 that job existed for at least 6 months before hiring
22 the employee;

23 (2) an employee of the Taxpayer who was previously
24 employed in Illinois by a Related Member of the
25 Taxpayer and whose employment was shifted to the
26 Taxpayer after the Taxpayer entered into the tax credit

1 Agreement; or

2 (3) a child, grandchild, parent, or spouse, other
3 than a spouse who is legally separated from the
4 individual, of any individual who has a direct or an
5 indirect ownership interest of at least 5% in the
6 profits, capital, or value of the Taxpayer.

7 (c) Notwithstanding paragraph (1) of subsection (b),
8 an employee may be considered a New Employee under the
9 Agreement if the employee performs a job that was
10 previously performed by an employee who was:

11 (1) treated under the Agreement as a New Employee;

12 and

13 (2) promoted by the Taxpayer to another job.

14 (d) Notwithstanding subsection (a), the Department may
15 award Credit to an Applicant with respect to an employee
16 hired prior to the date of the Agreement if:

17 (1) the Applicant is in receipt of a letter from
18 the Department stating an intent to enter into a credit
19 Agreement;

20 (2) the letter described in paragraph (1) is issued
21 by the Department not later than 15 days after the
22 effective date of this Act; and

23 (3) the employee was hired after the date the
24 letter described in paragraph (1) was issued.

25 "Noncompliance Date" means, in the case of a Taxpayer that
26 is not complying with the requirements of the Agreement or the

1 provisions of this Act, the day following the last date upon
2 which the Taxpayer was in compliance with the requirements of
3 the Agreement and the provisions of this Act, as determined by
4 the Director, pursuant to Section 5-65.

5 "Pass Through Entity" means an entity that is exempt from
6 the tax under subsection (b) or (c) of Section 205 of the
7 Illinois Income Tax Act.

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

11 "Related Member" means a person that, with respect to the
12 Taxpayer during any portion of the taxable year, is any one of
13 the following:

14 (1) An individual stockholder, if the stockholder and
15 the members of the stockholder's family (as defined in
16 Section 318 of the Internal Revenue Code) own directly,
17 indirectly, beneficially, or constructively, in the
18 aggregate, at least 50% of the value of the Taxpayer's
19 outstanding stock.

20 (2) A partnership, estate, or trust and any partner or
21 beneficiary, if the partnership, estate, or trust, and its
22 partners or beneficiaries own directly, indirectly,
23 beneficially, or constructively, in the aggregate, at
24 least 50% of the profits, capital, stock, or value of the
25 Taxpayer.

26 (3) A corporation, and any party related to the

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 Taxpayer
5 owns directly, indirectly, beneficially, or constructively
6 at least 50% of the value of the corporation's outstanding
7 stock.

8 (4) A corporation and any party related to that
9 corporation in a manner that would require an attribution
10 of stock from the corporation to the party or from the
11 party to the corporation under the attribution rules of
12 Section 318 of the Internal Revenue Code, if the
13 corporation and all such related parties own in the
14 aggregate at least 50% of the profits, capital, stock, or
15 value of the Taxpayer.

16 (5) A person to or from whom there is attribution of
17 stock ownership in accordance with Section 1563(e) of the
18 Internal Revenue Code, except, for purposes of determining
19 whether a person is a Related Member under this paragraph,
20 20% shall be substituted for 5% wherever 5% appears in
21 Section 1563(e) of the Internal Revenue Code.

22 "Taxpayer" means an individual, corporation, partnership,
23 or other entity that has any Illinois Income Tax liability.

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

26 (1) the area has a poverty rate of at least 20%

1 according to the latest federal decennial census;

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

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

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

14 (Source: P.A. 100-511, eff. 9-18-17.)

15 (35 ILCS 10/5-51 new)

16 Sec. 5-51. New Construction EDGE Agreement.

17 (a) Notwithstanding any other provisions of this Act, and
18 in addition to any Credit otherwise allowed under this Act,
19 beginning on January 1, 2021, there is allowed a New
20 Construction EDGE Credit for eligible Applicants that meet the
21 following criteria:

22 (1) the Department has certified that the Applicant
23 meets all requirements of Sections 5-15, 5-20, and 5-25;
24 and

25 (2) the Department has certified that, pursuant to

1 Section 5-20, the Applicant's Agreement includes a capital
2 investment of at least \$10,000,000 in a New Construction
3 EDGE Project to be placed in service within the State as a
4 direct result of an Agreement entered into pursuant to this
5 Section.

6 (b) The Department shall notify each Applicant during the
7 application process that their project is eligible for a New
8 Construction EDGE Credit. The Department shall create a
9 separate application to be filled out by the Applicant
10 regarding the New Construction EDGE credit. The Application
11 shall include the following:

12 (1) a detailed description of the New Construction EDGE
13 Project that is subject to the New Construction EDGE
14 Agreement, including the location and amount of the
15 investment and jobs created or retained;

16 (2) the duration of the New Construction EDGE Credit
17 and the first taxable year for which the Credit may be
18 claimed;

19 (3) the New Construction EDGE Credit amount that will
20 be allowed for each taxable year;

21 (4) a requirement that the Director is authorized to
22 verify with the appropriate State agencies the amount of
23 the incremental income tax withheld by a Taxpayer, and
24 after doing so, shall issue a certificate to the Taxpayer
25 stating that the amounts have been verified;

26 (5) the amount of the capital investment, which may at

1 no point be less than \$10,000,000, the time period of
2 placing the New Construction EDGE Project in service, and
3 the designated location in Illinois for the investment;

4 (6) a requirement that the Taxpayer shall provide
5 written notification to the Director not more than 30 days
6 after the Taxpayer determines that the capital investment
7 of at least \$10,000,000 is not or will not be achieved or
8 maintained as set forth in the terms and conditions of the
9 Agreement;

10 (7) a detailed provision that the Taxpayer shall be
11 awarded a New Construction EDGE Credit upon the verified
12 completion and occupancy of a New Construction EDGE
13 Project; and

14 (8) any other performance conditions, including the
15 ability to verify that a New Construction EDGE Project is
16 built and completed, or that contract provisions as the
17 Department determines are appropriate.

18 (c) The Department shall post on its website the terms of
19 each New Construction EDGE Agreement entered into under this
20 Act on or after the effective date of this amendatory Act of
21 the 101st General Assembly. Such information shall be posted
22 within 10 days after entering into the Agreement and must
23 include the following:

24 (1) the name of the recipient business;

25 (2) the location of the project;

26 (3) the estimated value of the credit; and

1 (4) whether or not the project is located in an
2 underserved area.

3 (d) The Department, in collaboration with the Department of
4 Labor, shall require that certified payroll reporting,
5 pursuant to Section 5-56 of this Act, be completed in order to
6 verify the wages and any other necessary information which the
7 Department may deem necessary to ascertain and certify the
8 total number of New Construction EDGE Employees subject to a
9 New Construction EDGE Agreement and amount of a New
10 Construction EDGE Credit.

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

15 (35 ILCS 10/5-56 new)

16 Sec. 5-56. Certified payroll.

17 (a) Each contractor and subcontractor that is engaged in
18 and is executing a New Construction EDGE Project for a
19 Taxpayer, pursuant to a New Construction EDGE Agreement 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 a New Construction EDGE
24 Project pursuant to a New Construction EDGE Agreement,
25 records of all laborers and other workers employed by the

1 contractor or subcontractor on the project; the records
2 shall include:

3 (A) the worker's name;

4 (B) the worker's address;

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

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

7 (E) the worker's classification or
8 classifications;

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

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

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

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

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

16 (2) no later than the 15th day of each calendar month,
17 provide a certified payroll for the immediately preceding
18 month to the taxpayer in charge of the project; within 5
19 business days after receiving the certified payroll, the
20 taxpayer shall file the certified payroll with the
21 Department of Labor and the Department of Commerce and
22 Economic Opportunity; a certified payroll must be filed for
23 only those calendar months during which construction on a
24 New Construction EDGE Project has occurred; the certified
25 payroll shall consist of a complete copy of the records
26 identified in paragraph (1), but may exclude the starting

1 and ending times of work each day; the certified payroll
2 shall be accompanied by a statement signed by the
3 contractor or subcontractor or an officer, employee, or
4 agent of the contractor or subcontractor which avers that:

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

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

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

15 Any contractor or subcontractor subject to this Section,
16 and any officer, employee, or agent of such contractor or
17 subcontractor whose duty as an officer, employee, or agent it
18 is to file a certified payroll under this Section, who
19 willfully fails to file such a certified payroll on or before
20 the date such certified payroll is required to be filed and any
21 person who willfully files a false certified payroll that is
22 false as to any material fact is in violation of this Act and
23 guilty of a 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 New Construction EDGE Credits. A
12 contractor, subcontractor, or public body may retain records
13 required under this Section in paper or electronic format.

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

21 Section 20-20. The River Edge Redevelopment Zone Act is
22 amended by changing Section 10-3 and by adding Sections 10-10.3
23 and 10-10.4 as follows:

24 (65 ILCS 115/10-3)

1 Sec. 10-3. Definitions. As used in this Act:

2 "Department" means the Department of Commerce and Economic
3 Opportunity.

4 "River Edge Redevelopment Zone" means an area of the State
5 certified by the Department as a River Edge Redevelopment Zone
6 pursuant to this Act.

7 "Designated zone organization" means an association or
8 entity: (1) the members of which are substantially all
9 residents of the River Edge Redevelopment Zone or of the
10 municipality in which the River Edge Redevelopment Zone is
11 located; (2) the board of directors of which is elected by the
12 members of the organization; (3) that satisfies the criteria
13 set forth in Section 501(c) (3) or 501(c) (4) of the Internal
14 Revenue Code; and (4) that exists primarily for the purpose of
15 performing within the zone, for the benefit of the residents
16 and businesses thereof, any of the functions set forth in
17 Section 8 of this Act.

18 "Incremental income tax" means the total amount withheld
19 during the taxable year from the compensation of River Edge
20 Construction Jobs Employees.

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

1 State government that is created by or pursuant to statute,
2 other than units of local government and their officers, school
3 districts, and boards of election commissioners; and each
4 administrative unit or corporate outgrowth of the above and as
5 may be created by executive order of the Governor. No entity is
6 an "agency" for the purposes of this Act unless the entity is
7 authorized by law to make rules or regulations.

8 "River Edge construction jobs credit" means an amount equal
9 to 50% of the incremental income tax attributable to River Edge
10 construction employees employed on a River Edge construction
11 jobs project. However, the amount may equal 75% of the
12 incremental income tax attributable to River Edge construction
13 employees employed on a River Edge construction jobs project
14 located in an underserved area. The total aggregate amount of
15 credits awarded under the Blue Collar Jobs Act (Article 20 of
16 this amendatory Act of the 101st General Assembly) shall not
17 exceed \$20,000,000 in any State fiscal year.

18 "River Edge construction jobs employee" means a laborer or
19 worker who is employed by an Illinois contractor or
20 subcontractor in the actual construction work on the site of a
21 River Edge construction jobs project.

22 "River Edge construction jobs project" means building a
23 structure or building, or making improvements of any kind to
24 real property, in a River Edge Redevelopment Zone that is built
25 or improved in the course of completing a qualified
26 rehabilitation plan. "River Edge construction jobs project"

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

4 "Rule" means each agency statement of general
5 applicability that implements, applies, interprets, or
6 prescribes law or policy, but does not include (i) statements
7 concerning only the internal management of an agency and not
8 affecting private rights or procedures available to persons or
9 entities outside the agency, (ii) intra-agency memoranda, or
10 (iii) the prescription of standardized forms.

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

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

15 (2) 75% or more of the children in the area participate
16 in the federal free lunch program according to reported
17 statistics from the State Board of Education;

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

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

1 (Source: P.A. 94-1021, eff. 7-12-06.)

2 (65 ILCS 115/10-10.3 new)

3 Sec. 10-10.3. River Edge Construction Jobs Credit.

4 (a) Beginning on January 1, 2021, a business entity may
5 receive a tax credit against the tax imposed under subsections
6 (a) and (b) of Section 201 in an amount equal to 50% (or 75% if
7 the project is located in an underserved area) of the amount of
8 the incremental income tax attributable to River Edge
9 construction jobs employees employed in the course of
10 completing a River Edge construction jobs project. The credit
11 allowed under this Section shall apply only to taxpayers that
12 make a capital investment of at least \$1,000,000 in a qualified
13 rehabilitation plan.

14 (b) A business entity seeking a credit under this Section
15 must submit an application to the Department describing the
16 nature and benefit of the River Edge construction jobs project
17 to the qualified rehabilitation project and the River Edge
18 Redevelopment Zone. The Department may adopt any necessary
19 rules in order to administer the provisions of this Section.

20 (c) Within 45 days after the receipt of an application, the
21 Department shall give notice to the applicant as to whether the
22 application has been approved or disapproved. If the Department
23 disapproves the application, it shall specify the reasons for
24 this decision and allow 60 days for the applicant to amend and
25 resubmit its application. The Department shall provide

1 assistance upon request to applicants. Resubmitted
2 applications shall receive the Department's approval or
3 disapproval within 30 days of resubmission. Those resubmitted
4 applications satisfying initial Department objectives shall be
5 approved unless reasonable circumstances warrant disapproval.

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

10 (e) The Department shall certify to the Department of
11 Revenue the identity of the taxpayers who are eligible for
12 River Edge construction jobs credits and the amounts of River
13 Edge construction jobs credits awarded in each taxable year.

14 (f) The Department, in collaboration with the Department of
15 Labor, shall require certified payroll reporting, pursuant to
16 Section 10-10.4 of this Act, be completed in order to verify
17 the wages and any other necessary information which the
18 Department may deem necessary to ascertain and certify the
19 total number of River Edge construction jobs employees and
20 determine the amount of a River Edge construction jobs credit.

21 (g) The total aggregate amount of credits awarded under the
22 Blue Collar Jobs Act (Article 20 of this amendatory Act of the
23 101st General Assembly) shall not exceed \$20,000,000 in any
24 State fiscal year.

1 Sec. 10-10.4. Certified payroll.

2 (a) Any contractor and each subcontractor who is engaged in
3 and is executing a River Edge construction jobs project for a
4 taxpayer that is entitled to a credit pursuant to Section
5 10-10.3 of this Act shall:

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

13 (A) the worker's name;

14 (B) the worker's address;

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

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

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

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

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

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

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

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

26 (2) no later than the 15th day of each calendar month,

1 provide a certified payroll for the immediately preceding
2 month to the taxpayer in charge of the project; within 5
3 business days after receiving the certified payroll, the
4 taxpayer shall file the certified payroll with the
5 Department of Labor and the Department of Commerce and
6 Economic Opportunity; a certified payroll must be filed for
7 only those calendar months during which construction on a
8 River Edge Construction Jobs Project has occurred; the
9 certified payroll shall consist of a complete copy of the
10 records identified in paragraph (1), but may exclude the
11 starting and ending times of work each day; the certified
12 payroll shall be accompanied by a statement signed by the
13 contractor or subcontractor or an officer, employee, or
14 agent of the contractor or subcontractor which avers that:

15 (A) he or she has examined the certified payroll
16 records required to be submitted and such records are
17 true and accurate; and

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

21 A general contractor is not prohibited from relying on a
22 certified payroll of a lower-tier subcontractor, provided the
23 general contractor does not knowingly rely upon a
24 subcontractor's false certification.

25 Any contractor or subcontractor subject to this Section,
26 and any officer, employee, or agent of such contractor or

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

8 The taxpayer in charge of the project shall keep the
9 records submitted in accordance with this Section on or after
10 the effective date of this amendatory Act of the 101st General
11 Assembly for a period of 5 years from the date of the last
12 payment for work on a contract or subcontract for the project.

13 The records submitted in accordance with this subsection
14 shall be considered public records, except an employee's
15 address, telephone number, and social security number, and made
16 available in accordance with the Freedom of Information Act.
17 The Department of Labor shall accept any reasonable submissions
18 by the contractor that meet the requirements of this subsection
19 and shall share the information with the Department in order to
20 comply with the awarding of River Edge construction jobs
21 credits. A contractor, subcontractor, or public body may retain
22 records required under this Section in paper or electronic
23 format.

24 Upon 7 business days' notice, the contractor and each
25 subcontractor shall make available for inspection and copying
26 at a location within this State during reasonable hours, the

1 records identified in paragraph (1) of this subsection to the
2 taxpayer in charge of the project, its officers and agents, the
3 Director of Labor and his deputies and agents, and to federal,
4 State, or local law enforcement agencies and prosecutors.

5 ARTICLE 25. MANUFACTURING MACHINERY AND EQUIPMENT

6 Section 25-5. The Use Tax Act is amended by changing
7 Sections 3-5 and 3-50 as follows:

8 (35 ILCS 105/3-5)

9 Sec. 3-5. Exemptions. Use of the following tangible
10 personal property is exempt from the tax imposed by this Act:

11 (1) Personal property purchased from a corporation,
12 society, association, foundation, institution, or
13 organization, other than a limited liability company, that is
14 organized and operated as a not-for-profit service enterprise
15 for the benefit of persons 65 years of age or older if the
16 personal property was not purchased by the enterprise for the
17 purpose of resale by the enterprise.

18 (2) Personal property purchased by a not-for-profit
19 Illinois county fair association for use in conducting,
20 operating, or promoting the county fair.

21 (3) Personal property purchased by a not-for-profit arts or
22 cultural organization that establishes, by proof required by
23 the Department by rule, that it has received an exemption under

1 Section 501(c)(3) of the Internal Revenue Code and that is
2 organized and operated primarily for the presentation or
3 support of arts or cultural programming, activities, or
4 services. These organizations include, but are not limited to,
5 music and dramatic arts organizations such as symphony
6 orchestras and theatrical groups, arts and cultural service
7 organizations, local arts councils, visual arts organizations,
8 and media arts organizations. On and after July 1, 2001 (the
9 effective date of Public Act 92-35), however, an entity
10 otherwise eligible for this exemption shall not make tax-free
11 purchases unless it has an active identification number issued
12 by the Department.

13 (4) Personal property purchased by a governmental body, by
14 a corporation, society, association, foundation, or
15 institution organized and operated exclusively for charitable,
16 religious, or educational purposes, or by a not-for-profit
17 corporation, society, association, foundation, institution, or
18 organization that has no compensated officers or employees and
19 that is organized and operated primarily for the recreation of
20 persons 55 years of age or older. A limited liability company
21 may qualify for the exemption under this paragraph only if the
22 limited liability company is organized and operated
23 exclusively for educational purposes. On and after July 1,
24 1987, however, no entity otherwise eligible for this exemption
25 shall make tax-free purchases unless it has an active exemption
26 identification number issued by the Department.

1 (5) Until July 1, 2003, a passenger car that is a
2 replacement vehicle to the extent that the purchase price of
3 the car is subject to the Replacement Vehicle Tax.

4 (6) Until July 1, 2003 and beginning again on September 1,
5 2004 through August 30, 2014, graphic arts machinery and
6 equipment, including repair and replacement parts, both new and
7 used, and including that manufactured on special order,
8 certified by the purchaser to be used primarily for graphic
9 arts production, and including machinery and equipment
10 purchased for lease. Equipment includes chemicals or chemicals
11 acting as catalysts but only if the chemicals or chemicals
12 acting as catalysts effect a direct and immediate change upon a
13 graphic arts product. Beginning on July 1, 2017, graphic arts
14 machinery and equipment is included in the manufacturing and
15 assembling machinery and equipment exemption under paragraph
16 (18).

17 (7) Farm chemicals.

18 (8) Legal tender, currency, medallions, or gold or silver
19 coinage issued by the State of Illinois, the government of the
20 United States of America, or the government of any foreign
21 country, and bullion.

22 (9) Personal property purchased from a teacher-sponsored
23 student organization affiliated with an elementary or
24 secondary school located in Illinois.

25 (10) A motor vehicle that is used for automobile renting,
26 as defined in the Automobile Renting Occupation and Use Tax

1 Act.

2 (11) Farm machinery and equipment, both new and used,
3 including that manufactured on special order, certified by the
4 purchaser to be used primarily for production agriculture or
5 State or federal agricultural programs, including individual
6 replacement parts for the machinery and equipment, including
7 machinery and equipment purchased for lease, and including
8 implements of husbandry defined in Section 1-130 of the
9 Illinois Vehicle Code, farm machinery and agricultural
10 chemical and fertilizer spreaders, and nurse wagons required to
11 be registered under Section 3-809 of the Illinois Vehicle Code,
12 but excluding other motor vehicles required to be registered
13 under the Illinois Vehicle Code. Horticultural polyhouses or
14 hoop houses used for propagating, growing, or overwintering
15 plants shall be considered farm machinery and equipment under
16 this item (11). Agricultural chemical tender tanks and dry
17 boxes shall include units sold separately from a motor vehicle
18 required to be licensed and units sold mounted on a motor
19 vehicle required to be licensed if the selling price of the
20 tender is separately stated.

21 Farm machinery and equipment shall include precision
22 farming equipment that is installed or purchased to be
23 installed on farm machinery and equipment including, but not
24 limited to, tractors, harvesters, sprayers, planters, seeders,
25 or spreaders. Precision farming equipment includes, but is not
26 limited to, soil testing sensors, computers, monitors,

1 software, global positioning and mapping systems, and other
2 such equipment.

3 Farm machinery and equipment also includes computers,
4 sensors, software, and related equipment used primarily in the
5 computer-assisted operation of production agriculture
6 facilities, equipment, and activities such as, but not limited
7 to, the collection, monitoring, and correlation of animal and
8 crop data for the purpose of formulating animal diets and
9 agricultural chemicals. This item (11) is exempt from the
10 provisions of Section 3-90.

11 (12) Until June 30, 2013, fuel and petroleum products sold
12 to or used by an air common carrier, certified by the carrier
13 to be used for consumption, shipment, or storage in the conduct
14 of its business as an air common carrier, for a flight destined
15 for or returning from a location or locations outside the
16 United States without regard to previous or subsequent domestic
17 stopovers.

18 Beginning July 1, 2013, fuel and petroleum products sold to
19 or used by an air carrier, certified by the carrier to be used
20 for consumption, shipment, or storage in the conduct of its
21 business as an air common carrier, for a flight that (i) is
22 engaged in foreign trade or is engaged in trade between the
23 United States and any of its possessions and (ii) transports at
24 least one individual or package for hire from the city of
25 origination to the city of final destination on the same
26 aircraft, without regard to a change in the flight number of

1 that aircraft.

2 (13) Proceeds of mandatory service charges separately
3 stated on customers' bills for the purchase and consumption of
4 food and beverages purchased at retail from a retailer, to the
5 extent that the proceeds of the service charge are in fact
6 turned over as tips or as a substitute for tips to the
7 employees who participate directly in preparing, serving,
8 hosting or cleaning up the food or beverage function with
9 respect to which the service charge is imposed.

10 (14) Until July 1, 2003, oil field exploration, drilling,
11 and production equipment, including (i) rigs and parts of rigs,
12 rotary rigs, cable tool rigs, and workover rigs, (ii) pipe and
13 tubular goods, including casing and drill strings, (iii) pumps
14 and pump-jack units, (iv) storage tanks and flow lines, (v) any
15 individual replacement part for oil field exploration,
16 drilling, and production equipment, and (vi) machinery and
17 equipment purchased for lease; but excluding motor vehicles
18 required to be registered under the Illinois Vehicle Code.

19 (15) Photoprocessing machinery and equipment, including
20 repair and replacement parts, both new and used, including that
21 manufactured on special order, certified by the purchaser to be
22 used primarily for photoprocessing, and including
23 photoprocessing machinery and equipment purchased for lease.

24 (16) Until July 1, 2023, coal and aggregate exploration,
25 mining, off-highway hauling, processing, maintenance, and
26 reclamation equipment, including replacement parts and

1 equipment, and including equipment purchased for lease, but
2 excluding motor vehicles required to be registered under the
3 Illinois Vehicle Code. The changes made to this Section by
4 Public Act 97-767 apply on and after July 1, 2003, but no claim
5 for credit or refund is allowed on or after August 16, 2013
6 (the effective date of Public Act 98-456) for such taxes paid
7 during the period beginning July 1, 2003 and ending on August
8 16, 2013 (the effective date of Public Act 98-456).

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

15 (18) Manufacturing and assembling machinery and equipment
16 used primarily in the process of manufacturing or assembling
17 tangible personal property for wholesale or retail sale or
18 lease, whether that sale or lease is made directly by the
19 manufacturer or by some other person, whether the materials
20 used in the process are owned by the manufacturer or some other
21 person, or whether that sale or lease is made apart from or as
22 an incident to the seller's engaging in the service occupation
23 of producing machines, tools, dies, jigs, patterns, gauges, or
24 other similar items of no commercial value on special order for
25 a particular purchaser. The exemption provided by this
26 paragraph (18) includes production related tangible personal

1 property, as defined in Section 3-50, purchased on or after
2 July 1, 2019. The exemption provided by this paragraph (18)
3 does not include machinery and equipment used in (i) the
4 generation of electricity for wholesale or retail sale; (ii)
5 the generation or treatment of natural or artificial gas for
6 wholesale or retail sale that is delivered to customers through
7 pipes, pipelines, or mains; or (iii) the treatment of water for
8 wholesale or retail sale that is delivered to customers through
9 pipes, pipelines, or mains. The provisions of Public Act 98-583
10 are declaratory of existing law as to the meaning and scope of
11 this exemption. Beginning on July 1, 2017, the exemption
12 provided by this paragraph (18) includes, but is not limited
13 to, graphic arts machinery and equipment, as defined in
14 paragraph (6) of this Section.

15 (19) Personal property delivered to a purchaser or
16 purchaser's donee inside Illinois when the purchase order for
17 that personal property was received by a florist located
18 outside Illinois who has a florist located inside Illinois
19 deliver the personal property.

20 (20) Semen used for artificial insemination of livestock
21 for direct agricultural production.

22 (21) Horses, or interests in horses, registered with and
23 meeting the requirements of any of the Arabian Horse Club
24 Registry of America, Appaloosa Horse Club, American Quarter
25 Horse Association, United States Trotting Association, or
26 Jockey Club, as appropriate, used for purposes of breeding or

1 racing for prizes. This item (21) is exempt from the provisions
2 of Section 3-90, and the exemption provided for under this item
3 (21) applies for all periods beginning May 30, 1995, but no
4 claim for credit or refund is allowed on or after January 1,
5 2008 for such taxes paid during the period beginning May 30,
6 2000 and ending on January 1, 2008.

7 (22) Computers and communications equipment utilized for
8 any hospital purpose and equipment used in the diagnosis,
9 analysis, or treatment of hospital patients purchased by a
10 lessor who leases the equipment, under a lease of one year or
11 longer executed or in effect at the time the lessor would
12 otherwise be subject to the tax imposed by this Act, to a
13 hospital that has been issued an active tax exemption
14 identification number by the Department under Section 1g of the
15 Retailers' Occupation Tax Act. If the equipment is leased in a
16 manner that does not qualify for this exemption or is used in
17 any other non-exempt manner, the lessor shall be liable for the
18 tax imposed under this Act or the Service Use Tax Act, as the
19 case may be, based on the fair market value of the property at
20 the time the non-qualifying use occurs. No lessor shall collect
21 or attempt to collect an amount (however designated) that
22 purports to reimburse that lessor for the tax imposed by this
23 Act or the Service Use Tax Act, as the case may be, if the tax
24 has not been paid by the lessor. If a lessor improperly
25 collects any such amount from the lessee, the lessee shall have
26 a legal right to claim a refund of that amount from the lessor.

1 If, however, that amount is not refunded to the lessee for any
2 reason, the lessor is liable to pay that amount to the
3 Department.

4 (23) Personal property purchased by a lessor who leases the
5 property, under a lease of one year or longer executed or in
6 effect at the time the lessor would otherwise be subject to the
7 tax imposed by this Act, to a governmental body that has been
8 issued an active sales tax exemption identification number by
9 the Department under Section 1g of the Retailers' Occupation
10 Tax Act. If the property is leased in a manner that does not
11 qualify for this exemption or used in any other non-exempt
12 manner, the lessor shall be liable for the tax imposed under
13 this Act or the Service Use Tax Act, as the case may be, based
14 on the fair market value of the property at the time the
15 non-qualifying use occurs. No lessor shall collect or attempt
16 to collect an amount (however designated) that purports to
17 reimburse that lessor for the tax imposed by this Act or the
18 Service Use Tax Act, as the case may be, if the tax has not been
19 paid by the lessor. If a lessor improperly collects any such
20 amount from the lessee, the lessee shall have a legal right to
21 claim a refund of that amount from the lessor. If, however,
22 that amount is not refunded to the lessee for any reason, the
23 lessor is liable to pay that amount to the Department.

24 (24) Beginning with taxable years ending on or after
25 December 31, 1995 and ending with taxable years ending on or
26 before December 31, 2004, personal property that is donated for

1 disaster relief to be used in a State or federally declared
2 disaster area in Illinois or bordering Illinois by a
3 manufacturer or retailer that is registered in this State to a
4 corporation, society, association, foundation, or institution
5 that has been issued a sales tax exemption identification
6 number by the Department that assists victims of the disaster
7 who reside within the declared disaster area.

8 (25) Beginning with taxable years ending on or after
9 December 31, 1995 and ending with taxable years ending on or
10 before December 31, 2004, personal property that is used in the
11 performance of infrastructure repairs in this State, including
12 but not limited to municipal roads and streets, access roads,
13 bridges, sidewalks, waste disposal systems, water and sewer
14 line extensions, water distribution and purification
15 facilities, storm water drainage and retention facilities, and
16 sewage treatment facilities, resulting from a State or
17 federally declared disaster in Illinois or bordering Illinois
18 when such repairs are initiated on facilities located in the
19 declared disaster area within 6 months after the disaster.

20 (26) Beginning July 1, 1999, game or game birds purchased
21 at a "game breeding and hunting preserve area" as that term is
22 used in the Wildlife Code. This paragraph is exempt from the
23 provisions of Section 3-90.

24 (27) A motor vehicle, as that term is defined in Section
25 1-146 of the Illinois Vehicle Code, that is donated to a
26 corporation, limited liability company, society, association,

1 foundation, or institution that is determined by the Department
2 to be organized and operated exclusively for educational
3 purposes. For purposes of this exemption, "a corporation,
4 limited liability company, society, association, foundation,
5 or institution organized and operated exclusively for
6 educational purposes" means all tax-supported public schools,
7 private schools that offer systematic instruction in useful
8 branches of learning by methods common to public schools and
9 that compare favorably in their scope and intensity with the
10 course of study presented in tax-supported schools, and
11 vocational or technical schools or institutes organized and
12 operated exclusively to provide a course of study of not less
13 than 6 weeks duration and designed to prepare individuals to
14 follow a trade or to pursue a manual, technical, mechanical,
15 industrial, business, or commercial occupation.

16 (28) Beginning January 1, 2000, personal property,
17 including food, purchased through fundraising events for the
18 benefit of a public or private elementary or secondary school,
19 a group of those schools, or one or more school districts if
20 the events are sponsored by an entity recognized by the school
21 district that consists primarily of volunteers and includes
22 parents and teachers of the school children. This paragraph
23 does not apply to fundraising events (i) for the benefit of
24 private home instruction or (ii) for which the fundraising
25 entity purchases the personal property sold at the events from
26 another individual or entity that sold the property for the

1 purpose of resale by the fundraising entity and that profits
2 from the sale to the fundraising entity. This paragraph is
3 exempt from the provisions of Section 3-90.

4 (29) Beginning January 1, 2000 and through December 31,
5 2001, new or used automatic vending machines that prepare and
6 serve hot food and beverages, including coffee, soup, and other
7 items, and replacement parts for these machines. Beginning
8 January 1, 2002 and through June 30, 2003, machines and parts
9 for machines used in commercial, coin-operated amusement and
10 vending business if a use or occupation tax is paid on the
11 gross receipts derived from the use of the commercial,
12 coin-operated amusement and vending machines. This paragraph
13 is exempt from the provisions of Section 3-90.

14 (30) Beginning January 1, 2001 and through June 30, 2016,
15 food for human consumption that is to be consumed off the
16 premises where it is sold (other than alcoholic beverages, soft
17 drinks, and food that has been prepared for immediate
18 consumption) and prescription and nonprescription medicines,
19 drugs, medical appliances, and insulin, urine testing
20 materials, syringes, and needles used by diabetics, for human
21 use, when purchased for use by a person receiving medical
22 assistance under Article V of the Illinois Public Aid Code who
23 resides in a licensed long-term care facility, as defined in
24 the Nursing Home Care Act, or in a licensed facility as defined
25 in the ID/DD Community Care Act, the MC/DD Act, or the
26 Specialized Mental Health Rehabilitation Act of 2013.

1 (31) Beginning on August 2, 2001 (the effective date of
2 Public Act 92-227), computers and communications equipment
3 utilized for any hospital purpose and equipment used in the
4 diagnosis, analysis, or treatment of hospital patients
5 purchased by a lessor who leases the equipment, under a lease
6 of one year or longer executed or in effect at the time the
7 lessor would otherwise be subject to the tax imposed by this
8 Act, to a hospital that has been issued an active tax exemption
9 identification number by the Department under Section 1g of the
10 Retailers' Occupation Tax Act. If the equipment is leased in a
11 manner that does not qualify for this exemption or is used in
12 any other nonexempt manner, the lessor shall be liable for the
13 tax imposed under this Act or the Service Use Tax Act, as the
14 case may be, based on the fair market value of the property at
15 the time the nonqualifying use occurs. No lessor shall collect
16 or attempt to collect an amount (however designated) that
17 purports to reimburse that lessor for the tax imposed by this
18 Act or the Service Use Tax Act, as the case may be, if the tax
19 has not been paid by the lessor. If a lessor improperly
20 collects any such amount from the lessee, the lessee shall have
21 a legal right to claim a refund of that amount from the lessor.
22 If, however, that amount is not refunded to the lessee for any
23 reason, the lessor is liable to pay that amount to the
24 Department. This paragraph is exempt from the provisions of
25 Section 3-90.

26 (32) Beginning on August 2, 2001 (the effective date of

1 Public Act 92-227), personal property purchased by a lessor who
2 leases the property, under a lease of one year or longer
3 executed or in effect at the time the lessor would otherwise be
4 subject to the tax imposed by this Act, to a governmental body
5 that has been issued an active sales tax exemption
6 identification number by the Department under Section 1g of the
7 Retailers' Occupation Tax Act. If the property is leased in a
8 manner that does not qualify for this exemption or used in any
9 other nonexempt manner, the lessor shall be liable for the tax
10 imposed under this Act or the Service Use Tax Act, as the case
11 may be, based on the fair market value of the property at the
12 time the nonqualifying use occurs. No lessor shall collect or
13 attempt to collect an amount (however designated) that purports
14 to reimburse that lessor for the tax imposed by this Act or the
15 Service Use Tax Act, as the case may be, if the tax has not been
16 paid by the lessor. If a lessor improperly collects any such
17 amount from the lessee, the lessee shall have a legal right to
18 claim a refund of that amount from the lessor. If, however,
19 that amount is not refunded to the lessee for any reason, the
20 lessor is liable to pay that amount to the Department. This
21 paragraph is exempt from the provisions of Section 3-90.

22 (33) On and after July 1, 2003 and through June 30, 2004,
23 the use in this State of motor vehicles of the second division
24 with a gross vehicle weight in excess of 8,000 pounds and that
25 are subject to the commercial distribution fee imposed under
26 Section 3-815.1 of the Illinois Vehicle Code. Beginning on July

1 1, 2004 and through June 30, 2005, the use in this State of
2 motor vehicles of the second division: (i) with a gross vehicle
3 weight rating in excess of 8,000 pounds; (ii) that are subject
4 to the commercial distribution fee imposed under Section
5 3-815.1 of the Illinois Vehicle Code; and (iii) that are
6 primarily used for commercial purposes. Through June 30, 2005,
7 this exemption applies to repair and replacement parts added
8 after the initial purchase of such a motor vehicle if that
9 motor vehicle is used in a manner that would qualify for the
10 rolling stock exemption otherwise provided for in this Act. For
11 purposes of this paragraph, the term "used for commercial
12 purposes" means the transportation of persons or property in
13 furtherance of any commercial or industrial enterprise,
14 whether for-hire or not.

15 (34) Beginning January 1, 2008, tangible personal property
16 used in the construction or maintenance of a community water
17 supply, as defined under Section 3.145 of the Environmental
18 Protection Act, that is operated by a not-for-profit
19 corporation that holds a valid water supply permit issued under
20 Title IV of the Environmental Protection Act. This paragraph is
21 exempt from the provisions of Section 3-90.

22 (35) Beginning January 1, 2010, materials, parts,
23 equipment, components, and furnishings incorporated into or
24 upon an aircraft as part of the modification, refurbishment,
25 completion, replacement, repair, or maintenance of the
26 aircraft. This exemption includes consumable supplies used in

1 the modification, refurbishment, completion, replacement,
2 repair, and maintenance of aircraft, but excludes any
3 materials, parts, equipment, components, and consumable
4 supplies used in the modification, replacement, repair, and
5 maintenance of aircraft engines or power plants, whether such
6 engines or power plants are installed or uninstalled upon any
7 such aircraft. "Consumable supplies" include, but are not
8 limited to, adhesive, tape, sandpaper, general purpose
9 lubricants, cleaning solution, latex gloves, and protective
10 films. This exemption applies only to the use of qualifying
11 tangible personal property by persons who modify, refurbish,
12 complete, repair, replace, or maintain aircraft and who (i)
13 hold an Air Agency Certificate and are empowered to operate an
14 approved repair station by the Federal Aviation
15 Administration, (ii) have a Class IV Rating, and (iii) conduct
16 operations in accordance with Part 145 of the Federal Aviation
17 Regulations. The exemption does not include aircraft operated
18 by a commercial air carrier providing scheduled passenger air
19 service pursuant to authority issued under Part 121 or Part 129
20 of the Federal Aviation Regulations. The changes made to this
21 paragraph (35) by Public Act 98-534 are declarative of existing
22 law.

23 (36) Tangible personal property purchased by a
24 public-facilities corporation, as described in Section
25 11-65-10 of the Illinois Municipal Code, for purposes of
26 constructing or furnishing a municipal convention hall, but

1 only if the legal title to the municipal convention hall is
2 transferred to the municipality without any further
3 consideration by or on behalf of the municipality at the time
4 of the completion of the municipal convention hall or upon the
5 retirement or redemption of any bonds or other debt instruments
6 issued by the public-facilities corporation in connection with
7 the development of the municipal convention hall. This
8 exemption includes existing public-facilities corporations as
9 provided in Section 11-65-25 of the Illinois Municipal Code.
10 This paragraph is exempt from the provisions of Section 3-90.

11 (37) Beginning January 1, 2017, menstrual pads, tampons,
12 and menstrual cups.

13 (38) Merchandise that is subject to the Rental Purchase
14 Agreement Occupation and Use Tax. The purchaser must certify
15 that the item is purchased to be rented subject to a rental
16 purchase agreement, as defined in the Rental Purchase Agreement
17 Act, and provide proof of registration under the Rental
18 Purchase Agreement Occupation and Use Tax Act. This paragraph
19 is exempt from the provisions of Section 3-90.

20 (39) Tangible personal property purchased by a purchaser
21 who is exempt from the tax imposed by this Act by operation of
22 federal law. This paragraph is exempt from the provisions of
23 Section 3-90.

24 (Source: P.A. 99-180, eff. 7-29-15; 99-855, eff. 8-19-16;
25 100-22, eff. 7-6-17; 100-437, eff. 1-1-18; 100-594, eff.
26 6-29-18; 100-863, eff. 8-14-18; 100-1171, eff. 1-4-19; revised

1 1-8-19.)

2 (35 ILCS 105/3-50) (from Ch. 120, par. 439.3-50)

3 Sec. 3-50. Manufacturing and assembly exemption. The
4 manufacturing and assembling machinery and equipment exemption
5 includes machinery and equipment that replaces machinery and
6 equipment in an existing manufacturing facility as well as
7 machinery and equipment that are for use in an expanded or new
8 manufacturing facility. The machinery and equipment exemption
9 also includes machinery and equipment used in the general
10 maintenance or repair of exempt machinery and equipment or for
11 in-house manufacture of exempt machinery and equipment.
12 Beginning on July 1, 2017, the manufacturing and assembling
13 machinery and equipment exemption also includes graphic arts
14 machinery and equipment, as defined in paragraph (6) of Section
15 3-5. The machinery and equipment exemption does not include
16 machinery and equipment used in (i) the generation of
17 electricity for wholesale or retail sale; (ii) the generation
18 or treatment of natural or artificial gas for wholesale or
19 retail sale that is delivered to customers through pipes,
20 pipelines, or mains; or (iii) the treatment of water for
21 wholesale or retail sale that is delivered to customers through
22 pipes, pipelines, or mains. The provisions of this amendatory
23 Act of the 98th General Assembly are declaratory of existing
24 law as to the meaning and scope of this exemption. For the
25 purposes of this exemption, terms have the following meanings:

1 (1) "Manufacturing process" means the production of an
2 article of tangible personal property, whether the article
3 is a finished product or an article for use in the process
4 of manufacturing or assembling a different article of
5 tangible personal property, by a procedure commonly
6 regarded as manufacturing, processing, fabricating, or
7 refining that changes some existing material into a
8 material with a different form, use, or name. In relation
9 to a recognized integrated business composed of a series of
10 operations that collectively constitute manufacturing, or
11 individually constitute manufacturing operations, the
12 manufacturing process commences with the first operation
13 or stage of production in the series and does not end until
14 the completion of the final product in the last operation
15 or stage of production in the series. For purposes of this
16 exemption, photoprocessing is a manufacturing process of
17 tangible personal property for wholesale or retail sale.

18 (2) "Assembling process" means the production of an
19 article of tangible personal property, whether the article
20 is a finished product or an article for use in the process
21 of manufacturing or assembling a different article of
22 tangible personal property, by the combination of existing
23 materials in a manner commonly regarded as assembling that
24 results in an article or material of a different form, use,
25 or name.

26 (3) "Machinery" means major mechanical machines or

1 major components of those machines contributing to a
2 manufacturing or assembling process.

3 (4) "Equipment" includes an independent device or tool
4 separate from machinery but essential to an integrated
5 manufacturing or assembly process; including computers
6 used primarily in a manufacturer's computer assisted
7 design, computer assisted manufacturing (CAD/CAM) system;
8 any subunit or assembly comprising a component of any
9 machinery or auxiliary, adjunct, or attachment parts of
10 machinery, such as tools, dies, jigs, fixtures, patterns,
11 and molds; and any parts that require periodic replacement
12 in the course of normal operation; but does not include
13 hand tools. Equipment includes chemicals or chemicals
14 acting as catalysts but only if the chemicals or chemicals
15 acting as catalysts effect a direct and immediate change
16 upon a product being manufactured or assembled for
17 wholesale or retail sale or lease.

18 (5) "Production related tangible personal property"
19 means all tangible personal property that is used or
20 consumed by the purchaser in a manufacturing facility in
21 which a manufacturing process takes place and includes,
22 without limitation, tangible personal property that is
23 purchased for incorporation into real estate within a
24 manufacturing facility, supplies and consumables used in a
25 manufacturing facility including fuels, coolants,
26 solvents, oils, lubricants, and adhesives, hand tools,

1 protective apparel, and fire and safety equipment used or
2 consumed within a manufacturing facility, and tangible
3 personal property that is used or consumed in activities
4 such as research and development, preproduction material
5 handling, receiving, quality control, inventory control,
6 storage, staging, and packaging for shipping and
7 transportation purposes. "Production related tangible
8 personal property" does not include (i) tangible personal
9 property that is used, within or without a manufacturing
10 facility, in sales, purchasing, accounting, fiscal
11 management, marketing, personnel recruitment or selection,
12 or landscaping or (ii) tangible personal property that is
13 required to be titled or registered with a department,
14 agency, or unit of federal, State, or local government.

15 The manufacturing and assembling machinery and equipment
16 exemption includes production related tangible personal
17 property that is purchased on or after July 1, 2007 and on or
18 before June 30, 2008 and on or after July 1, 2019. The
19 exemption for production related tangible personal property
20 purchased on or after July 1, 2007 and on or before June 30,
21 2008 is subject to both of the following limitations:

22 (1) The maximum amount of the exemption for any one
23 taxpayer may not exceed 5% of the purchase price of
24 production related tangible personal property that is
25 purchased on or after July 1, 2007 and on or before June
26 30, 2008. A credit under Section 3-85 of this Act may not

1 be earned by the purchase of production related tangible
2 personal property for which an exemption is received under
3 this Section.

4 (2) The maximum aggregate amount of the exemptions for
5 production related tangible personal property purchased on
6 or after July 1, 2007 and on or before June 30, 2008
7 awarded under this Act and the Retailers' Occupation Tax
8 Act to all taxpayers may not exceed \$10,000,000. If the
9 claims for the exemption exceed \$10,000,000, then the
10 Department shall reduce the amount of the exemption to each
11 taxpayer on a pro rata basis.

12 The Department shall ~~may~~ adopt rules to implement and
13 administer the exemption for production related tangible
14 personal property.

15 The manufacturing and assembling machinery and equipment
16 exemption includes the sale of materials to a purchaser who
17 produces exempted types of machinery, equipment, or tools and
18 who rents or leases that machinery, equipment, or tools to a
19 manufacturer of tangible personal property. This exemption
20 also includes the sale of materials to a purchaser who
21 manufactures those materials into an exempted type of
22 machinery, equipment, or tools that the purchaser uses himself
23 or herself in the manufacturing of tangible personal property.
24 This exemption includes the sale of exempted types of machinery
25 or equipment to a purchaser who is not the manufacturer, but
26 who rents or leases the use of the property to a manufacturer.

1 The purchaser of the machinery and equipment who has an active
2 resale registration number shall furnish that number to the
3 seller at the time of purchase. A user of the machinery,
4 equipment, or tools without an active resale registration
5 number shall prepare a certificate of exemption for each
6 transaction stating facts establishing the exemption for that
7 transaction, and that certificate shall be available to the
8 Department for inspection or audit. The Department shall
9 prescribe the form of the certificate. Informal rulings,
10 opinions, or letters issued by the Department in response to an
11 inquiry or request for an opinion from any person regarding the
12 coverage and applicability of this exemption to specific
13 devices shall be published, maintained as a public record, and
14 made available for public inspection and copying. If the
15 informal ruling, opinion, or letter contains trade secrets or
16 other confidential information, where possible, the Department
17 shall delete that information before publication. Whenever
18 informal rulings, opinions, or letters contain a policy of
19 general applicability, the Department shall formulate and
20 adopt that policy as a rule in accordance with the Illinois
21 Administrative Procedure Act.

22 The manufacturing and assembling machinery and equipment
23 exemption is exempt from the provisions of Section 3-90.

24 (Source: P.A. 100-22, eff. 7-6-17.)

25 Section 25-10. The Service Use Tax Act is amended by

1 changing Section 2 as follows:

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

3 Sec. 2. Definitions. In this Act:

4 "Use" means the exercise by any person of any right or
5 power over tangible personal property incident to the ownership
6 of that property, but does not include the sale or use for
7 demonstration by him of that property in any form as tangible
8 personal property in the regular course of business. "Use" does
9 not mean the interim use of tangible personal property nor the
10 physical incorporation of tangible personal property, as an
11 ingredient or constituent, into other tangible personal
12 property, (a) which is sold in the regular course of business
13 or (b) which the person incorporating such ingredient or
14 constituent therein has undertaken at the time of such purchase
15 to cause to be transported in interstate commerce to
16 destinations outside the State of Illinois.

17 "Purchased from a serviceman" means the acquisition of the
18 ownership of, or title to, tangible personal property through a
19 sale of service.

20 "Purchaser" means any person who, through a sale of
21 service, acquires the ownership of, or title to, any tangible
22 personal property.

23 "Cost price" means the consideration paid by the serviceman
24 for a purchase valued in money, whether paid in money or
25 otherwise, including cash, credits and services, and shall be

1 determined without any deduction on account of the supplier's
2 cost of the property sold or on account of any other expense
3 incurred by the supplier. When a serviceman contracts out part
4 or all of the services required in his sale of service, it
5 shall be presumed that the cost price to the serviceman of the
6 property transferred to him or her by his or her subcontractor
7 is equal to 50% of the subcontractor's charges to the
8 serviceman in the absence of proof of the consideration paid by
9 the subcontractor for the purchase of such property.

10 "Selling price" means the consideration for a sale valued
11 in money whether received in money or otherwise, including
12 cash, credits and service, and shall be determined without any
13 deduction on account of the serviceman's cost of the property
14 sold, the cost of materials used, labor or service cost or any
15 other expense whatsoever, but does not include interest or
16 finance charges which appear as separate items on the bill of
17 sale or sales contract nor charges that are added to prices by
18 sellers on account of the seller's duty to collect, from the
19 purchaser, the tax that is imposed by this Act.

20 "Department" means the Department of Revenue.

21 "Person" means any natural individual, firm, partnership,
22 association, joint stock company, joint venture, public or
23 private corporation, limited liability company, and any
24 receiver, executor, trustee, guardian or other representative
25 appointed by order of any court.

26 "Sale of service" means any transaction except:

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

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

7 (3) except as hereinafter provided, a sale or transfer
8 of tangible personal property as an incident to the
9 rendering of service for or by any governmental body, or
10 for or by any corporation, society, association,
11 foundation or institution organized and operated
12 exclusively for charitable, religious or educational
13 purposes or any not-for-profit corporation, society,
14 association, foundation, institution or organization which
15 has no compensated officers or employees and which is
16 organized and operated primarily for the recreation of
17 persons 55 years of age or older. A limited liability
18 company may qualify for the exemption under this paragraph
19 only if the limited liability company is organized and
20 operated exclusively for educational purposes.

21 (4) (blank).

22 (4a) a sale or transfer of tangible personal property
23 as an incident to the rendering of service for owners,
24 lessors, or shippers of tangible personal property which is
25 utilized by interstate carriers for hire for use as rolling
26 stock moving in interstate commerce so long as so used by

1 interstate carriers for hire, and equipment operated by a
2 telecommunications provider, licensed as a common carrier
3 by the Federal Communications Commission, which is
4 permanently installed in or affixed to aircraft moving in
5 interstate commerce.

6 (4a-5) on and after July 1, 2003 and through June 30,
7 2004, a sale or transfer of a motor vehicle of the second
8 division with a gross vehicle weight in excess of 8,000
9 pounds as an incident to the rendering of service if that
10 motor vehicle is subject to the commercial distribution fee
11 imposed under Section 3-815.1 of the Illinois Vehicle Code.
12 Beginning on July 1, 2004 and through June 30, 2005, the
13 use in this State of motor vehicles of the second division:
14 (i) with a gross vehicle weight rating in excess of 8,000
15 pounds; (ii) that are subject to the commercial
16 distribution fee imposed under Section 3-815.1 of the
17 Illinois Vehicle Code; and (iii) that are primarily used
18 for commercial purposes. Through June 30, 2005, this
19 exemption applies to repair and replacement parts added
20 after the initial purchase of such a motor vehicle if that
21 motor vehicle is used in a manner that would qualify for
22 the rolling stock exemption otherwise provided for in this
23 Act. For purposes of this paragraph, "used for commercial
24 purposes" means the transportation of persons or property
25 in furtherance of any commercial or industrial enterprise
26 whether for-hire or not.

1 (5) a sale or transfer of machinery and equipment used
2 primarily in the process of the manufacturing or
3 assembling, either in an existing, an expanded or a new
4 manufacturing facility, of tangible personal property for
5 wholesale or retail sale or lease, whether such sale or
6 lease is made directly by the manufacturer or by some other
7 person, whether the materials used in the process are owned
8 by the manufacturer or some other person, or whether such
9 sale or lease is made apart from or as an incident to the
10 seller's engaging in a service occupation and the
11 applicable tax is a Service Use Tax or Service Occupation
12 Tax, rather than Use Tax or Retailers' Occupation Tax. The
13 exemption provided by this paragraph (5) includes
14 production related tangible personal property, as defined
15 in Section 3-50 of the Use Tax Act, purchased on or after
16 July 1, 2019. The exemption provided by this paragraph (5)
17 does not include machinery and equipment used in (i) the
18 generation of electricity for wholesale or retail sale;
19 (ii) the generation or treatment of natural or artificial
20 gas for wholesale or retail sale that is delivered to
21 customers through pipes, pipelines, or mains; or (iii) the
22 treatment of water for wholesale or retail sale that is
23 delivered to customers through pipes, pipelines, or mains.
24 The provisions of Public Act 98-583 are declaratory of
25 existing law as to the meaning and scope of this exemption.
26 The exemption under this paragraph (5) is exempt from the

1 provisions of Section 3-75.

2 (5a) the repairing, reconditioning or remodeling, for
3 a common carrier by rail, of tangible personal property
4 which belongs to such carrier for hire, and as to which
5 such carrier receives the physical possession of the
6 repaired, reconditioned or remodeled item of tangible
7 personal property in Illinois, and which such carrier
8 transports, or shares with another common carrier in the
9 transportation of such property, out of Illinois on a
10 standard uniform bill of lading showing the person who
11 repaired, reconditioned or remodeled the property to a
12 destination outside Illinois, for use outside Illinois.

13 (5b) a sale or transfer of tangible personal property
14 which is produced by the seller thereof on special order in
15 such a way as to have made the applicable tax the Service
16 Occupation Tax or the Service Use Tax, rather than the
17 Retailers' Occupation Tax or the Use Tax, for an interstate
18 carrier by rail which receives the physical possession of
19 such property in Illinois, and which transports such
20 property, or shares with another common carrier in the
21 transportation of such property, out of Illinois on a
22 standard uniform bill of lading showing the seller of the
23 property as the shipper or consignor of such property to a
24 destination outside Illinois, for use outside Illinois.

25 (6) until July 1, 2003, a sale or transfer of
26 distillation machinery and equipment, sold as a unit or kit

1 and assembled or installed by the retailer, which machinery
2 and equipment is certified by the user to be used only for
3 the production of ethyl alcohol that will be used for
4 consumption as motor fuel or as a component of motor fuel
5 for the personal use of such user and not subject to sale
6 or resale.

7 (7) at the election of any serviceman not required to
8 be otherwise registered as a retailer under Section 2a of
9 the Retailers' Occupation Tax Act, made for each fiscal
10 year sales of service in which the aggregate annual cost
11 price of tangible personal property transferred as an
12 incident to the sales of service is less than 35%, or 75%
13 in the case of servicemen transferring prescription drugs
14 or servicemen engaged in graphic arts production, of the
15 aggregate annual total gross receipts from all sales of
16 service. The purchase of such tangible personal property by
17 the serviceman shall be subject to tax under the Retailers'
18 Occupation Tax Act and the Use Tax Act. However, if a
19 primary serviceman who has made the election described in
20 this paragraph subcontracts service work to a secondary
21 serviceman who has also made the election described in this
22 paragraph, the primary serviceman does not incur a Use Tax
23 liability if the secondary serviceman (i) has paid or will
24 pay Use Tax on his or her cost price of any tangible
25 personal property transferred to the primary serviceman
26 and (ii) certifies that fact in writing to the primary

1 serviceman.

2 Tangible personal property transferred incident to the
3 completion of a maintenance agreement is exempt from the tax
4 imposed pursuant to this Act.

5 Exemption (5) also includes machinery and equipment used in
6 the general maintenance or repair of such exempt machinery and
7 equipment or for in-house manufacture of exempt machinery and
8 equipment. On and after July 1, 2017, exemption (5) also
9 includes graphic arts machinery and equipment, as defined in
10 paragraph (5) of Section 3-5. The machinery and equipment
11 exemption does not include machinery and equipment used in (i)
12 the generation of electricity for wholesale or retail sale;
13 (ii) the generation or treatment of natural or artificial gas
14 for wholesale or retail sale that is delivered to customers
15 through pipes, pipelines, or mains; or (iii) the treatment of
16 water for wholesale or retail sale that is delivered to
17 customers through pipes, pipelines, or mains. The provisions of
18 Public Act 98-583 are declaratory of existing law as to the
19 meaning and scope of this exemption. For the purposes of
20 exemption (5), each of these terms shall have the following
21 meanings: (1) "manufacturing process" shall mean the
22 production of any article of tangible personal property,
23 whether such article is a finished product or an article for
24 use in the process of manufacturing or assembling a different
25 article of tangible personal property, by procedures commonly
26 regarded as manufacturing, processing, fabricating, or

1 refining which changes some existing material or materials into
2 a material with a different form, use or name. In relation to a
3 recognized integrated business composed of a series of
4 operations which collectively constitute manufacturing, or
5 individually constitute manufacturing operations, the
6 manufacturing process shall be deemed to commence with the
7 first operation or stage of production in the series, and shall
8 not be deemed to end until the completion of the final product
9 in the last operation or stage of production in the series; and
10 further, for purposes of exemption (5), photoprocessing is
11 deemed to be a manufacturing process of tangible personal
12 property for wholesale or retail sale; (2) "assembling process"
13 shall mean the production of any article of tangible personal
14 property, whether such article is a finished product or an
15 article for use in the process of manufacturing or assembling a
16 different article of tangible personal property, by the
17 combination of existing materials in a manner commonly regarded
18 as assembling which results in a material of a different form,
19 use or name; (3) "machinery" shall mean major mechanical
20 machines or major components of such machines contributing to a
21 manufacturing or assembling process; and (4) "equipment" shall
22 include any independent device or tool separate from any
23 machinery but essential to an integrated manufacturing or
24 assembly process; including computers used primarily in a
25 manufacturer's computer assisted design, computer assisted
26 manufacturing (CAD/CAM) system; or any subunit or assembly

1 comprising a component of any machinery or auxiliary, adjunct
2 or attachment parts of machinery, such as tools, dies, jigs,
3 fixtures, patterns and molds; or any parts which require
4 periodic replacement in the course of normal operation; but
5 shall not include hand tools. Equipment includes chemicals or
6 chemicals acting as catalysts but only if the chemicals or
7 chemicals acting as catalysts effect a direct and immediate
8 change upon a product being manufactured or assembled for
9 wholesale or retail sale or lease. The purchaser of such
10 machinery and equipment who has an active resale registration
11 number shall furnish such number to the seller at the time of
12 purchase. The user of such machinery and equipment and tools
13 without an active resale registration number shall prepare a
14 certificate of exemption for each transaction stating facts
15 establishing the exemption for that transaction, which
16 certificate shall be available to the Department for inspection
17 or audit. The Department shall prescribe the form of the
18 certificate.

19 Any informal rulings, opinions or letters issued by the
20 Department in response to an inquiry or request for any opinion
21 from any person regarding the coverage and applicability of
22 exemption (5) to specific devices shall be published,
23 maintained as a public record, and made available for public
24 inspection and copying. If the informal ruling, opinion or
25 letter contains trade secrets or other confidential
26 information, where possible the Department shall delete such

1 information prior to publication. Whenever such informal
2 rulings, opinions, or letters contain any policy of general
3 applicability, the Department shall formulate and adopt such
4 policy as a rule in accordance with the provisions of the
5 Illinois Administrative Procedure Act.

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

10 The purchase, employment and transfer of such tangible
11 personal property as newsprint and ink for the primary purpose
12 of conveying news (with or without other information) is not a
13 purchase, use or sale of service or of tangible personal
14 property within the meaning of this Act.

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

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

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

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

- 24 (1) having or maintaining within this State, directly
25 or by a subsidiary, an office, distribution house, sales
26 house, warehouse or other place of business, or any agent

1 or other representative operating within this State under
2 the authority of the serviceman or its subsidiary,
3 irrespective of whether such place of business or agent or
4 other representative is located here permanently or
5 temporarily, or whether such serviceman or subsidiary is
6 licensed to do business in this State;

7 (1.1) having a contract with a person located in this
8 State under which the person, for a commission or other
9 consideration based on the sale of service by the
10 serviceman, directly or indirectly refers potential
11 customers to the serviceman by providing to the potential
12 customers a promotional code or other mechanism that allows
13 the serviceman to track purchases referred by such persons.
14 Examples of mechanisms that allow the serviceman to track
15 purchases referred by such persons include but are not
16 limited to the use of a link on the person's Internet
17 website, promotional codes distributed through the
18 person's hand-delivered or mailed material, and
19 promotional codes distributed by the person through radio
20 or other broadcast media. The provisions of this paragraph
21 (1.1) shall apply only if the cumulative gross receipts
22 from sales of service by the serviceman to customers who
23 are referred to the serviceman by all persons in this State
24 under such contracts exceed \$10,000 during the preceding 4
25 quarterly periods ending on the last day of March, June,
26 September, and December; a serviceman meeting the

1 requirements of this paragraph (1.1) shall be presumed to
2 be maintaining a place of business in this State but may
3 rebut this presumption by submitting proof that the
4 referrals or other activities pursued within this State by
5 such persons were not sufficient to meet the nexus
6 standards of the United States Constitution during the
7 preceding 4 quarterly periods;

8 (1.2) beginning July 1, 2011, having a contract with a
9 person located in this State under which:

10 (A) the serviceman sells the same or substantially
11 similar line of services as the person located in this
12 State and does so using an identical or substantially
13 similar name, trade name, or trademark as the person
14 located in this State; and

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

18 The provisions of this paragraph (1.2) shall apply only if
19 the cumulative gross receipts from sales of service by the
20 serviceman to customers in this State under all such
21 contracts exceed \$10,000 during the preceding 4 quarterly
22 periods ending on the last day of March, June, September,
23 and December;

24 (2) soliciting orders for tangible personal property
25 by means of a telecommunication or television shopping
26 system (which utilizes toll free numbers) which is intended

1 by the retailer to be broadcast by cable television or
2 other means of broadcasting, to consumers located in this
3 State;

4 (3) pursuant to a contract with a broadcaster or
5 publisher located in this State, soliciting orders for
6 tangible personal property by means of advertising which is
7 disseminated primarily to consumers located in this State
8 and only secondarily to bordering jurisdictions;

9 (4) soliciting orders for tangible personal property
10 by mail if the solicitations are substantial and recurring
11 and if the retailer benefits from any banking, financing,
12 debt collection, telecommunication, or marketing
13 activities occurring in this State or benefits from the
14 location in this State of authorized installation,
15 servicing, or repair facilities;

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

19 (6) having a franchisee or licensee operating under its
20 trade name if the franchisee or licensee is required to
21 collect the tax under this Section;

22 (7) pursuant to a contract with a cable television
23 operator located in this State, soliciting orders for
24 tangible personal property by means of advertising which is
25 transmitted or distributed over a cable television system
26 in this State;

1 (8) engaging in activities in Illinois, which
2 activities in the state in which the supply business
3 engaging in such activities is located would constitute
4 maintaining a place of business in that state; or

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

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

10 (B) the serviceman enters into 200 or more separate
11 transactions for sales of service to purchasers in
12 Illinois.

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

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

14 (Source: P.A. 100-22, eff. 7-6-17; 100-321, eff. 8-24-17;
15 100-587, eff. 6-4-18; 100-863, eff. 8-14-18.)

16 Section 25-15. The Service Occupation Tax Act is amended by
17 changing Section 2 as follows:

18 (35 ILCS 115/2) (from Ch. 120, par. 439.102)

19 Sec. 2. In this Act:

20 "Transfer" means any transfer of the title to property or
21 of the ownership of property whether or not the transferor
22 retains title as security for the payment of amounts due him
23 from the transferee.

24 "Cost Price" means the consideration paid by the serviceman

1 for a purchase valued in money, whether paid in money or
2 otherwise, including cash, credits and services, and shall be
3 determined without any deduction on account of the supplier's
4 cost of the property sold or on account of any other expense
5 incurred by the supplier. When a serviceman contracts out part
6 or all of the services required in his sale of service, it
7 shall be presumed that the cost price to the serviceman of the
8 property transferred to him by his or her subcontractor is
9 equal to 50% of the subcontractor's charges to the serviceman
10 in the absence of proof of the consideration paid by the
11 subcontractor for the purchase of such property.

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 (a) A retail sale of tangible personal property taxable
20 under the Retailers' Occupation Tax Act or under the Use Tax
21 Act.

22 (b) A sale of tangible personal property for the purpose of
23 resale made in compliance with Section 2c of the Retailers'
24 Occupation Tax Act.

25 (c) Except as hereinafter provided, a sale or transfer of
26 tangible personal property as an incident to the rendering of

1 service for or by any governmental body or for or by any
2 corporation, society, association, foundation or institution
3 organized and operated exclusively for charitable, religious
4 or educational purposes or any not-for-profit corporation,
5 society, association, foundation, institution or organization
6 which has no compensated officers or employees and which is
7 organized and operated primarily for the recreation of persons
8 55 years of age or older. A limited liability company may
9 qualify for the exemption under this paragraph only if the
10 limited liability company is organized and operated
11 exclusively for educational purposes.

12 (d) (Blank).

13 (d-1) A sale or transfer of tangible personal property as
14 an incident to the rendering of service for owners, lessors or
15 shippers of tangible personal property which is utilized by
16 interstate carriers for hire for use as rolling stock moving in
17 interstate commerce, and equipment operated by a
18 telecommunications provider, licensed as a common carrier by
19 the Federal Communications Commission, which is permanently
20 installed in or affixed to aircraft moving in interstate
21 commerce.

22 (d-1.1) On and after July 1, 2003 and through June 30,
23 2004, a sale or transfer of a motor vehicle of the second
24 division with a gross vehicle weight in excess of 8,000 pounds
25 as an incident to the rendering of service if that motor
26 vehicle is subject to the commercial distribution fee imposed

1 under Section 3-815.1 of the Illinois Vehicle Code. Beginning
2 on July 1, 2004 and through June 30, 2005, the use in this
3 State of motor vehicles of the second division: (i) with a
4 gross vehicle weight rating in excess of 8,000 pounds; (ii)
5 that are subject to the commercial distribution fee imposed
6 under Section 3-815.1 of the Illinois Vehicle Code; and (iii)
7 that are primarily used for commercial purposes. Through June
8 30, 2005, this exemption applies to repair and replacement
9 parts added after the initial purchase of such a motor vehicle
10 if that motor vehicle is used in a manner that would qualify
11 for the rolling stock exemption otherwise provided for in this
12 Act. For purposes of this paragraph, "used for commercial
13 purposes" means the transportation of persons or property in
14 furtherance of any commercial or industrial enterprise whether
15 for-hire or not.

16 (d-2) The repairing, reconditioning or remodeling, for a
17 common carrier by rail, of tangible personal property which
18 belongs to such carrier for hire, and as to which such carrier
19 receives the physical possession of the repaired,
20 reconditioned or remodeled item of tangible personal property
21 in Illinois, and which such carrier transports, or shares with
22 another common carrier in the transportation of such property,
23 out of Illinois on a standard uniform bill of lading showing
24 the person who repaired, reconditioned or remodeled the
25 property as the shipper or consignor of such property to a
26 destination outside Illinois, for use outside Illinois.

1 (d-3) A sale or transfer of tangible personal property
2 which is produced by the seller thereof on special order in
3 such a way as to have made the applicable tax the Service
4 Occupation Tax or the Service Use Tax, rather than the
5 Retailers' Occupation Tax or the Use Tax, for an interstate
6 carrier by rail which receives the physical possession of such
7 property in Illinois, and which transports such property, or
8 shares with another common carrier in the transportation of
9 such property, out of Illinois on a standard uniform bill of
10 lading showing the seller of the property as the shipper or
11 consignor of such property to a destination outside Illinois,
12 for use outside Illinois.

13 (d-4) Until January 1, 1997, a sale, by a registered
14 serviceman paying tax under this Act to the Department, of
15 special order printed materials delivered outside Illinois and
16 which are not returned to this State, if delivery is made by
17 the seller or agent of the seller, including an agent who
18 causes the product to be delivered outside Illinois by a common
19 carrier or the U.S. postal service.

20 (e) A sale or transfer of machinery and equipment used
21 primarily in the process of the manufacturing or assembling,
22 either in an existing, an expanded or a new manufacturing
23 facility, of tangible personal property for wholesale or retail
24 sale or lease, whether such sale or lease is made directly by
25 the manufacturer or by some other person, whether the materials
26 used in the process are owned by the manufacturer or some other

1 person, or whether such sale or lease is made apart from or as
2 an incident to the seller's engaging in a service occupation
3 and the applicable tax is a Service Occupation Tax or Service
4 Use Tax, rather than Retailers' Occupation Tax or Use Tax. The
5 exemption provided by this paragraph (e) includes production
6 related tangible personal property, as defined in Section 3-50
7 of the Use Tax Act, purchased on or after July 1, 2019. The
8 exemption provided by this paragraph (e) 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 Public Act 98-583
16 are declaratory of existing law as to the meaning and scope of
17 this exemption. The exemption under this subsection (e) is
18 exempt from the provisions of Section 3-75.

19 (f) Until July 1, 2003, the sale or transfer of
20 distillation machinery and equipment, sold as a unit or kit and
21 assembled or installed by the retailer, which machinery and
22 equipment is certified by the user to be used only for the
23 production of ethyl alcohol that will be used for consumption
24 as motor fuel or as a component of motor fuel for the personal
25 use of such user and not subject to sale or resale.

26 (g) At the election of any serviceman not required to be

1 otherwise registered as a retailer under Section 2a of the
2 Retailers' Occupation Tax Act, made for each fiscal year sales
3 of service in which the aggregate annual cost price of tangible
4 personal property transferred as an incident to the sales of
5 service is less than 35% (75% in the case of servicemen
6 transferring prescription drugs or servicemen engaged in
7 graphic arts production) of the aggregate annual total gross
8 receipts from all sales of service. The purchase of such
9 tangible personal property by the serviceman shall be subject
10 to tax under the Retailers' Occupation Tax Act and the Use Tax
11 Act. However, if a primary serviceman who has made the election
12 described in this paragraph subcontracts service work to a
13 secondary serviceman who has also made the election described
14 in this paragraph, the primary serviceman does not incur a Use
15 Tax liability if the secondary serviceman (i) has paid or will
16 pay Use Tax on his or her cost price of any tangible personal
17 property transferred to the primary serviceman and (ii)
18 certifies that fact in writing to the primary serviceman.

19 Tangible personal property transferred incident to the
20 completion of a maintenance agreement is exempt from the tax
21 imposed pursuant to this Act.

22 Exemption (e) also includes machinery and equipment used in
23 the general maintenance or repair of such exempt machinery and
24 equipment or for in-house manufacture of exempt machinery and
25 equipment. On and after July 1, 2017, exemption (e) also
26 includes graphic arts machinery and equipment, as defined in

1 paragraph (5) of Section 3-5. The machinery and equipment
2 exemption does not include machinery and equipment used in (i)
3 the generation of electricity for wholesale or retail sale;
4 (ii) the generation or treatment of natural or artificial gas
5 for wholesale or retail sale that is delivered to customers
6 through pipes, pipelines, or mains; or (iii) the treatment of
7 water for wholesale or retail sale that is delivered to
8 customers through pipes, pipelines, or mains. The provisions of
9 Public Act 98-583 are declaratory of existing law as to the
10 meaning and scope of this exemption. For the purposes of
11 exemption (e), each of these terms shall have the following
12 meanings: (1) "manufacturing process" shall mean the
13 production of any article of tangible personal property,
14 whether such article is a finished product or an article for
15 use in the process of manufacturing or assembling a different
16 article of tangible personal property, by procedures commonly
17 regarded as manufacturing, processing, fabricating, or
18 refining which changes some existing material or materials into
19 a material with a different form, use or name. In relation to a
20 recognized integrated business composed of a series of
21 operations which collectively constitute manufacturing, or
22 individually constitute manufacturing operations, the
23 manufacturing process shall be deemed to commence with the
24 first operation or stage of production in the series, and shall
25 not be deemed to end until the completion of the final product
26 in the last operation or stage of production in the series; and

1 further for purposes of exemption (e), photoprocessing is
2 deemed to be a manufacturing process of tangible personal
3 property for wholesale or retail sale; (2) "assembling process"
4 shall mean the production of any article of tangible personal
5 property, whether such article is a finished product or an
6 article for use in the process of manufacturing or assembling a
7 different article of tangible personal property, by the
8 combination of existing materials in a manner commonly regarded
9 as assembling which results in a material of a different form,
10 use or name; (3) "machinery" shall mean major mechanical
11 machines or major components of such machines contributing to a
12 manufacturing or assembling process; and (4) "equipment" shall
13 include any independent device or tool separate from any
14 machinery but essential to an integrated manufacturing or
15 assembly process; including computers used primarily in a
16 manufacturer's computer assisted design, computer assisted
17 manufacturing (CAD/CAM) system; or any subunit or assembly
18 comprising a component of any machinery or auxiliary, adjunct
19 or attachment parts of machinery, such as tools, dies, jigs,
20 fixtures, patterns and molds; or any parts which require
21 periodic replacement in the course of normal operation; but
22 shall not include hand tools. Equipment includes chemicals or
23 chemicals acting as catalysts but only if the chemicals or
24 chemicals acting as catalysts effect a direct and immediate
25 change upon a product being manufactured or assembled for
26 wholesale or retail sale or lease. The purchaser of such

1 machinery and equipment who has an active resale registration
2 number shall furnish such number to the seller at the time of
3 purchase. The purchaser of such machinery and equipment and
4 tools without an active resale registration number shall
5 furnish to the seller a certificate of exemption for each
6 transaction stating facts establishing the exemption for that
7 transaction, which certificate shall be available to the
8 Department for inspection or audit.

9 Except as provided in Section 2d of this Act, the rolling
10 stock exemption applies to rolling stock used by an interstate
11 carrier for hire, even just between points in Illinois, if such
12 rolling stock transports, for hire, persons whose journeys or
13 property whose shipments originate or terminate outside
14 Illinois.

15 Any informal rulings, opinions or letters issued by the
16 Department in response to an inquiry or request for any opinion
17 from any person regarding the coverage and applicability of
18 exemption (e) to specific devices shall be published,
19 maintained as a public record, and made available for public
20 inspection and copying. If the informal ruling, opinion or
21 letter contains trade secrets or other confidential
22 information, where possible the Department shall delete such
23 information prior to publication. Whenever such informal
24 rulings, opinions, or letters contain any policy of general
25 applicability, the Department shall formulate and adopt such
26 policy as a rule in accordance with the provisions of the

1 Illinois Administrative Procedure Act.

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

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

8 "Sale at Retail" means "sale at retail" as defined in the
9 Retailers' Occupation Tax Act.

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

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

15 Section 25-20. The Retailers' Occupation Tax Act is amended
16 by changing Section 2-45 as follows:

17 (35 ILCS 120/2-45) (from Ch. 120, par. 441-45)

18 Sec. 2-45. Manufacturing and assembly exemption. The
19 manufacturing and assembly machinery and equipment exemption
20 includes machinery and equipment that replaces machinery and
21 equipment in an existing manufacturing facility as well as
22 machinery and equipment that are for use in an expanded or new
23 manufacturing facility.

24 The machinery and equipment exemption also includes

1 machinery and equipment used in the general maintenance or
2 repair of exempt machinery and equipment or for in-house
3 manufacture of exempt machinery and equipment. Beginning on
4 July 1, 2017, the manufacturing and assembling machinery and
5 equipment exemption also includes graphic arts machinery and
6 equipment, as defined in paragraph (4) of Section 2-5. The
7 machinery and equipment exemption does not include machinery
8 and equipment used in (i) the generation of electricity for
9 wholesale or retail sale; (ii) the generation or treatment of
10 natural or artificial gas for wholesale or retail sale that is
11 delivered to customers through pipes, pipelines, or mains; or
12 (iii) the treatment of water for wholesale or retail sale that
13 is delivered to customers through pipes, pipelines, or mains.
14 The provisions of this amendatory Act of the 98th General
15 Assembly are declaratory of existing law as to the meaning and
16 scope of this exemption. For the purposes of this exemption,
17 terms have the following meanings:

18 (1) "Manufacturing process" means the production of an
19 article of tangible personal property, whether the article
20 is a finished product or an article for use in the process
21 of manufacturing or assembling a different article of
22 tangible personal property, by a procedure commonly
23 regarded as manufacturing, processing, fabricating, or
24 refining that changes some existing material or materials
25 into a material with a different form, use, or name. In
26 relation to a recognized integrated business composed of a

1 series of operations that collectively constitute
2 manufacturing, or individually constitute manufacturing
3 operations, the manufacturing process commences with the
4 first operation or stage of production in the series and
5 does not end until the completion of the final product in
6 the last operation or stage of production in the series.
7 For purposes of this exemption, photoprocessing is a
8 manufacturing process of tangible personal property for
9 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 a material of a different form, use, or name.

17 (3) "Machinery" means major mechanical machines or
18 major components of those machines contributing to a
19 manufacturing or assembling process.

20 (4) "Equipment" includes an independent device or tool
21 separate from machinery but essential to an integrated
22 manufacturing or assembly process; including computers
23 used primarily in a manufacturer's computer assisted
24 design, computer assisted manufacturing (CAD/CAM) system;
25 any subunit or assembly comprising a component of any
26 machinery or auxiliary, adjunct, or attachment parts of

1 machinery, such as tools, dies, jigs, fixtures, patterns,
2 and molds; and any parts that require periodic replacement
3 in the course of normal operation; but does not include
4 hand tools. Equipment includes chemicals or chemicals
5 acting as catalysts but only if the chemicals or chemicals
6 acting as catalysts effect a direct and immediate change
7 upon a product being manufactured or assembled for
8 wholesale or retail sale or lease.

9 (5) "Production related tangible personal property"
10 means all tangible personal property that is used or
11 consumed by the purchaser in a manufacturing facility in
12 which a manufacturing process takes place and includes,
13 without limitation, tangible personal property that is
14 purchased for incorporation into real estate within a
15 manufacturing facility, supplies and consumables used in a
16 manufacturing facility including fuels, coolants,
17 solvents, oils, lubricants, and adhesives, hand tools,
18 protective apparel, and fire and safety equipment used or
19 consumed within a manufacturing facility, and tangible
20 personal property that is used or consumed in activities
21 such as research and development, preproduction material
22 handling, receiving, quality control, inventory control,
23 storage, staging, and packaging for shipping and
24 transportation purposes. "Production related tangible
25 personal property" does not include (i) tangible personal
26 property that is used, within or without a manufacturing

1 facility, in sales, purchasing, accounting, fiscal
2 management, marketing, personnel recruitment or selection,
3 or landscaping or (ii) tangible personal property that is
4 required to be titled or registered with a department,
5 agency, or unit of federal, State, or local government.

6 The manufacturing and assembling machinery and equipment
7 exemption includes production related tangible personal
8 property that is purchased on or after July 1, 2007 and on or
9 before June 30, 2008 and on or after July 1, 2019. The
10 exemption for production related tangible personal property
11 purchased on or after July 1, 2007 and before June 30, 2008 is
12 subject to both of the following limitations:

13 (1) The maximum amount of the exemption for any one
14 taxpayer may not exceed 5% of the purchase price of
15 production related tangible personal property that is
16 purchased on or after July 1, 2007 and on or before June
17 30, 2008. A credit under Section 3-85 of this Act may not
18 be earned by the purchase of production related tangible
19 personal property for which an exemption is received under
20 this Section.

21 (2) The maximum aggregate amount of the exemptions for
22 production related tangible personal property awarded
23 under this Act and the Use Tax Act to all taxpayers may not
24 exceed \$10,000,000. If the claims for the exemption exceed
25 \$10,000,000, then the Department shall reduce the amount of
26 the exemption to each taxpayer on a pro rata basis.

1 The Department shall ~~may~~ adopt rules to implement and
2 administer the exemption for production related tangible
3 personal property.

4 The manufacturing and assembling machinery and equipment
5 exemption includes the sale of materials to a purchaser who
6 produces exempted types of machinery, equipment, or tools and
7 who rents or leases that machinery, equipment, or tools to a
8 manufacturer of tangible personal property. This exemption
9 also includes the sale of materials to a purchaser who
10 manufactures those materials into an exempted type of
11 machinery, equipment, or tools that the purchaser uses himself
12 or herself in the manufacturing of tangible personal property.
13 The purchaser of the machinery and equipment who has an active
14 resale registration number shall furnish that number to the
15 seller at the time of purchase. A purchaser of the machinery,
16 equipment, and tools without an active resale registration
17 number shall furnish to the seller a certificate of exemption
18 for each transaction stating facts establishing the exemption
19 for that transaction, and that certificate shall be available
20 to the Department for inspection or audit. Informal rulings,
21 opinions, or letters issued by the Department in response to an
22 inquiry or request for an opinion from any person regarding the
23 coverage and applicability of this exemption to specific
24 devices shall be published, maintained as a public record, and
25 made available for public inspection and copying. If the
26 informal ruling, opinion, or letter contains trade secrets or

1 other confidential information, where possible, the Department
2 shall delete that information before publication. Whenever
3 informal rulings, opinions, or letters contain a policy of
4 general applicability, the Department shall formulate and
5 adopt that policy as a rule in accordance with the Illinois
6 Administrative Procedure Act.

7 The manufacturing and assembling machinery and equipment
8 exemption is exempt from the provisions of Section 2-70.

9 (Source: P.A. 100-22, eff. 7-6-17.)

10 ARTICLE 30. BUSINESS CORPORATION ACT OF 1983

11 Section 30-5. The Business Corporation Act of 1983 is
12 amended by changing Sections 14.30, 15.35, 15.65, and 15.97 as
13 follows:

14 (805 ILCS 5/14.30) (from Ch. 32, par. 14.30)

15 Sec. 14.30. Cumulative report of changes in issued shares
16 or paid-in capital.

17 (a) Each domestic corporation and each foreign corporation
18 authorized to transact business in this State that effects any
19 change in the number of issued shares or the amount of paid-in
20 capital prior to January 1, 2024 that has not theretofore been
21 reported in any report other than an annual report, interim
22 annual report, or final transition annual report, shall execute
23 and file, in accordance with Section 1.10 of this Act, a report

1 with respect to the changes in its issued shares or paid-in
2 capital:

3 (1) that have occurred subsequent to the last day of
4 the third month preceding its anniversary month in the
5 preceding year and prior to the first day of the second
6 month immediately preceding its anniversary month in the
7 current year; or

8 (2) in the case of a corporation that has established
9 an extended filing month, that have occurred during its
10 fiscal year; or

11 (3) in the case of a statutory merger or consolidation
12 or an amendment to the corporation's articles of
13 incorporation that affects the number of issued shares or
14 the amount of paid-in capital, that have occurred between
15 the last day of the third month immediately preceding its
16 anniversary month and the date of the merger,
17 consolidation, or amendment or, in the case of a
18 corporation that has established an extended filing month,
19 that have occurred between the first day of its fiscal year
20 and the date of the merger, consolidation, or amendment; or

21 (4) in the case of a statutory merger or consolidation
22 or an amendment to the corporation's articles of
23 incorporation that affects the number of issued shares or
24 the amount of paid-in capital, that have occurred between
25 the date of the merger, consolidation, or amendment (but
26 not including the merger, consolidation, or amendment) and

1 the first day of the second month immediately preceding its
2 anniversary month in the current year, or in the case of a
3 corporation that has established an extended filing month,
4 that have occurred between the date of the merger,
5 consolidation or amendment (but not including the merger,
6 consolidation or amendment) and the last day of its fiscal
7 year.

8 (b) The corporation shall file the report required under
9 subsection (a) not later than (i) the time its annual report is
10 required to be filed in 1992 and in each subsequent year and
11 (ii) not later than the time of filing the articles of merger,
12 consolidation, or amendment to the articles of incorporation
13 that affects the number of issued shares or the amount of
14 paid-in capital of a domestic corporation or the certified copy
15 of merger of a foreign corporation.

16 (c) The report shall net decreases against increases that
17 occur during the same taxable period. The report shall set
18 forth:

19 (1) The name of the corporation and the state or
20 country under the laws of which it is organized.

21 (2) A statement of the aggregate number of shares which
22 the corporation has authority to issue, itemized by classes
23 and series, if any, within a class.

24 (3) A statement of the aggregate number of issued
25 shares as last reported to the Secretary of State in any
26 document required or permitted by this Act to be filed,

1 other than an annual report, interim annual report or final
2 transition annual report, itemized by classes and series,
3 if any, within a class.

4 (4) A statement, expressed in dollars, of the amount of
5 paid-in capital of the corporation as last reported to the
6 Secretary of State in any document required or permitted by
7 this Act to be filed, other than an annual report, interim
8 annual report or final transition annual report.

9 (5) A statement, if applicable, of the aggregate number
10 of shares issued by the corporation not theretofore
11 reported to the Secretary of State as having been issued,
12 and a statement, expressed in dollars, of the value of the
13 entire consideration received, less expenses, including
14 commissions, paid or incurred in connection with the
15 issuance, for, or on account of, the issuance of the
16 shares, itemized by classes, and series, if any, within a
17 class; and in the case of shares issued as a share
18 dividend, the amount added or transferred to the paid-in
19 capital of the corporation for, or on account of, the
20 issuance of the shares; provided, however, that the report
21 shall also include the date of each issuance made prior to
22 the current reporting period, and the number of issued
23 shares and consideration received in each case.

24 (6) A statement, if applicable, expressed in dollars,
25 of the amount added or transferred to paid-in capital of
26 the corporation without the issuance of shares; provided,

1 however, that the report shall also include the date of
2 each increase made prior to the current reporting period,
3 and the consideration received in each case.

4 (7) In case of an exchange or reclassification of
5 issued shares resulting in an increase in the amount of
6 paid-in capital, a statement of the manner in which it was
7 effected, and a statement, expressed in dollars, of the
8 amount added or transferred to the paid-in capital of the
9 corporation as a result thereof, except any portion thereof
10 reported under any other subsection of this Section as a
11 part of the consideration received by the corporation for,
12 or on account of, its issued shares; provided, however,
13 that the report shall also include the date of each
14 exchange or reclassification made prior to the current
15 reporting period and the consideration received in each
16 case.

17 (8) If the consideration received for the issuance of
18 any shares not theretofore reported as having been issued
19 consists of labor or services performed or of property,
20 other than cash, then a statement, expressed in dollars, of
21 the value of that consideration as fixed by the board of
22 directors.

23 (9) In the case of a cancellation of shares or a
24 reduction in paid-in capital made pursuant to Section 9.20,
25 the aggregate reduction in paid-in capital; provided,
26 however, that the report shall also include the date of

1 each reduction made prior to the current reporting period.

2 (10) A statement of the aggregate number of issued
3 shares itemized by classes and series, if any, within a
4 class, after giving effect to the changes reported.

5 (11) A statement, expressed in dollars, of the amount
6 of paid-in capital of the corporation after giving effect
7 to the changes reported.

8 (d) No additional license fees or franchise taxes shall be
9 payable upon the filing of the report to the extent that
10 license fees or franchise taxes shall have been previously paid
11 by the corporation in respect of shares previously issued which
12 are being exchanged for the shares the issuance of which is
13 being reported, provided those facts are shown in the report.

14 (e) The report shall be made on forms prescribed and
15 furnished by the Secretary of State.

16 (f) Until the report under this Section or a report under
17 Section 14.25 shall have been filed in the Office of the
18 Secretary of State showing a reduction in paid-in capital, the
19 basis of the annual franchise tax payable by the corporation
20 shall not be reduced, provided, however, in no event shall the
21 annual franchise tax for any taxable year be reduced if the
22 report is not filed prior to the first day of the anniversary
23 month or, in the case of a corporation which has established an
24 extended filing month, the extended filing month of the
25 corporation of that taxable year and before payment of its
26 annual franchise tax.

1 (Source: P.A. 90-421, eff. 1-1-98.)

2 (805 ILCS 5/15.35) (from Ch. 32, par. 15.35)

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

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

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

21 (c) An additional franchise tax at the time of filing a
22 report of paid-in capital following a statutory merger or
23 consolidation, which discloses that the paid-in capital of the
24 surviving or new corporation immediately after the merger or
25 consolidation is greater than the sum of the paid-in capital of

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

21 (d) An annual franchise tax payable each year with the
22 annual report which the corporation is required by this Act to
23 file.

24 (e) On or after January 1, 2020 and prior to January 1,
25 2021, the first \$30 in liability is exempt from the tax imposed
26 under this Section. On or after January 1, 2021 and prior to

1 January 1, 2022, the first \$1,000 in liability is exempt from
2 the tax imposed under this Section. On or after January 1, 2022
3 and prior to January 1, 2023, the first \$10,000 in liability is
4 exempt from the tax imposed under this Section. On or after
5 January 1, 2023 and prior to January 1, 2024, the first
6 \$100,000 in liability is exempt from the tax imposed under this
7 Section. The provisions of this Section shall not require the
8 payment of any franchise tax that would otherwise have been due
9 and payable on or after January 1, 2024. There shall be no
10 refunds or proration of franchise tax for any taxes due and
11 payable on or after January 1, 2024 on the basis that a portion
12 of the corporation's taxable year extends beyond January 1,
13 2024. This amendatory Act of the 101st General Assembly shall
14 not affect any right accrued or established, or any liability
15 or penalty incurred prior to January 1, 2024.

16 (f) This Section is repealed on December 31, 2025.

17 (Source: P.A. 86-985.)

18 (805 ILCS 5/15.65) (from Ch. 32, par. 15.65)

19 Sec. 15.65. Franchise taxes payable by foreign
20 corporations. For the privilege of exercising its authority to
21 transact such business in this State as set out in its
22 application therefor or any amendment thereto, each foreign
23 corporation shall pay to the Secretary of State the following
24 franchise taxes, computed on the basis, at the rates and for
25 the periods prescribed in this Act:

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

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

13 (c) Whenever the corporation shall be a party to a
14 statutory merger and shall be the surviving corporation, an
15 additional franchise tax at the time of filing its report
16 following merger, if such report discloses that the amount
17 represented in this State of its paid-in capital immediately
18 after the merger is greater than the aggregate of the amounts
19 represented in this State of the paid-in capital of such of the
20 merged corporations as were authorized to transact business in
21 this State at the time of the merger, as last reported by them
22 in any documents, other than annual reports, required by this
23 Act to be filed in the office of the Secretary of State; and in
24 addition, the surviving corporation shall be liable for a
25 further additional franchise tax on the paid-in capital of each
26 of the merged corporations as last reported by them in any

1 document, other than an annual report, required by this Act to
2 be filed with the Secretary of State, from their taxable year
3 end to the next succeeding anniversary month or, in the case of
4 a corporation which has established an extended filing month,
5 the extended filing month of the surviving corporation; however
6 if the taxable year ends within the 2 month period immediately
7 preceding the anniversary month or the extended filing month of
8 the surviving corporation, the tax will be computed to the
9 anniversary or, extended filing month of the surviving
10 corporation in the next succeeding calendar year.

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

14 (e) On or after January 1, 2020 and prior to January 1,
15 2021, the first \$30 in liability is exempt from the tax imposed
16 under this Section. On or after January 1, 2021 and prior to
17 January 1, 2022, the first \$1,000 in liability is exempt from
18 the tax imposed under this Section. On or after January 1, 2022
19 and prior to January 1, 2023, the first \$10,000 in liability is
20 exempt from the tax imposed under this Section. On or after
21 January 1, 2023 and prior to January 1, 2024, the first
22 \$100,000 in liability is exempt from the tax imposed under this
23 Section. The provisions of this Section shall not require the
24 payment of any franchise tax that would otherwise have been due
25 and payable on or after January 1, 2024. There shall be no
26 refunds or proration of franchise tax for any taxes due and

1 payable on or after January 1, 2024 on the basis that a portion
2 of the corporation's taxable year extends beyond January 1,
3 2024. This amendatory Act of the 101st General Assembly shall
4 not affect any right accrued or established, or any liability
5 or penalty incurred prior to January 1, 2024.

6 (f) This Section is repealed on December 31, 2024.

7 (Source: P.A. 92-33, eff. 7-1-01.)

8 (805 ILCS 5/15.97) (from Ch. 32, par. 15.97)

9 Sec. 15.97. Corporate Franchise Tax Refund Fund.

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

20 (b) Beginning July 1, 1993, moneys in the Fund shall be
21 expended exclusively for the purpose of paying refunds payable
22 because of overpayment of franchise taxes, penalties, or
23 interest under Sections 13.70, 15.35, 15.45, 15.65, 15.75, and
24 16.05 of this Act and making transfers authorized under this
25 Section. Refunds in accordance with the provisions of

1 subsections (f) and (g) of Section 1.15 and Section 1.17 of
2 this Act may be made from the Fund only to the extent that
3 amounts collected under Sections 15.35, 15.45, 15.65, and 15.75
4 of this Act have been deposited in the Fund and remain
5 available. On or before August 31 of each year, the balance in
6 the Fund in excess of \$100,000 shall be transferred to the
7 General Revenue Fund. Notwithstanding the provisions of this
8 subsection, for the period commencing on or after July 1, 2022,
9 amounts in the fund shall not be transferred to the General
10 Revenue Fund and shall be used to pay refunds in accordance
11 with the provisions of this Act. Within a reasonable time after
12 December 31, 2022, the Secretary of State shall direct and the
13 Comptroller shall order transferred to the General Revenue Fund
14 all amounts remaining in the fund.

15 (c) This Act shall constitute an irrevocable and continuing
16 appropriation from the Corporate Franchise Tax Refund Fund for
17 the purpose of paying refunds upon the order of the Secretary
18 of State in accordance with the provisions of this Section.

19 (d) This Section is repealed on December 31, 2022.

20 (Source: P.A. 99-620, eff. 1-1-17.)

21 ARTICLE 99. EFFECTIVE DATE

22 Section 999. Effective date. This Act takes effect upon
23 becoming law."