

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 201 as follows:

6 (35 ILCS 5/201)

7 (Text of Section without the changes made by P.A. 101-8,  
8 which did not take effect (see Section 99 of P.A. 101-8))

9 Sec. 201. Tax imposed.

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

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

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

1           (2) In the case of an individual, trust or estate, for  
2 taxable years beginning prior to July 1, 1989 and ending  
3 after June 30, 1989, an amount equal to the sum of (i) 2  
4 1/2% of the taxpayer's net income for the period prior to  
5 July 1, 1989, as calculated under Section 202.3, and (ii)  
6 3% of the taxpayer's net income for the period after June  
7 30, 1989, as calculated under Section 202.3.

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

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

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

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

1 to January 1, 2015, as calculated under Section 202.5, and  
2 (ii) 3.75% of the taxpayer's net income for the period  
3 after December 31, 2014, as calculated under Section  
4 202.5.

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

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

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

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

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

1 1989, as calculated under Section 202.3, and (ii) 4.8% of  
2 the taxpayer's net income for the period after June 30,  
3 1989, as calculated under Section 202.3.

4 (8) In the case of a corporation, for taxable years  
5 beginning after June 30, 1989, and ending prior to January  
6 1, 2011, an amount equal to 4.8% of the taxpayer's net  
7 income for the taxable year.

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

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

19 (11) In the case of a corporation, for taxable years  
20 beginning prior to January 1, 2015, and ending after  
21 December 31, 2014, an amount equal to the sum of (i) 7% of  
22 the taxpayer's net income for the period prior to January  
23 1, 2015, as calculated under Section 202.5, and (ii) 5.25%  
24 of the taxpayer's net income for the period after December  
25 31, 2014, as calculated under Section 202.5.

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

1 beginning on or after January 1, 2015, and ending prior to  
2 July 1, 2017, an amount equal to 5.25% of the taxpayer's  
3 net income for the taxable year.

4 (13) In the case of a corporation, for taxable years  
5 beginning prior to July 1, 2017, and ending after June 30,  
6 2017, an amount equal to the sum of (i) 5.25% of the  
7 taxpayer's net income for the period prior to July 1,  
8 2017, as calculated under Section 202.5, and (ii) 7% of  
9 the taxpayer's net income for the period after June 30,  
10 2017, as calculated under Section 202.5.

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

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

16 (b-5) Surcharge; sale or exchange of assets, properties,  
17 and intangibles of organization gaming licensees. For each of  
18 taxable years 2019 through 2027, a surcharge is imposed on all  
19 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 (i)  
22 of an organization licensee under the Illinois Horse Racing  
23 Act of 1975 and (ii) of an organization gaming licensee under  
24 the Illinois Gambling Act. The amount of the surcharge is  
25 equal to the amount of federal income tax liability for the  
26 taxable year attributable to those sales and exchanges. The

1 surcharge imposed shall not apply if:

2 (1) the organization gaming license, organization  
3 license, or racetrack property 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 licensee or the substantial owners of the initial  
8 licensee;

9 (B) cancellation, revocation, or termination of  
10 any such license by the Illinois Gaming Board or the  
11 Illinois Racing Board;

12 (C) a determination by the Illinois Gaming Board  
13 that transfer of the license is in the best interests  
14 of Illinois gaming;

15 (D) the death of an owner of the equity interest in  
16 a licensee;

17 (E) the acquisition of a controlling interest in  
18 the stock or substantially all of the assets of a  
19 publicly traded company;

20 (F) a transfer by a parent company to a wholly  
21 owned subsidiary; or

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

25 (2) the controlling interest in the organization  
26 gaming license, organization license, or racetrack

1 property is transferred in a transaction to lineal  
2 descendants in which no gain or loss is recognized or as a  
3 result of a transaction in accordance with Section 351 of  
4 the Internal Revenue Code in which no gain or loss is  
5 recognized; or

6 (3) live horse racing was not conducted in 2010 at a  
7 racetrack located within 3 miles of the Mississippi River  
8 under a license issued pursuant to the Illinois Horse  
9 Racing Act of 1975.

10 The transfer of an organization gaming license,  
11 organization license, or racetrack property by a person other  
12 than the initial licensee to receive the organization gaming  
13 license is not subject to a surcharge. The Department shall  
14 adopt rules necessary to implement and administer this  
15 subsection.

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

1 privilege taxes imposed by this State or by any municipal  
2 corporation or political subdivision thereof.

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

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



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

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

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

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

25 equals 1.25% for taxable years ending prior to December  
26 31, 2003, or 1.75% for taxable years ending on or after

1 December 31, 2003, of the net taxable premiums written for  
2 the taxable year, as described by subsection (1) of  
3 Section 409 of the Illinois Insurance Code. This paragraph  
4 will in no event increase the rates imposed under  
5 subsections (b) and (d).

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

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

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

18 (1) A taxpayer shall be allowed a credit equal to .5%  
19 of the basis of qualified property placed in service  
20 during the taxable year, provided such property is placed  
21 in service on or after July 1, 1984. There shall be allowed  
22 an additional credit equal to .5% of the basis of  
23 qualified property placed in service during the taxable  
24 year, provided such property is placed in service on or  
25 after July 1, 1986, and the taxpayer's base employment  
26 within Illinois has increased by 1% or more over the

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

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

24 (2) The term "qualified property" means property  
25 which:

26 (A) is tangible, whether new or used, including

1 buildings and structural components of buildings and  
2 signs that are real property, but not including land  
3 or improvements to real property that are not a  
4 structural component of a building such as  
5 landscaping, sewer lines, local access roads, fencing,  
6 parking lots, and other appurtenances;

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

12 (C) is acquired by purchase as defined in Section  
13 179(d) of the Internal Revenue Code;

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

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

24 (3) For purposes of this subsection (e),  
25 "manufacturing" means the material staging and production  
26 of tangible personal property by procedures commonly

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

17           (4) The basis of qualified property shall be the basis  
18      used to compute the depreciation deduction for federal  
19      income tax purposes.

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

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

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

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

23          (9) Each taxable year ending before December 31, 2000,  
24          a partnership may elect to pass through to its partners  
25          the credits to which the partnership is entitled under  
26          this subsection (e) for the taxable year. A partner may

1 use the credit allocated to him or her under this  
2 paragraph only against the tax imposed in subsections (c)  
3 and (d) of this Section. If the partnership makes that  
4 election, those credits shall be allocated among the  
5 partners in the partnership in accordance with the rules  
6 set forth in Section 704(b) of the Internal Revenue Code,  
7 and the rules promulgated under that Section, and the  
8 allocated amount of the credits shall be allowed to the  
9 partners for that taxable year. The partnership shall make  
10 this election on its Personal Property Tax Replacement  
11 Income Tax return for that taxable year. The election to  
12 pass through the credits shall be irrevocable.

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



1           (f) Investment credit; Enterprise Zone; River Edge  
2 Redevelopment Zone.

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

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

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

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

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

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

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

23 (E) has not been previously used in Illinois in  
24 such a manner and by such a person as would qualify for  
25 the credit provided by this subsection (f) or  
26 subsection (e).

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

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

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

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

1 from a redetermination of the purchase price shall be  
2 deemed a disposition of qualified property to the extent  
3 of such reduction.

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

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

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

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

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

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

26          (g) (Blank).

1 (h) Investment credit; High Impact Business.

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

1 service and shall not be allowed to the extent that it  
2 would reduce a taxpayer's liability for the tax imposed by  
3 subsections (a) and (b) of this Section to below zero. For  
4 tax years ending on or after December 31, 1987, the credit  
5 shall be allowed for the tax year in which the property is  
6 placed in service, or, if the amount of the credit exceeds  
7 the tax liability for that year, whether it exceeds the  
8 original liability or the liability as later amended, such  
9 excess may be carried forward and applied to the tax  
10 liability of the 5 taxable years following the excess  
11 credit year. The credit shall be applied to the earliest  
12 year for which there is a liability. If there is credit  
13 from more than one tax year that is available to offset a  
14 liability, the credit accruing first in time shall be  
15 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  
10 tax depreciation purposes is increased after it has been  
11 placed in service in a federally designated Foreign Trade  
12 Zone or Sub-Zone located in Illinois by the taxpayer, the  
13 amount of such increase shall be deemed property placed in  
14 service on 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  
23 under subsections (a) and (b) of this Section for such  
24 taxable year shall be increased. Such increase shall be  
25 determined by (i) recomputing the investment credit which  
26 would have been allowed for the year in which credit for



1 such property was originally allowed by eliminating such  
2 property from such computation, and (ii) subtracting such  
3 recomputed credit from the amount of credit previously  
4 allowed. For the purposes of this paragraph (6), a  
5 reduction of the basis of qualified property resulting  
6 from a redetermination of the purchase price shall be  
7 deemed a disposition of qualified property to the extent  
8 of such 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  
14 Section 18-183 of the Property Tax Code, the tax imposed  
15 under subsections (a) and (b) of this Section shall be  
16 increased for the taxable year in which the taxpayer  
17 relocated its facility by an amount equal to the amount of  
18 credit received by the taxpayer under this subsection (h).

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

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

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

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

18 The total aggregate amount of credits awarded under the  
19 Blue Collar Jobs Act (Article 20 of Public Act 101-9 ~~this~~  
20 ~~amendatory Act of the 101st General Assembly~~) shall not exceed  
21 \$20,000,000 in any State fiscal year.

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

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

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

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

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

1 recomputing the credit to take into account the reduced tax  
2 imposed by subsections (c) and (d). If any portion of the  
3 reduced amount of credit has been carried to a different  
4 taxable year, an amended return shall be filed for such  
5 taxable year to reduce the amount of credit claimed.

6 (j) Training expense credit. Beginning with tax years  
7 ending on or after December 31, 1986 and prior to December 31,  
8 2003, a taxpayer shall be allowed a credit against the tax  
9 imposed by subsections (a) and (b) under this Section for all  
10 amounts paid or accrued, on behalf of all persons employed by  
11 the taxpayer in Illinois or Illinois residents employed  
12 outside of Illinois by a taxpayer, for educational or  
13 vocational training in semi-technical or technical fields or  
14 semi-skilled or skilled fields, which were deducted from gross  
15 income in the computation of taxable income. The credit  
16 against the tax imposed by subsections (a) and (b) shall be  
17 1.6% of such training expenses. For partners, shareholders of  
18 subchapter S corporations, and owners of limited liability  
19 companies, if the liability company is treated as a  
20 partnership for purposes of federal and State income taxation,  
21 there shall be allowed a credit under this subsection (j) to be  
22 determined in accordance with the determination of income and  
23 distributive share of income under Sections 702 and 704 and  
24 subchapter S of the Internal Revenue Code.

25 Any credit allowed under this subsection which is unused  
26 in the year the credit is earned may be carried forward to each

1 of the 5 taxable years following the year for which the credit  
2 is first computed until it is used. This credit shall be  
3 applied first to the earliest year for which there is a  
4 liability. If there is a credit under this subsection from  
5 more than one tax year that is available to offset a liability,  
6 the earliest credit arising under this subsection shall be  
7 applied first. No carryforward credit may be claimed in any  
8 tax year ending on or after December 31, 2003.

9 (k) Research and development credit. For tax years ending  
10 after July 1, 1990 and prior to December 31, 2003, and  
11 beginning again for tax years ending on or after December 31,  
12 2004, and ending prior to January 1, 2027, a taxpayer shall be  
13 allowed a credit against the tax imposed by subsections (a)  
14 and (b) of this Section for increasing research activities in  
15 this State. The credit allowed against the tax imposed by  
16 subsections (a) and (b) shall be equal to 6 1/2% of the  
17 qualifying expenditures for increasing research activities in  
18 this State. For partners, shareholders of subchapter S  
19 corporations, and owners of limited liability companies, if  
20 the liability company is treated as a partnership for purposes  
21 of federal and State income taxation, there shall be allowed a  
22 credit under this subsection to be determined in accordance  
23 with the determination of income and distributive share of  
24 income under Sections 702 and 704 and subchapter S of the  
25 Internal Revenue Code.

26 For purposes of this subsection, "qualifying expenditures"

1 means the qualifying expenditures as defined for the federal  
2 credit for increasing research activities which would be  
3 allowable under Section 41 of the Internal Revenue Code and  
4 which are conducted in this State, "qualifying expenditures  
5 for increasing research activities in this State" means the  
6 excess of qualifying expenditures for the taxable year in  
7 which incurred over qualifying expenditures for the base  
8 period, "qualifying expenditures for the base period" means  
9 the average of the qualifying expenditures for each year in  
10 the base period, and "base period" means the 3 taxable years  
11 immediately preceding the taxable year for which the  
12 determination is being made.

13 Any credit in excess of the tax liability for the taxable  
14 year may be carried forward. A taxpayer may elect to have the  
15 unused credit shown on its final completed return carried over  
16 as a credit against the tax liability for the following 5  
17 taxable years or until it has been fully used, whichever  
18 occurs first; provided that no credit earned in a tax year  
19 ending prior to December 31, 2003 may be carried forward to any  
20 year ending on or after December 31, 2003.

21 If an unused credit is carried forward to a given year from  
22 2 or more earlier years, that credit arising in the earliest  
23 year will be applied first against the tax liability for the  
24 given year. If a tax liability for the given year still  
25 remains, the credit from the next earliest year will then be  
26 applied, and so on, until all credits have been used or no tax

1 liability for the given year remains. Any remaining unused  
2 credit or credits then will be carried forward to the next  
3 following year in which a tax liability is incurred, except  
4 that no credit can be carried forward to a year which is more  
5 than 5 years after the year in which the expense for which the  
6 credit is given was incurred.

7 No inference shall be drawn from Public Act 91-644 ~~this~~  
8 ~~amendatory Act of the 91st General Assembly~~ in construing this  
9 Section for taxable years beginning before January 1, 1999.

10 It is the intent of the General Assembly that the research  
11 and development credit under this subsection (k) shall apply  
12 continuously for all tax years ending on or after December 31,  
13 2004 and ending prior to January 1, 2027, including, but not  
14 limited to, the period beginning on January 1, 2016 and ending  
15 on July 6, 2017 (the effective date of Public Act 100-22) ~~this~~  
16 ~~amendatory Act of the 100th General Assembly~~. All actions  
17 taken in reliance on the continuation of the credit under this  
18 subsection (k) by any taxpayer are hereby validated.

19 (l) Environmental Remediation Tax Credit.

20 (i) For tax years ending after December 31, 1997 and  
21 on or before December 31, 2001, a taxpayer shall be  
22 allowed a credit against the tax imposed by subsections  
23 (a) and (b) of this Section for certain amounts paid for  
24 unreimbursed eligible remediation costs, as specified in  
25 this subsection. For purposes of this Section,  
26 "unreimbursed eligible remediation costs" means costs

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



1           The credit allowed against the tax imposed by subsections  
2           (a) and (b) shall be equal to 25% of the unreimbursed  
3           eligible remediation costs in excess of \$100,000 per site,  
4           except that the \$100,000 threshold shall not apply to any  
5           site contained in an enterprise zone as determined by the  
6           Department of Commerce and Community Affairs (now  
7           Department of Commerce and Economic Opportunity). The  
8           total credit allowed shall not exceed \$40,000 per year  
9           with a maximum total of \$150,000 per site. For partners  
10          and shareholders of subchapter S corporations, there shall  
11          be allowed a credit under this subsection to be determined  
12          in accordance with the determination of income and  
13          distributive share of income under Sections 702 and 704  
14          and subchapter S of the Internal Revenue Code.

15           (ii) A credit allowed under this subsection that is  
16          unused in the year the credit is earned may be carried  
17          forward to each of the 5 taxable years following the year  
18          for which the credit is first earned until it is used. The  
19          term "unused credit" does not include any amounts of  
20          unreimbursed eligible remediation costs in excess of the  
21          maximum credit per site authorized under paragraph (i).  
22          This credit shall be applied first to the earliest year  
23          for which there is a liability. If there is a credit under  
24          this subsection from more than one tax year that is  
25          available to offset a liability, the earliest credit  
26          arising under this subsection shall be applied first. A

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

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

18 (m) Education expense credit. Beginning with tax years  
19 ending after December 31, 1999, a taxpayer who is the  
20 custodian of one or more qualifying pupils shall be allowed a  
21 credit against the tax imposed by subsections (a) and (b) of  
22 this Section for qualified education expenses incurred on  
23 behalf of the qualifying pupils. The credit shall be equal to  
24 25% of qualified education expenses, but in no event may the  
25 total credit under this subsection claimed by a family that is  
26 the custodian of qualifying pupils exceed (i) \$500 for tax

1 years ending prior to December 31, 2017, and (ii) \$750 for tax  
2 years ending on or after December 31, 2017. In no event shall a  
3 credit under this subsection reduce the taxpayer's liability  
4 under this Act to less than zero. Notwithstanding any other  
5 provision of law, for taxable years beginning on or after  
6 January 1, 2017, no taxpayer may claim a credit under this  
7 subsection (m) if the taxpayer's adjusted gross income for the  
8 taxable year exceeds (i) \$500,000, in the case of spouses  
9 filing a joint federal tax return or (ii) \$250,000, in the case  
10 of all other taxpayers. This subsection is exempt from the  
11 provisions of Section 250 of this Act.

12 For purposes of this subsection:

13 "Qualifying pupils" means individuals who (i) are  
14 residents of the State of Illinois, (ii) are under the age of  
15 21 at the close of the school year for which a credit is  
16 sought, and (iii) during the school year for which a credit is  
17 sought were full-time pupils enrolled in a kindergarten  
18 through twelfth grade education program at any school, as  
19 defined in this subsection.

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

24 "School" means any public or nonpublic elementary or  
25 secondary school in Illinois that is in compliance with Title  
26 VI of the Civil Rights Act of 1964 and attendance at which

1 satisfies the requirements of Section 26-1 of the School Code,  
2 except that nothing shall be construed to require a child to  
3 attend any particular public or nonpublic school to qualify  
4 for the credit under this Section.

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

8 (n) River Edge Redevelopment Zone site remediation tax  
9 credit.

10 (i) For tax years ending on or after December 31,  
11 2006, a taxpayer shall be allowed a credit against the tax  
12 imposed by subsections (a) and (b) of this Section for  
13 certain amounts paid for unreimbursed eligible remediation  
14 costs, as specified in this subsection. For purposes of  
15 this Section, "unreimbursed eligible remediation costs"  
16 means costs approved by the Illinois Environmental  
17 Protection Agency ("Agency") under Section 58.14a of the  
18 Environmental Protection Act that were paid in performing  
19 environmental remediation at a site within a River Edge  
20 Redevelopment Zone for which a No Further Remediation  
21 Letter was issued by the Agency and recorded under Section  
22 58.10 of the Environmental Protection Act. The credit must  
23 be claimed for the taxable year in which Agency approval  
24 of the eligible remediation costs is granted. The credit  
25 is not available to any taxpayer if the taxpayer or any  
26 related party caused or contributed to, in any material

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

20       (ii) A credit allowed under this subsection that is  
21       unused in the year the credit is earned may be carried  
22       forward to each of the 5 taxable years following the year  
23       for which the credit is first earned until it is used. This  
24       credit shall be applied first to the earliest year for  
25       which there is a liability. If there is a credit under this  
26       subsection from more than one tax year that is available

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

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

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

1 taxable year attributable to those sales and exchanges. The  
2 surcharge imposed does not apply if:

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

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

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

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

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

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

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

26 (G) the transfer or sale to or by one person to

1 another person where both persons were initial owners  
2 of the registration when the registration was issued;  
3 or

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

11 (p) Pass-through entity tax.

12 (1) For taxable years ending on or after December 31,  
13 2021 and beginning prior to January 1, 2026, a partnership  
14 (other than a publicly traded partnership under Section  
15 7704 of the Internal Revenue Code) or Subchapter S  
16 corporation may elect to apply the provisions of this  
17 subsection. A separate election shall be made for each  
18 taxable year. Such election shall be made at such time,  
19 and in such form and manner as prescribed by the  
20 Department, and, once made, is irrevocable.

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



1           (3) Net income defined.

2           (A) In general. For purposes of paragraph (2), the  
3           term net income has the same meaning as defined in  
4           Section 202 of this Act, except that the following  
5           provisions shall not apply:

6                   (i) the standard exemption allowed under  
7                   Section 204;

8                   (ii) the deduction for net losses allowed  
9                   under Section 207;

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

12                   (iv) in the case of a partnership, the  
13                   modifications under Section 203(d) (2) (H) and  
14                   Section 203(d) (2) (I).

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

25           (4) Credit for entity level tax. Each partner or  
26           shareholder of a taxpayer making the election under this

1       Section shall be allowed a credit against the tax imposed  
2       under subsections (a) and (b) of Section 201 of this Act  
3       for the taxable year of the partnership or Subchapter S  
4       corporation for which an election is in effect ending  
5       within or with the taxable year of the partner or  
6       shareholder in an amount equal to 4.95% times the partner  
7       or shareholder's distributive share of the net income of  
8       the electing partnership or Subchapter S corporation, but  
9       not to exceed the partner's or shareholder's share of the  
10       tax imposed under paragraph (1) which is actually paid by  
11       the partnership or Subchapter S corporation. If the  
12       taxpayer is a partnership or Subchapter S corporation that  
13       is itself a partner of a partnership making the election  
14       under paragraph (1), the credit under this paragraph shall  
15       be allowed to the taxpayer's partners or shareholders (or  
16       if the partner is a partnership or Subchapter S  
17       corporation then its partners or shareholders) in  
18       accordance with the determination of income and  
19       distributive share of income under Sections 702 and 704  
20       and Subchapter S of the Internal Revenue Code. If the  
21       amount of the credit allowed under this paragraph exceeds  
22       the partner's or shareholder's liability for tax imposed  
23       under subsections (a) and (b) of Section 201 of this Act  
24       for the taxable year, such excess shall be treated as an  
25       overpayment for purposes of Section 909 of this Act.

26       (5) Nonresidents. A nonresident individual who is a

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

13 (6) Liability for tax. Except as provided in this  
14 paragraph, a partnership or Subchapter S making the  
15 election under paragraph (1) is liable for the  
16 entity-level tax imposed under paragraph (2). If the  
17 electing partnership or corporation fails to pay the full  
18 amount of tax deemed assessed under paragraph (2), the  
19 partners or shareholders shall be liable to pay the tax  
20 assessed (including penalties and interest). Each partner  
21 or shareholder shall be liable for the unpaid assessment  
22 based on the ratio of the partner's or shareholder's share  
23 of the net income of the partnership over the total net  
24 income of the partnership. If the partnership or  
25 Subchapter S corporation fails to pay the tax assessed  
26 (including penalties and interest) and thereafter an

1 amount of such tax is paid by the partners or  
2 shareholders, such amount shall not be collected from the  
3 partnership or corporation.

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

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

19 (9) Requirement to pay estimated tax. For each taxable  
20 year for which an election under paragraph (1) is in  
21 effect, a partnership or Subchapter S corporation is  
22 required to pay estimated tax for such taxable year under  
23 Sections 803 and 804 of this Act if the amount payable as  
24 estimated tax can reasonably be expected to exceed \$500.

25 (Source: P.A. 100-22, eff. 7-6-17; 101-9, eff. 6-5-19; 101-31,  
26 eff. 6-28-19; 101-207, eff. 8-2-19; 101-363, eff. 8-9-19;

1 revised 11-18-20.)

2 (Text of Section with the changes made by P.A. 101-8,  
3 which did not take effect (see Section 99 of P.A. 101-8))

4 Sec. 201. Tax imposed.

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

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

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

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

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

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

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

16           (5.1) In the case of an individual, trust, or estate,  
17 for taxable years beginning prior to January 1, 2015, and  
18 ending after December 31, 2014, an amount equal to the sum  
19 of (i) 5% of the taxpayer's net income for the period prior  
20 to January 1, 2015, as calculated under Section 202.5, and  
21 (ii) 3.75% of the taxpayer's net income for the period  
22 after December 31, 2014, as calculated under Section  
23 202.5.

24           (5.2) In the case of an individual, trust, or estate,  
25 for taxable years beginning on or after January 1, 2015,  
26 and ending prior to July 1, 2017, an amount equal to 3.75%

1 of the taxpayer's net income for the taxable year.

2 (5.3) In the case of an individual, trust, or estate,  
3 for taxable years beginning prior to July 1, 2017, and  
4 ending after June 30, 2017, an amount equal to the sum of  
5 (i) 3.75% of the taxpayer's net income for the period  
6 prior to July 1, 2017, as calculated under Section 202.5,  
7 and (ii) 4.95% of the taxpayer's net income for the period  
8 after June 30, 2017, as calculated under Section 202.5.

9 (5.4) In the case of an individual, trust, or estate,  
10 for taxable years beginning on or after July 1, 2017 ~~and~~  
11 ~~beginning prior to January 1, 2021~~, an amount equal to  
12 4.95% of the taxpayer's net income for the taxable year.

13 ~~(5.5) In the case of an individual, trust, or estate,~~  
14 ~~for taxable years beginning on or after January 1, 2021,~~  
15 ~~an amount calculated under the rate structure set forth in~~  
16 ~~Section 201.1.~~

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

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

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

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

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

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

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



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

8           (14) In the case of a corporation, for taxable years  
9 beginning on or after July 1, 2017 ~~and beginning prior to~~  
10 ~~January 1, 2021~~, an amount equal to 7% of the taxpayer's  
11 net income for the taxable year.

12           ~~(15) In the case of a corporation, for taxable years~~  
13 ~~beginning on or after January 1, 2021, an amount equal to~~  
14 ~~7.99% of the taxpayer's net income for the taxable year.~~

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

17           (b-5) Surcharge; sale or exchange of assets, properties,  
18 and intangibles of organization gaming licensees. For each of  
19 taxable years 2019 through 2027, a surcharge is imposed on all  
20 taxpayers on income arising from the sale or exchange of  
21 capital assets, depreciable business property, real property  
22 used in the trade or business, and Section 197 intangibles (i)  
23 of an organization licensee under the Illinois Horse Racing  
24 Act of 1975 and (ii) of an organization gaming licensee under  
25 the Illinois Gambling Act. The amount of the surcharge is  
26 equal to the amount of federal income tax liability for the

1 taxable year attributable to those sales and exchanges. The  
2 surcharge imposed shall not apply if:

3 (1) the organization gaming license, organization  
4 license, or racetrack property is transferred as a result  
5 of any of the following:

6 (A) bankruptcy, a receivership, or a debt  
7 adjustment initiated by or against the initial  
8 licensee or the substantial owners of the initial  
9 licensee;

10 (B) cancellation, revocation, or termination of  
11 any such license by the Illinois Gaming Board or the  
12 Illinois Racing Board;

13 (C) a determination by the Illinois Gaming Board  
14 that transfer of the license is in the best interests  
15 of Illinois gaming;

16 (D) the death of an owner of the equity interest in  
17 a licensee;

18 (E) the acquisition of a controlling interest in  
19 the stock or substantially all of the assets of a  
20 publicly traded company;

21 (F) a transfer by a parent company to a wholly  
22 owned subsidiary; or

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

26 (2) the controlling interest in the organization

1 gaming license, organization license, or racetrack  
2 property is transferred in a transaction to lineal  
3 descendants in which no gain or loss is recognized or as a  
4 result of a transaction in accordance with Section 351 of  
5 the Internal Revenue Code in which no gain or loss is  
6 recognized; or

7 (3) live horse racing was not conducted in 2010 at a  
8 racetrack located within 3 miles of the Mississippi River  
9 under a license issued pursuant to the Illinois Horse  
10 Racing Act of 1975.

11 The transfer of an organization gaming license,  
12 organization license, or racetrack property by a person other  
13 than the initial licensee to receive the organization gaming  
14 license is not subject to a surcharge. The Department shall  
15 adopt rules necessary to implement and administer this  
16 subsection.

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

1 of this Section and in addition to all other occupation or  
2 privilege taxes imposed by this State or by any municipal  
3 corporation or political subdivision thereof.

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

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

1 imposed by subsections (b) and (d) shall be reduced (but not  
2 increased) to the rate at which the total amount of tax imposed  
3 under this Act, net of all credits allowed under this Act,  
4 shall equal (i) the total amount of tax that would be imposed  
5 on the foreign insurer's net income allocable to Illinois for  
6 the taxable year by such foreign insurer's state or country of  
7 domicile if that net income were subject to all income taxes  
8 and taxes measured by net income imposed by such foreign  
9 insurer's state or country of domicile, net of all credits  
10 allowed or (ii) a rate of zero if no such tax is imposed on  
11 such income by the foreign insurer's state of domicile. For  
12 the purposes of this subsection (d-1), an inter-affiliate  
13 includes a mutual insurer under common management.

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

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

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

26 equals 1.25% for taxable years ending prior to December

1           31, 2003, or 1.75% for taxable years ending on or after  
2           December 31, 2003, of the net taxable premiums written for  
3           the taxable year, as described by subsection (1) of  
4           Section 409 of the Illinois Insurance Code. This paragraph  
5           will in no event increase the rates imposed under  
6           subsections (b) and (d).

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

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

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

19          (1) A taxpayer shall be allowed a credit equal to .5%  
20          of the basis of qualified property placed in service  
21          during the taxable year, provided such property is placed  
22          in service on or after July 1, 1984. There shall be allowed  
23          an additional credit equal to .5% of the basis of  
24          qualified property placed in service during the taxable  
25          year, provided such property is placed in service on or  
26          after July 1, 1986, and the taxpayer's base employment

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

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

25 (2) The term "qualified property" means property  
26 which:



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

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

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

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

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

25 (3) For purposes of this subsection (e),  
26 "manufacturing" means the material staging and production

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

18 (4) The basis of qualified property shall be the basis  
19 used to compute the depreciation deduction for federal  
20 income tax purposes.

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

26 (6) The term "placed in service" shall have the same

1 meaning as under Section 46 of the Internal Revenue Code.

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

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

24 (9) Each taxable year ending before December 31, 2000,  
25 a partnership may elect to pass through to its partners  
26 the credits to which the partnership is entitled under

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

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

1 paragraph is exempt from the provisions of Section 250.

2 (f) Investment credit; Enterprise Zone; River Edge  
3 Redevelopment Zone.

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

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

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

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

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

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

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

24 (E) has not been previously used in Illinois in  
25 such a manner and by such a person as would qualify for  
26 the credit provided by this subsection (f) or

1 subsection (e).

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

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

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

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

1 reduction of the basis of qualified property resulting  
2 from a redetermination of the purchase price shall be  
3 deemed a disposition of qualified property to the extent  
4 of such reduction.

5 (7) There shall be allowed an additional credit equal  
6 to 0.5% of the basis of qualified property placed in  
7 service during the taxable year in a River Edge  
8 Redevelopment Zone, provided such property is placed in  
9 service on or after July 1, 2006, and the taxpayer's base  
10 employment within Illinois has increased by 1% or more  
11 over the preceding year as determined by the taxpayer's  
12 employment records filed with the Illinois Department of  
13 Employment Security. Taxpayers who are new to Illinois  
14 shall be deemed to have met the 1% growth in base  
15 employment for the first year in which they file  
16 employment records with the Illinois Department of  
17 Employment Security. If, in any year, the increase in base  
18 employment within Illinois over the preceding year is less  
19 than 1%, the additional credit shall be limited to that  
20 percentage times a fraction, the numerator of which is  
21 0.5% and the denominator of which is 1%, but shall not  
22 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  
5 be 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  
9 year for which there is a tax liability. If there are  
10 credits from more than one taxable year that are available  
11 to 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  
20 704 and Subchapter S of the Internal Revenue Code.

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

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

1 (g) (Blank).

2 (h) Investment credit; High Impact Business.

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

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

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

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

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

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

1 (h);

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

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

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

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

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

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

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

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

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

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

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

19           The total aggregate amount of credits awarded under the  
20 Blue Collar Jobs Act (Article 20 of Public Act 101-9 ~~this~~  
21 ~~amendatory Act of the 101st General Assembly~~) shall not exceed  
22 \$20,000,000 in any State fiscal year.

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

25           (i) Credit for Personal Property Tax Replacement Income  
26 Tax. For tax years ending prior to December 31, 2003, a credit

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

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

23 If, during any taxable year ending on or after December  
24 31, 1986, the tax imposed by subsections (c) and (d) of this  
25 Section for which a taxpayer has claimed a credit under this  
26 subsection (i) is reduced, the amount of credit for such tax

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

7 (j) Training expense credit. Beginning with tax years  
8 ending on or after December 31, 1986 and prior to December 31,  
9 2003, a taxpayer shall be allowed a credit against the tax  
10 imposed by subsections (a) and (b) under this Section for all  
11 amounts paid or accrued, on behalf of all persons employed by  
12 the taxpayer in Illinois or Illinois residents employed  
13 outside of Illinois by a taxpayer, for educational or  
14 vocational training in semi-technical or technical fields or  
15 semi-skilled or skilled fields, which were deducted from gross  
16 income in the computation of taxable income. The credit  
17 against the tax imposed by subsections (a) and (b) shall be  
18 1.6% of such training expenses. For partners, shareholders of  
19 subchapter S corporations, and owners of limited liability  
20 companies, if the liability company is treated as a  
21 partnership for purposes of federal and State income taxation,  
22 there shall be allowed a credit under this subsection (j) to be  
23 determined in accordance with the determination of income and  
24 distributive share of income under Sections 702 and 704 and  
25 subchapter S of the Internal Revenue Code.

26 Any credit allowed under this subsection which is unused



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

10 (k) Research and development credit. For tax years ending  
11 after July 1, 1990 and prior to December 31, 2003, and  
12 beginning again for tax years ending on or after December 31,  
13 2004, and ending prior to January 1, 2027, a taxpayer shall be  
14 allowed a credit against the tax imposed by subsections (a)  
15 and (b) of this Section for increasing research activities in  
16 this State. The credit allowed against the tax imposed by  
17 subsections (a) and (b) shall be equal to 6 1/2% of the  
18 qualifying expenditures for increasing research activities in  
19 this State. For partners, shareholders of subchapter S  
20 corporations, and owners of limited liability companies, if  
21 the liability company is treated as a partnership for purposes  
22 of federal and State income taxation, there shall be allowed a  
23 credit under this subsection to be determined in accordance  
24 with the determination of income and distributive share of  
25 income under Sections 702 and 704 and subchapter S of the  
26 Internal Revenue Code.

1           For purposes of this subsection, "qualifying expenditures"  
2 means the qualifying expenditures as defined for the federal  
3 credit for increasing research activities which would be  
4 allowable under Section 41 of the Internal Revenue Code and  
5 which are conducted in this State, "qualifying expenditures  
6 for increasing research activities in this State" means the  
7 excess of qualifying expenditures for the taxable year in  
8 which incurred over qualifying expenditures for the base  
9 period, "qualifying expenditures for the base period" means  
10 the average of the qualifying expenditures for each year in  
11 the base period, and "base period" means the 3 taxable years  
12 immediately preceding the taxable year for which the  
13 determination is being made.

14           Any credit in excess of the tax liability for the taxable  
15 year may be carried forward. A taxpayer may elect to have the  
16 unused credit shown on its final completed return carried over  
17 as a credit against the tax liability for the following 5  
18 taxable years or until it has been fully used, whichever  
19 occurs first; provided that no credit earned in a tax year  
20 ending prior to December 31, 2003 may be carried forward to any  
21 year ending on or after December 31, 2003.

22           If an unused credit is carried forward to a given year from  
23 2 or more earlier years, that credit arising in the earliest  
24 year will be applied first against the tax liability for the  
25 given year. If a tax liability for the given year still  
26 remains, the credit from the next earliest year will then be

1 applied, and so on, until all credits have been used or no tax  
2 liability for the given year remains. Any remaining unused  
3 credit or credits then will be carried forward to the next  
4 following year in which a tax liability is incurred, except  
5 that no credit can be carried forward to a year which is more  
6 than 5 years after the year in which the expense for which the  
7 credit is given was incurred.

8 No inference shall be drawn from Public Act 91-644 ~~this~~  
9 ~~amendatory Act of the 91st General Assembly~~ in construing this  
10 Section for taxable years beginning before January 1, 1999.

11 It is the intent of the General Assembly that the research  
12 and development credit under this subsection (k) shall apply  
13 continuously for all tax years ending on or after December 31,  
14 2004 and ending prior to January 1, 2027, including, but not  
15 limited to, the period beginning on January 1, 2016 and ending  
16 on July 6, 2017 (the effective date of Public Act 100-22) ~~this~~  
17 ~~amendatory Act of the 100th General Assembly~~. All actions  
18 taken in reliance on the continuation of the credit under this  
19 subsection (k) by any taxpayer are hereby validated.

20 (l) Environmental Remediation Tax Credit.

21 (i) For tax years ending after December 31, 1997 and  
22 on or before December 31, 2001, a taxpayer shall be  
23 allowed a credit against the tax imposed by subsections  
24 (a) and (b) of this Section for certain amounts paid for  
25 unreimbursed eligible remediation costs, as specified in  
26 this subsection. For purposes of this Section,

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

1 being a related taxpayer, as well as any of its partners.  
2 The credit allowed against the tax imposed by subsections  
3 (a) and (b) shall be equal to 25% of the unreimbursed  
4 eligible remediation costs in excess of \$100,000 per site,  
5 except that the \$100,000 threshold shall not apply to any  
6 site contained in an enterprise zone as determined by the  
7 Department of Commerce and Community Affairs (now  
8 Department of Commerce and Economic Opportunity). The  
9 total credit allowed shall not exceed \$40,000 per year  
10 with a maximum total of \$150,000 per site. For partners  
11 and shareholders of subchapter S corporations, there shall  
12 be allowed a credit under this subsection to be determined  
13 in accordance with the determination of income and  
14 distributive share of income under Sections 702 and 704  
15 and subchapter S of the Internal Revenue Code.

16 (ii) A credit allowed under this subsection that is  
17 unused in the year the credit is earned may be carried  
18 forward to each of the 5 taxable years following the year  
19 for which the credit is first earned until it is used. The  
20 term "unused credit" does not include any amounts of  
21 unreimbursed eligible remediation costs in excess of the  
22 maximum credit per site authorized under paragraph (i).  
23 This credit shall be applied first to the earliest year  
24 for which there is a liability. If there is a credit under  
25 this subsection from more than one tax year that is  
26 available to offset a liability, the earliest credit

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

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

19            (m) Education expense credit. Beginning with tax years  
20            ending after December 31, 1999, a taxpayer who is the  
21            custodian of one or more qualifying pupils shall be allowed a  
22            credit against the tax imposed by subsections (a) and (b) of  
23            this Section for qualified education expenses incurred on  
24            behalf of the qualifying pupils. The credit shall be equal to  
25            25% of qualified education expenses, but in no event may the  
26            total credit under this subsection claimed by a family that is

1 the custodian of qualifying pupils exceed (i) \$500 for tax  
2 years ending prior to December 31, 2017, and (ii) \$750 for tax  
3 years ending on or after December 31, 2017. In no event shall a  
4 credit under this subsection reduce the taxpayer's liability  
5 under this Act to less than zero. Notwithstanding any other  
6 provision of law, for taxable years beginning on or after  
7 January 1, 2017, no taxpayer may claim a credit under this  
8 subsection (m) if the taxpayer's adjusted gross income for the  
9 taxable year exceeds (i) \$500,000, in the case of spouses  
10 filing a joint federal tax return or (ii) \$250,000, in the case  
11 of all other taxpayers. This subsection is exempt from the  
12 provisions of Section 250 of this Act.

13 For purposes of this subsection:

14 "Qualifying pupils" means individuals who (i) are  
15 residents of the State of Illinois, (ii) are under the age of  
16 21 at the close of the school year for which a credit is  
17 sought, and (iii) during the school year for which a credit is  
18 sought were full-time pupils enrolled in a kindergarten  
19 through twelfth grade education program at any school, as  
20 defined in this subsection.

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

25 "School" means any public or nonpublic elementary or  
26 secondary school in Illinois that is in compliance with Title

1 VI of the Civil Rights Act of 1964 and attendance at which  
2 satisfies the requirements of Section 26-1 of the School Code,  
3 except that nothing shall be construed to require a child to  
4 attend any particular public or nonpublic school to qualify  
5 for the credit under this Section.

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

9 (n) River Edge Redevelopment Zone site remediation tax  
10 credit.

11 (i) For tax years ending on or after December 31,  
12 2006, a taxpayer shall be allowed a credit against the tax  
13 imposed by subsections (a) and (b) of this Section for  
14 certain amounts paid for unreimbursed eligible remediation  
15 costs, as specified in this subsection. For purposes of  
16 this Section, "unreimbursed eligible remediation costs"  
17 means costs approved by the Illinois Environmental  
18 Protection Agency ("Agency") under Section 58.14a of the  
19 Environmental Protection Act that were paid in performing  
20 environmental remediation at a site within a River Edge  
21 Redevelopment Zone for which a No Further Remediation  
22 Letter was issued by the Agency and recorded under Section  
23 58.10 of the Environmental Protection Act. The credit must  
24 be claimed for the taxable year in which Agency approval  
25 of the eligible remediation costs is granted. The credit  
26 is not available to any taxpayer if the taxpayer or any



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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

12 (p) Pass-through entity tax.

13 (1) For taxable years ending on or after December 31,  
14 2021 and beginning prior to January 1, 2026, a partnership  
15 (other than a publicly traded partnership under Section  
16 7704 of the Internal Revenue Code) or Subchapter S  
17 corporation may elect to apply the provisions of this  
18 subsection. A separate election shall be made for each  
19 taxable year. Such election shall be made at such time,  
20 and in such form and manner as prescribed by the  
21 Department, and, once made, is irrevocable.

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

1 taxable year.

2 (3) Net income defined.

3 (A) In general. For purposes of paragraph (2), the  
4 term net income has the same meaning as defined in  
5 Section 202 of this Act, except that the following  
6 provisions shall not apply:

7 (i) the standard exemption allowed under  
8 Section 204;

9 (ii) the deduction for net losses allowed  
10 under Section 207;

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

13 (iv) in the case of a partnership, the  
14 modifications under Section 203(d) (2) (H) and  
15 Section 203(d) (2) (I).

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

26 (4) Credit for entity level tax. Each partner or

1 shareholder of a taxpayer making the election under this  
2 Section shall be allowed a credit against the tax imposed  
3 under subsections (a) and (b) of Section 201 of this Act  
4 for the taxable year of the partnership or Subchapter S  
5 corporation for which an election is in effect ending  
6 within or with the taxable year of the partner or  
7 shareholder in an amount equal to 4.95% times the partner  
8 or shareholder's distributive share of the net income of  
9 the electing partnership or Subchapter S corporation, but  
10 not to exceed the partner's or shareholder's share of the  
11 tax imposed under paragraph (1) which is actually paid by  
12 the partnership or Subchapter S corporation. If the  
13 taxpayer is a partnership or Subchapter S corporation that  
14 is itself a partner of a partnership making the election  
15 under paragraph (1), the credit under this paragraph shall  
16 be allowed to the taxpayer's partners or shareholders (or  
17 if the partner is a partnership or Subchapter S  
18 corporation then its partners or shareholders) in  
19 accordance with the determination of income and  
20 distributive share of income under Sections 702 and 704  
21 and Subchapter S of the Internal Revenue Code. If the  
22 amount of the credit allowed under this paragraph exceeds  
23 the partner's or shareholder's liability for tax imposed  
24 under subsections (a) and (b) of Section 201 of this Act  
25 for the taxable year, such excess shall be treated as an  
26 overpayment for purposes of Section 909 of this Act.

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

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

1 (including penalties and interest) and thereafter an  
2 amount of such tax is paid by the partners or  
3 shareholders, such amount shall not be collected from the  
4 partnership or corporation.

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

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

20 (9) Requirement to pay estimated tax. For each taxable  
21 year for which an election under paragraph (1) is in  
22 effect, a partnership or Subchapter S corporation is  
23 required to pay estimated tax for such taxable year under  
24 Sections 803 and 804 of this Act if the amount payable as  
25 estimated tax can reasonably be expected to exceed \$500.

26 (Source: P.A. 100-22, eff. 7-6-17; 101-8, see Section 99 for



1 effective date; 101-9, eff. 6-5-19; 101-31, eff. 6-28-19;  
2 101-207, eff. 8-2-19; 101-363, eff. 8-9-19; revised 11-18-20.)

3 Section 99. Effective date. This Act takes effect upon  
4 becoming law.