

# SB1550



## 101ST GENERAL ASSEMBLY

### State of Illinois

2019 and 2020

SB1550

Introduced 2/15/2019, by Sen. Donald P. DeWitte

#### SYNOPSIS AS INTRODUCED:

35 ILCS 5/901

from Ch. 120, par. 9-901

Amends the Illinois Income Tax Act. Provides that an amount equal to 10% of the net revenue realized from the State income tax during the preceding month shall be transferred from the General Revenue Fund to the Local Government Distributive Fund (currently, the amount transferred is equal to the sum of (i) 6.06% of the net revenue realized from the tax imposed upon individuals, trusts, and estates and (ii) 6.85% of the net revenue realized from the tax imposed upon corporations).

LRB101 09660 HLH 54759 b

FISCAL NOTE ACT  
MAY APPLY

A BILL FOR

1 AN ACT concerning revenue.

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

4 Section 5. The Illinois Income Tax Act is amended by  
5 changing Section 901 as follows:

6 (35 ILCS 5/901) (from Ch. 120, par. 9-901)

7 Sec. 901. Collection authority.

8 (a) In general. The Department shall collect the taxes  
9 imposed by this Act. The Department shall collect certified  
10 past due child support amounts under Section 2505-650 of the  
11 Department of Revenue Law of the Civil Administrative Code of  
12 Illinois. Except as provided in subsections (b), (c), (e), (f),  
13 (g), and (h) of this Section, money collected pursuant to  
14 subsections (a) and (b) of Section 201 of this Act shall be  
15 paid into the General Revenue Fund in the State treasury; money  
16 collected pursuant to subsections (c) and (d) of Section 201 of  
17 this Act shall be paid into the Personal Property Tax  
18 Replacement Fund, a special fund in the State Treasury; and  
19 money collected under Section 2505-650 of the Department of  
20 Revenue Law of the Civil Administrative Code of Illinois shall  
21 be paid into the Child Support Enforcement Trust Fund, a  
22 special fund outside the State Treasury, or to the State  
23 Disbursement Unit established under Section 10-26 of the

1 Illinois Public Aid Code, as directed by the Department of  
2 Healthcare and Family Services.

3 (b) Local Government Distributive Fund. Beginning August  
4 1, 1969, and continuing through June 30, 1994, the Treasurer  
5 shall transfer each month from the General Revenue Fund to a  
6 special fund in the State treasury, to be known as the "Local  
7 Government Distributive Fund", an amount equal to 1/12 of the  
8 net revenue realized from the tax imposed by subsections (a)  
9 and (b) of Section 201 of this Act during the preceding month.  
10 Beginning July 1, 1994, and continuing through June 30, 1995,  
11 the Treasurer shall transfer each month from the General  
12 Revenue Fund to the Local Government Distributive Fund an  
13 amount equal to 1/11 of the net revenue realized from the tax  
14 imposed by subsections (a) and (b) of Section 201 of this Act  
15 during the preceding month. Beginning July 1, 1995 and  
16 continuing through January 31, 2011, the Treasurer shall  
17 transfer each month from the General Revenue Fund to the Local  
18 Government Distributive Fund an amount equal to the net of (i)  
19 1/10 of the net revenue realized from the tax imposed by  
20 subsections (a) and (b) of Section 201 of the Illinois Income  
21 Tax Act during the preceding month (ii) minus, beginning July  
22 1, 2003 and ending June 30, 2004, \$6,666,666, and beginning  
23 July 1, 2004, zero. Beginning February 1, 2011, and continuing  
24 through January 31, 2015, the Treasurer shall transfer each  
25 month from the General Revenue Fund to the Local Government  
26 Distributive Fund an amount equal to the sum of (i) 6% (10% of

1 the ratio of the 3% individual income tax rate prior to 2011 to  
2 the 5% individual income tax rate after 2010) of the net  
3 revenue realized from the tax imposed by subsections (a) and  
4 (b) of Section 201 of this Act upon individuals, trusts, and  
5 estates during the preceding month and (ii) 6.86% (10% of the  
6 ratio of the 4.8% corporate income tax rate prior to 2011 to  
7 the 7% corporate income tax rate after 2010) of the net revenue  
8 realized from the tax imposed by subsections (a) and (b) of  
9 Section 201 of this Act upon corporations during the preceding  
10 month. Beginning February 1, 2015 and continuing through July  
11 31, 2017, the Treasurer shall transfer each month from the  
12 General Revenue Fund to the Local Government Distributive Fund  
13 an amount equal to the sum of (i) 8% (10% of the ratio of the 3%  
14 individual income tax rate prior to 2011 to the 3.75%  
15 individual income tax rate after 2014) of the net revenue  
16 realized from the tax imposed by subsections (a) and (b) of  
17 Section 201 of this Act upon individuals, trusts, and estates  
18 during the preceding month and (ii) 9.14% (10% of the ratio of  
19 the 4.8% corporate income tax rate prior to 2011 to the 5.25%  
20 corporate income tax rate after 2014) of the net revenue  
21 realized from the tax imposed by subsections (a) and (b) of  
22 Section 201 of this Act upon corporations during the preceding  
23 month. Beginning August 1, 2017 and continuing through July 31,  
24 2019, the Treasurer shall transfer each month from the General  
25 Revenue Fund to the Local Government Distributive Fund an  
26 amount equal to the sum of (i) 6.06% (10% of the ratio of the 3%

1 individual income tax rate prior to 2011 to the 4.95%  
2 individual income tax rate after July 1, 2017) of the net  
3 revenue realized from the tax imposed by subsections (a) and  
4 (b) of Section 201 of this Act upon individuals, trusts, and  
5 estates during the preceding month and (ii) 6.85% (10% of the  
6 ratio of the 4.8% corporate income tax rate prior to 2011 to  
7 the 7% corporate income tax rate after July 1, 2017) of the net  
8 revenue realized from the tax imposed by subsections (a) and  
9 (b) of Section 201 of this Act upon corporations during the  
10 preceding month. Beginning August 1, 2019, the Treasurer shall  
11 transfer each month from the General Revenue Fund to the Local  
12 Government Distributive Fund an amount equal to 10% of the net  
13 revenue realized from the tax imposed by subsections (a) and  
14 (b) of Section 201 of the Illinois Income Tax Act during the  
15 preceding month. Net revenue realized for a month shall be  
16 defined as the revenue from the tax imposed by subsections (a)  
17 and (b) of Section 201 of this Act which is deposited in the  
18 General Revenue Fund, the Education Assistance Fund, the Income  
19 Tax Surcharge Local Government Distributive Fund, the Fund for  
20 the Advancement of Education, and the Commitment to Human  
21 Services Fund during the month minus the amount paid out of the  
22 General Revenue Fund in State warrants during that same month  
23 as refunds to taxpayers for overpayment of liability under the  
24 tax imposed by subsections (a) and (b) of Section 201 of this  
25 Act.

26 Notwithstanding any provision of law to the contrary,

1 beginning on July 6, 2017 (the effective date of Public Act  
2 100-23), those amounts required under this subsection (b) to be  
3 transferred by the Treasurer into the Local Government  
4 Distributive Fund from the General Revenue Fund shall be  
5 directly deposited into the Local Government Distributive Fund  
6 as the revenue is realized from the tax imposed by subsections  
7 (a) and (b) of Section 201 of this Act.

8 For State fiscal year 2018 only, notwithstanding any  
9 provision of law to the contrary, the total amount of revenue  
10 and deposits under this Section attributable to revenues  
11 realized during State fiscal year 2018 shall be reduced by 10%.

12 For State fiscal year 2019 only, notwithstanding any  
13 provision of law to the contrary, the total amount of revenue  
14 and deposits under this Section attributable to revenues  
15 realized during State fiscal year 2019 shall be reduced by 5%.

16 (c) Deposits Into Income Tax Refund Fund.

17 (1) Beginning on January 1, 1989 and thereafter, the  
18 Department shall deposit a percentage of the amounts  
19 collected pursuant to subsections (a) and (b)(1), (2), and  
20 (3) of Section 201 of this Act into a fund in the State  
21 treasury known as the Income Tax Refund Fund. The  
22 Department shall deposit 6% of such amounts during the  
23 period beginning January 1, 1989 and ending on June 30,  
24 1989. Beginning with State fiscal year 1990 and for each  
25 fiscal year thereafter, the percentage deposited into the  
26 Income Tax Refund Fund during a fiscal year shall be the

1 Annual Percentage. For fiscal years 1999 through 2001, the  
2 Annual Percentage shall be 7.1%. For fiscal year 2003, the  
3 Annual Percentage shall be 8%. For fiscal year 2004, the  
4 Annual Percentage shall be 11.7%. Upon the effective date  
5 of Public Act 93-839 (July 30, 2004), the Annual Percentage  
6 shall be 10% for fiscal year 2005. For fiscal year 2006,  
7 the Annual Percentage shall be 9.75%. For fiscal year 2007,  
8 the Annual Percentage shall be 9.75%. For fiscal year 2008,  
9 the Annual Percentage shall be 7.75%. For fiscal year 2009,  
10 the Annual Percentage shall be 9.75%. For fiscal year 2010,  
11 the Annual Percentage shall be 9.75%. For fiscal year 2011,  
12 the Annual Percentage shall be 8.75%. For fiscal year 2012,  
13 the Annual Percentage shall be 8.75%. For fiscal year 2013,  
14 the Annual Percentage shall be 9.75%. For fiscal year 2014,  
15 the Annual Percentage shall be 9.5%. For fiscal year 2015,  
16 the Annual Percentage shall be 10%. For fiscal year 2018,  
17 the Annual Percentage shall be 9.8%. For fiscal year 2019,  
18 the Annual Percentage shall be 9.7%. For all other fiscal  
19 years, the Annual Percentage shall be calculated as a  
20 fraction, the numerator of which shall be the amount of  
21 refunds approved for payment by the Department during the  
22 preceding fiscal year as a result of overpayment of tax  
23 liability under subsections (a) and (b) (1), (2), and (3) of  
24 Section 201 of this Act plus the amount of such refunds  
25 remaining approved but unpaid at the end of the preceding  
26 fiscal year, minus the amounts transferred into the Income

1 Tax Refund Fund from the Tobacco Settlement Recovery Fund,  
2 and the denominator of which shall be the amounts which  
3 will be collected pursuant to subsections (a) and (b)(1),  
4 (2), and (3) of Section 201 of this Act during the  
5 preceding fiscal year; except that in State fiscal year  
6 2002, the Annual Percentage shall in no event exceed 7.6%.  
7 The Director of Revenue shall certify the Annual Percentage  
8 to the Comptroller on the last business day of the fiscal  
9 year immediately preceding the fiscal year for which it is  
10 to be effective.

11 (2) Beginning on January 1, 1989 and thereafter, the  
12 Department shall deposit a percentage of the amounts  
13 collected pursuant to subsections (a) and (b)(6), (7), and  
14 (8), (c) and (d) of Section 201 of this Act into a fund in  
15 the State treasury known as the Income Tax Refund Fund. The  
16 Department shall deposit 18% of such amounts during the  
17 period beginning January 1, 1989 and ending on June 30,  
18 1989. Beginning with State fiscal year 1990 and for each  
19 fiscal year thereafter, the percentage deposited into the  
20 Income Tax Refund Fund during a fiscal year shall be the  
21 Annual Percentage. For fiscal years 1999, 2000, and 2001,  
22 the Annual Percentage shall be 19%. For fiscal year 2003,  
23 the Annual Percentage shall be 27%. For fiscal year 2004,  
24 the Annual Percentage shall be 32%. Upon the effective date  
25 of Public Act 93-839 (July 30, 2004), the Annual Percentage  
26 shall be 24% for fiscal year 2005. For fiscal year 2006,



1 the Annual Percentage shall be 20%. For fiscal year 2007,  
2 the Annual Percentage shall be 17.5%. For fiscal year 2008,  
3 the Annual Percentage shall be 15.5%. For fiscal year 2009,  
4 the Annual Percentage shall be 17.5%. For fiscal year 2010,  
5 the Annual Percentage shall be 17.5%. For fiscal year 2011,  
6 the Annual Percentage shall be 17.5%. For fiscal year 2012,  
7 the Annual Percentage shall be 17.5%. For fiscal year 2013,  
8 the Annual Percentage shall be 14%. For fiscal year 2014,  
9 the Annual Percentage shall be 13.4%. For fiscal year 2015,  
10 the Annual Percentage shall be 14%. For fiscal year 2018,  
11 the Annual Percentage shall be 17.5%. For fiscal year 2019,  
12 the Annual Percentage shall be 15.5%. For all other fiscal  
13 years, the Annual Percentage shall be calculated as a  
14 fraction, the numerator of which shall be the amount of  
15 refunds approved for payment by the Department during the  
16 preceding fiscal year as a result of overpayment of tax  
17 liability under subsections (a) and (b) (6), (7), and (8),  
18 (c) and (d) of Section 201 of this Act plus the amount of  
19 such refunds remaining approved but unpaid at the end of  
20 the preceding fiscal year, and the denominator of which  
21 shall be the amounts which will be collected pursuant to  
22 subsections (a) and (b) (6), (7), and (8), (c) and (d) of  
23 Section 201 of this Act during the preceding fiscal year;  
24 except that in State fiscal year 2002, the Annual  
25 Percentage shall in no event exceed 23%. The Director of  
26 Revenue shall certify the Annual Percentage to the

1 Comptroller on the last business day of the fiscal year  
2 immediately preceding the fiscal year for which it is to be  
3 effective.

4 (3) The Comptroller shall order transferred and the  
5 Treasurer shall transfer from the Tobacco Settlement  
6 Recovery Fund to the Income Tax Refund Fund (i) \$35,000,000  
7 in January, 2001, (ii) \$35,000,000 in January, 2002, and  
8 (iii) \$35,000,000 in January, 2003.

9 (d) Expenditures from Income Tax Refund Fund.

10 (1) Beginning January 1, 1989, money in the Income Tax  
11 Refund Fund shall be expended exclusively for the purpose  
12 of paying refunds resulting from overpayment of tax  
13 liability under Section 201 of this Act and for making  
14 transfers pursuant to this subsection (d).

15 (2) The Director shall order payment of refunds  
16 resulting from overpayment of tax liability under Section  
17 201 of this Act from the Income Tax Refund Fund only to the  
18 extent that amounts collected pursuant to Section 201 of  
19 this Act and transfers pursuant to this subsection (d) and  
20 item (3) of subsection (c) have been deposited and retained  
21 in the Fund.

22 (3) As soon as possible after the end of each fiscal  
23 year, the Director shall order transferred and the State  
24 Treasurer and State Comptroller shall transfer from the  
25 Income Tax Refund Fund to the Personal Property Tax  
26 Replacement Fund an amount, certified by the Director to

1 the Comptroller, equal to the excess of the amount  
2 collected pursuant to subsections (c) and (d) of Section  
3 201 of this Act deposited into the Income Tax Refund Fund  
4 during the fiscal year over the amount of refunds resulting  
5 from overpayment of tax liability under subsections (c) and  
6 (d) of Section 201 of this Act paid from the Income Tax  
7 Refund Fund during the fiscal year.

8 (4) As soon as possible after the end of each fiscal  
9 year, the Director shall order transferred and the State  
10 Treasurer and State Comptroller shall transfer from the  
11 Personal Property Tax Replacement Fund to the Income Tax  
12 Refund Fund an amount, certified by the Director to the  
13 Comptroller, equal to the excess of the amount of refunds  
14 resulting from overpayment of tax liability under  
15 subsections (c) and (d) of Section 201 of this Act paid  
16 from the Income Tax Refund Fund during the fiscal year over  
17 the amount collected pursuant to subsections (c) and (d) of  
18 Section 201 of this Act deposited into the Income Tax  
19 Refund Fund during the fiscal year.

20 (4.5) As soon as possible after the end of fiscal year  
21 1999 and of each fiscal year thereafter, the Director shall  
22 order transferred and the State Treasurer and State  
23 Comptroller shall transfer from the Income Tax Refund Fund  
24 to the General Revenue Fund any surplus remaining in the  
25 Income Tax Refund Fund as of the end of such fiscal year;  
26 excluding for fiscal years 2000, 2001, and 2002 amounts

1           attributable to transfers under item (3) of subsection (c)  
2           less refunds resulting from the earned income tax credit.

3           (5) This Act shall constitute an irrevocable and  
4           continuing appropriation from the Income Tax Refund Fund  
5           for the purpose of paying refunds upon the order of the  
6           Director in accordance with the provisions of this Section.

7           (e) Deposits into the Education Assistance Fund and the  
8           Income Tax Surcharge Local Government Distributive Fund. On  
9           July 1, 1991, and thereafter, of the amounts collected pursuant  
10          to subsections (a) and (b) of Section 201 of this Act, minus  
11          deposits into the Income Tax Refund Fund, the Department shall  
12          deposit 7.3% into the Education Assistance Fund in the State  
13          Treasury. Beginning July 1, 1991, and continuing through  
14          January 31, 1993, of the amounts collected pursuant to  
15          subsections (a) and (b) of Section 201 of the Illinois Income  
16          Tax Act, minus deposits into the Income Tax Refund Fund, the  
17          Department shall deposit 3.0% into the Income Tax Surcharge  
18          Local Government Distributive Fund in the State Treasury.  
19          Beginning February 1, 1993 and continuing through June 30,  
20          1993, of the amounts collected pursuant to subsections (a) and  
21          (b) of Section 201 of the Illinois Income Tax Act, minus  
22          deposits into the Income Tax Refund Fund, the Department shall  
23          deposit 4.4% into the Income Tax Surcharge Local Government  
24          Distributive Fund in the State Treasury. Beginning July 1,  
25          1993, and continuing through June 30, 1994, of the amounts  
26          collected under subsections (a) and (b) of Section 201 of this

1 Act, minus deposits into the Income Tax Refund Fund, the  
2 Department shall deposit 1.475% into the Income Tax Surcharge  
3 Local Government Distributive Fund in the State Treasury.

4 (f) Deposits into the Fund for the Advancement of  
5 Education. Beginning February 1, 2015, the Department shall  
6 deposit the following portions of the revenue realized from the  
7 tax imposed upon individuals, trusts, and estates by  
8 subsections (a) and (b) of Section 201 of this Act, minus  
9 deposits into the Income Tax Refund Fund, into the Fund for the  
10 Advancement of Education:

11 (1) beginning February 1, 2015, and prior to February  
12 1, 2025, 1/30; and

13 (2) beginning February 1, 2025, 1/26.

14 If the rate of tax imposed by subsection (a) and (b) of  
15 Section 201 is reduced pursuant to Section 201.5 of this Act,  
16 the Department shall not make the deposits required by this  
17 subsection (f) on or after the effective date of the reduction.

18 (g) Deposits into the Commitment to Human Services Fund.  
19 Beginning February 1, 2015, the Department shall deposit the  
20 following portions of the revenue realized from the tax imposed  
21 upon individuals, trusts, and estates by subsections (a) and  
22 (b) of Section 201 of this Act, minus deposits into the Income  
23 Tax Refund Fund, into the Commitment to Human Services Fund:

24 (1) beginning February 1, 2015, and prior to February  
25 1, 2025, 1/30; and

26 (2) beginning February 1, 2025, 1/26.

1           If the rate of tax imposed by subsection (a) and (b) of  
2 Section 201 is reduced pursuant to Section 201.5 of this Act,  
3 the Department shall not make the deposits required by this  
4 subsection (g) on or after the effective date of the reduction.

5           (h) Deposits into the Tax Compliance and Administration  
6 Fund. Beginning on the first day of the first calendar month to  
7 occur on or after August 26, 2014 (the effective date of Public  
8 Act 98-1098), each month the Department shall pay into the Tax  
9 Compliance and Administration Fund, to be used, subject to  
10 appropriation, to fund additional auditors and compliance  
11 personnel at the Department, an amount equal to 1/12 of 5% of  
12 the cash receipts collected during the preceding fiscal year by  
13 the Audit Bureau of the Department from the tax imposed by  
14 subsections (a), (b), (c), and (d) of Section 201 of this Act,  
15 net of deposits into the Income Tax Refund Fund made from those  
16 cash receipts.

17           (Source: P.A. 99-78, eff. 7-20-15; 100-22, eff. 7-6-17; 100-23,  
18 eff. 7-6-17; 100-587, eff. 6-4-18; 100-621, eff. 7-20-18;  
19 100-863, eff. 8-14-18; 100-1171, eff. 1-4-19; revised 1-8-19.)