



Rep. Michael J. Zalewski

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1 AMENDMENT TO SENATE BILL 2951

2 AMENDMENT NO. _____. Amend Senate Bill 2951 by replacing
3 everything after the enacting clause with the following:

4 "Section 2. The Reimagining Electric Vehicles in Illinois
5 Act is amended by changing Sections 10, 15, 20, 30, and 40 as
6 follows:

7 (20 ILCS 686/10)

8 Sec. 10. Definitions. As used in this Act:

9 "Advanced battery" means a battery that consists of a
10 battery cell that can be integrated into a module, pack, or
11 system to be used in energy storage applications, including a
12 battery used in an electric vehicle or the electric grid.

13 "Advanced battery component" means a component of an
14 advanced battery, including materials, enhancements,
15 enclosures, anodes, cathodes, electrolytes, cells, and other
16 associated technologies that comprise an advanced battery.

1 "Agreement" means the agreement between a taxpayer and the
2 Department under the provisions of Section 45 of this Act.

3 "Applicant" means a taxpayer that (i) operates a business
4 in Illinois or is planning to locate a business within the
5 State of Illinois and (ii) is engaged in interstate or
6 intrastate commerce for the purpose of manufacturing electric
7 vehicles, electric vehicle component parts, or electric
8 vehicle power supply equipment. "Applicant" does not include a
9 taxpayer who closes or substantially reduces by more than 50%
10 operations at one location in the State and relocates
11 substantially the same operation to another location in the
12 State. This does not prohibit a Taxpayer from expanding its
13 operations at another location in the State. This also does
14 not prohibit a Taxpayer from moving its operations from one
15 location in the State to another location in the State for the
16 purpose of expanding the operation, provided that the
17 Department determines that expansion cannot reasonably be
18 accommodated within the municipality or county in which the
19 business is located, or, in the case of a business located in
20 an incorporated area of the county, within the county in which
21 the business is located, after conferring with the chief
22 elected official of the municipality or county and taking into
23 consideration any evidence offered by the municipality or
24 county regarding the ability to accommodate expansion within
25 the municipality or county.

26 "Battery raw materials" means the raw and processed form

1 of a mineral, metal, chemical, or other material used in an
2 advanced battery component.

3 "Battery raw materials refining service provider" means a
4 business that operates a facility that filters, sifts, and
5 treats battery raw materials for use in an advanced battery.

6 "Battery recycling and reuse manufacturer" means a
7 manufacturer that is primarily engaged in the recovery,
8 retrieval, processing, recycling, or recirculating of battery
9 raw materials for new use in electric vehicle batteries.

10 "Capital improvements" means the purchase, renovation,
11 rehabilitation, or construction of permanent tangible land,
12 buildings, structures, equipment, and furnishings in an
13 approved project sited in Illinois and expenditures for goods
14 or services that are normally capitalized, including
15 organizational costs and research and development costs
16 incurred in Illinois. For land, buildings, structures, and
17 equipment that are leased, the lease must equal or exceed the
18 term of the agreement, and the cost of the property shall be
19 determined from the present value, using the corporate
20 interest rate prevailing at the time of the application, of
21 the lease payments.

22 "Credit" means either a "REV Illinois Credit" or a "REV
23 Construction Jobs Credit" agreed to between the Department and
24 applicant under this Act.

25 "Department" means the Department of Commerce and Economic
26 Opportunity.

1 "Director" means the Director of Commerce and Economic
2 Opportunity.

3 "Electric vehicle" means a vehicle that is exclusively
4 powered by and refueled by electricity, including electricity
5 generated through a hydrogen fuel cells or solar technology.

6 "Electric vehicle" does not include hybrid electric vehicles,
7 electric bicycles, or extended-range electric vehicles that
8 are also equipped with conventional fueled propulsion or
9 auxiliary engines.

10 "Electric vehicle manufacturer" means a new or existing
11 manufacturer that is primarily focused on reequipping,
12 expanding, or establishing a manufacturing facility in
13 Illinois that produces electric vehicles as defined in this
14 Section.

15 "Electric vehicle component parts manufacturer" means a
16 new or existing manufacturer that is ~~primarily~~ focused on
17 reequipping, expanding, or establishing a manufacturing
18 facility in Illinois that produces parts or accessories used
19 in electric vehicles ~~advanced battery components or key~~
20 ~~components that directly support the electric functions of~~
21 ~~electric vehicles~~, as defined by this Section, including
22 advanced battery component parts. The changes to this
23 definition of "electric vehicle component parts manufacturer"
24 apply to agreements under this Act that are entered into on or
25 after the effective date of this amendatory Act of the 102nd
26 General Assembly.

1 "Electric vehicle power supply equipment" means the
2 equipment used specifically for the purpose of delivering
3 electricity to an electric vehicle, including hydrogen fuel
4 cells or solar refueling infrastructure.

5 "Electric vehicle power supply manufacturer" means a new
6 or existing manufacturer that is focused on reequipping,
7 expanding, or establishing a manufacturing facility in
8 Illinois that produces electric vehicle power supply equipment
9 used for the purpose of delivering electricity to an electric
10 vehicle, including hydrogen fuel cell or solar refueling
11 infrastructure.

12 "Energy Transition Area" means a county with less than
13 100,000 people or a municipality that contains one or more of
14 the following:

15 (1) a fossil fuel plant that was retired from service
16 or has significant reduced service within 6 years before
17 the time of the application or will be retired or have
18 service significantly reduced within 6 years following the
19 time of the application; or

20 (2) a coal mine that was closed or had operations
21 significantly reduced within 6 years before the time of
22 the application or is anticipated to be closed or have
23 operations significantly reduced within 6 years following
24 the time of the application.

25 "Full-time employee" means an individual who is employed
26 for consideration for at least 35 hours each week or who

1 renders any other standard of service generally accepted by
2 industry custom or practice as full-time employment. An
3 individual for whom a W-2 is issued by a Professional Employer
4 Organization (PEO) is a full-time employee if employed in the
5 service of the applicant for consideration for at least 35
6 hours each week.

7 "Incremental income tax" means the total amount withheld
8 during the taxable year from the compensation of new employees
9 and, if applicable, retained employees under Article 7 of the
10 Illinois Income Tax Act arising from employment at a project
11 that is the subject of an agreement.

12 "Institution of higher education" or "institution" means
13 any accredited public or private university, college,
14 community college, business, technical, or vocational school,
15 or other accredited educational institution offering degrees
16 and instruction beyond the secondary school level.

17 "Minority person" means a minority person as defined in
18 the Business Enterprise for Minorities, Women, and Persons
19 with Disabilities Act.

20 "New employee" means a newly-hired full-time employee
21 employed to work at the project site and whose work is directly
22 related to the project.

23 "Noncompliance date" means, in the case of a taxpayer that
24 is not complying with the requirements of the agreement or the
25 provisions of this Act, the day following the last date upon
26 which the taxpayer was in compliance with the requirements of

1 the agreement and the provisions of this Act, as determined by
2 the Director, pursuant to Section 70.

3 "Pass-through entity" means an entity that is exempt from
4 the tax under subsection (b) or (c) of Section 205 of the
5 Illinois Income Tax Act.

6 "Placed in service" means the state or condition of
7 readiness, availability for a specifically assigned function,
8 and the facility is constructed and ready to conduct its
9 facility operations to manufacture goods.

10 "Professional employer organization" (PEO) means an
11 employee leasing company, as defined in Section 206.1 of the
12 Illinois Unemployment Insurance Act.

13 "Program" means the Reimagining Electric Vehicles in
14 Illinois Program (the REV Illinois Program) established in
15 this Act.

16 "Project" or "REV Illinois Project" means a for-profit
17 economic development activity for the manufacture of electric
18 vehicles, electric vehicle component parts, or electric
19 vehicle power supply equipment which is designated by the
20 Department as a REV Illinois Project and is the subject of an
21 agreement.

22 "Recycling facility" means a location at which the
23 taxpayer disposes of batteries and other component parts in
24 manufacturing of electric vehicles, electric vehicle component
25 parts, or electric vehicle power supply equipment.

26 "Related member" means a person that, with respect to the

1 taxpayer during any portion of the taxable year, is any one of
2 the following:

3 (1) An individual stockholder, if the stockholder and
4 the members of the stockholder's family (as defined in
5 Section 318 of the Internal Revenue Code) own directly,
6 indirectly, beneficially, or constructively, in the
7 aggregate, at least 50% of the value of the taxpayer's
8 outstanding stock.

9 (2) A partnership, estate, trust and any partner or
10 beneficiary, if the partnership, estate, or trust, and its
11 partners or beneficiaries own directly, indirectly,
12 beneficially, or constructively, in the aggregate, at
13 least 50% of the profits, capital, stock, or value of the
14 taxpayer.

15 (3) A corporation, and any party related to the
16 corporation in a manner that would require an attribution
17 of stock from the corporation under the attribution rules
18 of Section 318 of the Internal Revenue Code, if the
19 Taxpayer owns directly, indirectly, beneficially, or
20 constructively at least 50% of the value of the
21 corporation's outstanding stock.

22 (4) A corporation and any party related to that
23 corporation in a manner that would require an attribution
24 of stock from the corporation to the party or from the
25 party to the corporation under the attribution rules of
26 Section 318 of the Internal Revenue Code, if the

1 corporation and all such related parties own in the
2 aggregate at least 50% of the profits, capital, stock, or
3 value of the taxpayer.

4 (5) A person to or from whom there is an attribution of
5 stock ownership in accordance with Section 1563(e) of the
6 Internal Revenue Code, except, for purposes of determining
7 whether a person is a related member under this paragraph,
8 20% shall be substituted for 5% wherever 5% appears in
9 Section 1563(e) of the Internal Revenue Code.

10 "Retained employee" means a full-time employee employed by
11 the taxpayer prior to the term of the Agreement who continues
12 to be employed during the term of the agreement whose job
13 duties are directly ~~and substantially~~ related to the project.
14 ~~For purposes of this definition, "directly and substantially~~
15 ~~related to the project" means at least two thirds of the~~
16 ~~employee's job duties must be directly related to the project~~
17 ~~and the employee must devote at least two thirds of his or her~~
18 ~~time to the project.~~ The term "retained employee" does not
19 include any individual who has a direct or an indirect
20 ownership interest of at least 5% in the profits, equity,
21 capital, or value of the taxpayer or a child, grandchild,
22 parent, or spouse, other than a spouse who is legally
23 separated from the individual, of any individual who has a
24 direct or indirect ownership of at least 5% in the profits,
25 equity, capital, or value of the taxpayer. The changes to this
26 definition of "retained employee" apply to agreements for

1 credits under this Act that are entered into on or after the
2 effective date of this amendatory Act of the 102nd General
3 Assembly.

4 "REV Illinois credit" means a credit agreed to between the
5 Department and the applicant under this Act that is based on
6 the incremental income tax attributable to new employees and,
7 if applicable, retained employees, and on training costs for
8 such employees at the applicant's project.

9 "REV construction jobs credit" means a credit agreed to
10 between the Department and the applicant under this Act that
11 is based on the incremental income tax attributable to
12 construction wages paid in connection with construction of the
13 project facilities.

14 "Statewide baseline" means the total number of full-time
15 employees of the applicant and any related member employed by
16 such entities at the time of application for incentives under
17 this Act.

18 "Taxpayer" means an individual, corporation, partnership,
19 or other entity that has a legal obligation to pay Illinois
20 income taxes and file an Illinois income tax return.

21 "Training costs" means costs incurred to upgrade the
22 technological skills of full-time employees in Illinois and
23 includes: curriculum development; training materials
24 (including scrap product costs); trainee domestic travel
25 expenses; instructor costs (including wages, fringe benefits,
26 tuition and domestic travel expenses); rent, purchase or lease

1 of training equipment; and other usual and customary training
2 costs. "Training costs" do not include costs associated with
3 travel outside the United States (unless the Taxpayer receives
4 prior written approval for the travel by the Director based on
5 a showing of substantial need or other proof the training is
6 not reasonably available within the United States), wages and
7 fringe benefits of employees during periods of training, or
8 administrative cost related to full-time employees of the
9 taxpayer.

10 "Underserved area" means any geographic areas as defined
11 in Section 5-5 of the Economic Development for a Growing
12 Economy Tax Credit Act.

13 (Source: P.A. 102-669, eff. 11-16-21; 102-700, eff. 4-19-22.)

14 (20 ILCS 686/15)

15 Sec. 15. Powers of the Department. The Department, in
16 addition to those powers granted under the Civil
17 Administrative Code of Illinois, is granted and shall have all
18 the powers necessary or convenient to administer the program
19 under this Act and to carry out and effectuate the purposes and
20 provisions of this Act, including, but not limited to, the
21 power and authority to:

22 (1) adopt rules deemed necessary and appropriate for
23 the administration of the REV Illinois Program, the
24 designation of REV Illinois Projects, and the awarding of
25 credits;

1 (2) establish forms for applications, notifications,
2 contracts, or any other agreements and accept applications
3 at any time during the year;

4 (3) assist taxpayers pursuant to the provisions of
5 this Act and cooperate with taxpayers that are parties to
6 agreements under this Act to promote, foster, and support
7 economic development, capital investment, and job creation
8 or retention within the State;

9 (4) enter into agreements and memoranda of
10 understanding for participation of, and engage in
11 cooperation with, agencies of the federal government,
12 units of local government, universities, research
13 foundations or institutions, regional economic development
14 corporations, or other organizations to implement the
15 requirements and purposes of this Act;

16 (5) gather information and conduct inquiries, in the
17 manner and by the methods it deems desirable, including
18 without limitation, gathering information with respect to
19 applicants for the purpose of making any designations or
20 certifications necessary or desirable or to gather
21 information to assist the Department with any
22 recommendation or guidance in the furtherance of the
23 purposes of this Act;

24 (6) establish, negotiate and effectuate agreements and
25 any term, agreement, or other document with any person,
26 necessary or appropriate to accomplish the purposes of

1 this Act; and to consent, subject to the provisions of any
2 agreement with another party, to the modification or
3 restructuring of any agreement to which the Department is
4 a party;

5 (7) fix, determine, charge, and collect any premiums,
6 fees, charges, costs, and expenses from applicants,
7 including, without limitation, any application fees,
8 commitment fees, program fees, financing charges, or
9 publication fees as deemed appropriate to pay expenses
10 necessary or incident to the administration, staffing, or
11 operation in connection with the Department's activities
12 under this Act, or for preparation, implementation, and
13 enforcement of the terms of the agreement, or for
14 consultation, advisory and legal fees, and other costs;
15 however, all fees and expenses incident thereto shall be
16 the responsibility of the applicant;

17 (8) provide for sufficient personnel to permit
18 administration, staffing, operation, and related support
19 required to adequately discharge its duties and
20 responsibilities described in this Act from funds made
21 available through charges to applicants or from funds as
22 may be appropriated by the General Assembly for the
23 administration of this Act;

24 (9) require applicants, upon written request, to issue
25 any necessary authorization to the appropriate federal,
26 State, or local authority for the release of information

1 concerning a project being considered under the provisions
2 of this Act, with the information requested to include,
3 but not be limited to, financial reports, returns, or
4 records relating to the taxpayer or its project;

5 (10) require that a taxpayer shall at all times keep
6 proper books of record and account in accordance with
7 generally accepted accounting principles consistently
8 applied, with the books, records, or papers related to the
9 agreement in the custody or control of the taxpayer open
10 for reasonable Department inspection and audits, and
11 including, without limitation, the making of copies of the
12 books, records, or papers, and the inspection or appraisal
13 of any of the taxpayer or project assets;

14 (11) take whatever actions are necessary or
15 appropriate to protect the State's interest in the event
16 of bankruptcy, default, foreclosure, or noncompliance with
17 the terms and conditions of financial assistance or
18 participation required under this Act, including the power
19 to sell, dispose, lease, or rent, upon terms and
20 conditions determined by the Director to be appropriate,
21 real or personal property that the Department may receive
22 as a result of these actions; and -

23 (12) determine the conditions and procedures for
24 renewing the REV Illinois Credit awarded in accordance
25 with this Act.

26 (Source: P.A. 102-669, eff. 11-16-21.)

1 (20 ILCS 686/20)

2 Sec. 20. REV Illinois Program; project applications.

3 (a) The Reimagining Electric Vehicles in Illinois (REV
4 Illinois) Program is hereby established and shall be
5 administered by the Department. The Program will provide
6 financial incentives to any one or more of the following: (1)
7 eligible manufacturers of electric vehicles, electric vehicle
8 component parts, and electric vehicle power supply equipment;
9 (2) battery recycling and reuse manufacturers; or (3) battery
10 raw materials refining service providers.

11 (b) Any taxpayer planning a project to be located in
12 Illinois may request consideration for designation of its
13 project as a REV Illinois Project, by formal written letter of
14 request or by formal application to the Department, in which
15 the applicant states its intent to make at least a specified
16 level of investment and intends to hire a specified number of
17 full-time employees at a designated location in Illinois. As
18 circumstances require, the Department shall require a formal
19 application from an applicant and a formal letter of request
20 for assistance.

21 (c) In order to qualify for credits under the REV Illinois
22 Program, an applicant must:

23 (1) for an electric vehicle manufacturer:

24 (A) make an investment of at least \$1,500,000,000
25 in capital improvements at the project site;

1 (B) to be placed in service within the State
2 within a 60-month period after approval of the
3 application; and

4 (C) create at least 500 new full-time employee
5 jobs; or

6 (2) for an electric vehicle component parts
7 manufacturer:

8 (A) make an investment of at least \$300,000,000 in
9 capital improvements at the project site;

10 (B) manufacture one or more parts that are
11 primarily used for electric vehicle manufacturing;

12 (C) to be placed in service within the State
13 within a 60-month period after approval of the
14 application; and

15 (D) create at least 150 new full-time employee
16 jobs; or

17 (3) for an electric vehicle manufacturer, an electric
18 vehicle power supply equipment manufacturer, an electric
19 vehicle component part manufacturer that does not qualify
20 under paragraph (2) above, a battery recycling and reuse
21 manufacturer, or a battery raw materials refining service
22 provider:

23 (A) make an investment of at least \$20,000,000 in
24 capital improvements at the project site;

25 (B) for electric vehicle component part
26 manufacturers, manufacture one or more parts that are

1 primarily used for electric vehicle manufacturing;

2 (C) to be placed in service within the State
3 within a 48-month period after approval of the
4 application; and

5 (D) create at least 50 new full-time employee
6 jobs; or

7 (4) for an electric vehicle manufacturer or electric
8 vehicle component parts manufacturer with existing
9 operations within Illinois that intends to convert or
10 expand, in whole or in part, the existing facility from
11 traditional manufacturing to primarily electric vehicle
12 manufacturing, electric vehicle component parts
13 manufacturing, or electric vehicle power supply equipment
14 manufacturing:

15 (A) make an investment of at least \$100,000,000 in
16 capital improvements at the project site;

17 (B) to be placed in service within the State
18 within a 60-month period after approval of the
19 application; and

20 (C) create the lesser of 75 new full-time employee
21 jobs or new full-time employee jobs equivalent to 10%
22 of the Statewide baseline applicable to the taxpayer
23 and any related member at the time of application.

24 (d) For agreements entered into prior to April 19, 2022
25 (the effective date of Public Act 102-700) ~~this amendatory Act~~
26 ~~of the 102nd General Assembly~~, for any applicant creating the

1 full-time employee jobs noted in subsection (c), those jobs
2 must have a total compensation equal to or greater than 120% of
3 the average wage paid to full-time employees in the county
4 where the project is located, as determined by the U.S. Bureau
5 of Labor Statistics. For agreements entered into on or after
6 April 19, 2022 (the effective date of Public Act 102-700) ~~this~~
7 ~~amendatory Act of the 102nd General Assembly~~, for any
8 applicant creating the full-time employee jobs noted in
9 subsection (c), those jobs must have a compensation equal to
10 or greater than 120% of the average wage paid to full-time
11 employees in a similar position within an occupational group
12 in the county where the project is located, as determined by
13 the Department ~~U.S. Bureau of Labor Statistics~~.

14 (e) For any applicant, within 24 months after being placed
15 in service, it must certify to the Department that it is carbon
16 neutral or has attained certification under one of more of the
17 following green building standards:

18 (1) BREEAM for New Construction or BREEAM In-Use;

19 (2) ENERGY STAR;

20 (3) Envision;

21 (4) ISO 50001 - energy management;

22 (5) LEED for Building Design and Construction or LEED
23 for Building Operations and Maintenance;

24 (6) Green Globes for New Construction or Green Globes
25 for Existing Buildings; or

26 (7) UL 3223.

1 (f) Each applicant must outline its hiring plan and
2 commitment to recruit and hire full-time employee positions at
3 the project site. The hiring plan may include a partnership
4 with an institution of higher education to provide
5 internships, including, but not limited to, internships
6 supported by the Clean Jobs Workforce Network Program, or
7 full-time permanent employment for students at the project
8 site. Additionally, the applicant may create or utilize
9 participants from apprenticeship programs that are approved by
10 and registered with the United States Department of Labor's
11 Bureau of Apprenticeship and Training. The applicant may apply
12 for apprenticeship education expense credits in accordance
13 with the provisions set forth in 14 Ill. ~~Adm. Admin.~~ Code 522.
14 Each applicant is required to report annually, on or before
15 April 15, on the diversity of its workforce in accordance with
16 Section 50 of this Act. For existing facilities of applicants
17 under paragraph (3) of subsection (b) above, if the taxpayer
18 expects a reduction in force due to its transition to
19 manufacturing electric vehicle, electric vehicle component
20 parts, or electric vehicle power supply equipment, the plan
21 submitted under this Section must outline the taxpayer's plan
22 to assist with retraining its workforce aligned with the
23 taxpayer's adoption of new technologies and anticipated
24 efforts to retrain employees through employment opportunities
25 within the taxpayer's workforce.

26 (g) Each applicant must demonstrate a contractual or other

1 relationship with a recycling facility, or demonstrate its own
2 recycling capabilities, at the time of application and report
3 annually a continuing contractual or other relationship with a
4 recycling facility and the percentage of batteries used in
5 electric vehicles recycled throughout the term of the
6 agreement.

7 (h) A taxpayer may not enter into more than one agreement
8 under this Act with respect to a single address or location for
9 the same period of time. Also, a taxpayer may not enter into an
10 agreement under this Act with respect to a single address or
11 location for the same period of time for which the taxpayer
12 currently holds an active agreement under the Economic
13 Development for a Growing Economy Tax Credit Act. This
14 provision does not preclude the applicant from entering into
15 an additional agreement after the expiration or voluntary
16 termination of an earlier agreement under this Act or under
17 the Economic Development for a Growing Economy Tax Credit Act
18 to the extent that the taxpayer's application otherwise
19 satisfies the terms and conditions of this Act and is approved
20 by the Department. An applicant with an existing agreement
21 under the Economic Development for a Growing Economy Tax
22 Credit Act may submit an application for an agreement under
23 this Act after it terminates any existing agreement under the
24 Economic Development for a Growing Economy Tax Credit Act with
25 respect to the same address or location. If a project that is
26 subject to an existing agreement under the Economic

1 Development for a Growing Economy Tax Credit Act meets the
2 requirements to be designated as a REV Illinois project under
3 this Act, including for actions undertaken prior to the
4 effective date of this Act, the taxpayer that is subject to
5 that existing agreement under the Economic Development for a
6 Growing Economy Tax Credit Act may apply to the Department to
7 amend the agreement to allow the project to become a
8 designated REV Illinois project. Following the amendment, time
9 accrued during which the project was eligible for credits
10 under the existing agreement under the Economic Development
11 for a Growing Economy Tax Credit Act shall count toward the
12 duration of the credit subject to limitations described in
13 Section 40 of this Act.

14 (i) If, at any time following the designation of a project
15 as a REV Illinois Project by the Department and prior to the
16 termination or expiration of an agreement under this Act, the
17 project ceases to qualify as a REV Illinois project because
18 the taxpayer is no longer an electric vehicle manufacturer, an
19 electric vehicle component manufacturer, an electric vehicle
20 power supply equipment manufacturer, a battery recycling and
21 reuse manufacturer, or a battery raw materials refining
22 service provider, that project may receive tax credit awards
23 as described in Section 5-15 and Section 5-51 of the Economic
24 Development for a Growing Economy Tax Credit Act, as long as
25 the project continues to meet requirements to obtain those
26 credits as described in the Economic Development for a Growing

1 Economy Tax Credit Act and remains compliant with terms
2 contained in the Agreement under this Act not related to their
3 status as an electric vehicle manufacturer, an electric
4 vehicle component manufacturer, an electric vehicle power
5 supply equipment manufacturer, a battery recycling and reuse
6 manufacturer, or a battery raw materials refining service
7 provider. Time accrued during which the project was eligible
8 for credits under an agreement under this Act shall count
9 toward the duration of the credit subject to limitations
10 described in Section 5-45 of the Economic Development for a
11 Growing Economy Tax Credit Act.

12 (Source: P.A. 102-669, eff. 11-16-21; 102-700, eff. 4-19-22;
13 revised 6-27-22.)

14 (20 ILCS 686/30)

15 Sec. 30. Tax credit awards.

16 (a) Subject to the conditions set forth in this Act, a
17 taxpayer is entitled to a credit against the tax imposed
18 pursuant to subsections (a) and (b) of Section 201 of the
19 Illinois Income Tax Act for a taxable year beginning on or
20 after January 1, 2025 if the taxpayer is awarded a credit by
21 the Department in accordance with an agreement under this Act.
22 The Department has authority to award credits under this Act
23 on and after January 1, 2022.

24 (b) REV Illinois Credits. A taxpayer may receive a tax
25 credit against the tax imposed under subsections (a) and (b)

1 of Section 201 of the Illinois Income Tax Act, not to exceed
2 the sum of (i) 75% of the incremental income tax attributable
3 to new employees at the applicant's project and (ii) 10% of the
4 training costs of the new employees. If the project is located
5 in an underserved area or an energy transition area, then the
6 amount of the credit may not exceed the sum of (i) 100% of the
7 incremental income tax attributable to new employees at the
8 applicant's project; and (ii) 10% of the training costs of the
9 new employees. The percentage of training costs includable in
10 the calculation may be increased by an additional 15% for
11 training costs associated with new employees that are recent
12 (2 years or less) graduates, certificate holders, or
13 credential recipients from an institution of higher education
14 in Illinois, or, if the training is provided by an institution
15 of higher education in Illinois, the Clean Jobs Workforce
16 Network Program, or an apprenticeship and training program
17 located in Illinois and approved by and registered with the
18 United States Department of Labor's Bureau of Apprenticeship
19 and Training. An applicant is also eligible for a training
20 credit that shall not exceed 10% of the training costs of
21 retained employees for the purpose of upskilling to meet the
22 operational needs of the applicant or the REV Illinois
23 Project. The percentage of training costs includable in the
24 calculation shall not exceed a total of 25%. If an applicant
25 agrees to hire the required number of new employees, then the
26 maximum amount of the credit for that applicant may be

1 increased by an amount not to exceed 75% ~~25%~~ of the incremental
2 income tax attributable to retained employees at the
3 applicant's project; provided that, in order to receive the
4 increase for retained employees, the applicant must, if
5 applicable, meet or exceed the statewide baseline. If the
6 Project is in an underserved area or an energy transition
7 area, the maximum amount of the credit attributable to
8 retained employees for the applicant may be increased to an
9 amount not to exceed 100% ~~50%~~ of the incremental income tax
10 attributable to retained employees at the applicant's project;
11 provided that, in order to receive the increase for retained
12 employees, the applicant must meet or exceed the statewide
13 baseline. REV Illinois Credits awarded may include credit
14 earned for incremental income tax withheld and training costs
15 incurred by the taxpayer beginning on or after January 1,
16 2022. Credits so earned and certified by the Department may be
17 applied against the tax imposed by subsections (a) and (b) of
18 Section 201 of the Illinois Income Tax Act for taxable years
19 beginning on or after January 1, 2025.

20 (c) REV Construction Jobs Credit. For construction wages
21 associated with a project that qualified for a REV Illinois
22 Credit under subsection (b), the taxpayer may receive a tax
23 credit against the tax imposed under subsections (a) and (b)
24 of Section 201 of the Illinois Income Tax Act in an amount
25 equal to 50% of the incremental income tax attributable to
26 construction wages paid in connection with construction of the

1 project facilities, as a jobs credit for workers hired to
2 construct the project.

3 The REV Construction Jobs Credit may not exceed 75% of the
4 amount of the incremental income tax attributable to
5 construction wages paid in connection with construction of the
6 project facilities if the project is in an underserved area or
7 an energy transition area.

8 (d) The Department shall certify to the Department of
9 Revenue: (1) the identity of Taxpayers that are eligible for
10 the REV Illinois Credit and REV Construction Jobs Credit; (2)
11 the amount of the REV Illinois Credits and REV Construction
12 Jobs Credits awarded in each calendar year; and (3) the amount
13 of the REV Illinois Credit and REV Construction Jobs Credit
14 claimed in each calendar year. REV Illinois Credits awarded
15 may include credit earned for Incremental Income Tax withheld
16 and Training Costs incurred by the Taxpayer beginning on or
17 after January 1, 2022. Credits so earned and certified by the
18 Department may be applied against the tax imposed by Section
19 201(a) and (b) of the Illinois Income Tax Act for taxable years
20 beginning on or after January 1, 2025.

21 (e) Applicants seeking certification for a tax credits
22 related to the construction of the project facilities in the
23 State shall require the contractor to enter into a project
24 labor agreement that conforms with the Project Labor
25 Agreements Act.

26 (f) Any applicant issued a certificate for a tax credit or

1 tax exemption under this Act must annually report to the
2 Department the total project tax benefits received. Reports
3 are due no later than May 31 of each year and shall cover the
4 previous calendar year. The first report is for the 2022
5 calendar year and is due no later than May 31, 2023.

6 (g) Nothing in this Act shall prohibit an award of credit
7 to an applicant that uses a PEO if all other award criteria are
8 satisfied.

9 (h) With respect to any portion of a REV Illinois Credit
10 that is based on the incremental income tax attributable to
11 new employees or retained employees, in lieu of the Credit
12 allowed under this Act against the taxes imposed pursuant to
13 subsections (a) and (b) of Section 201 of the Illinois Income
14 Tax Act, a taxpayer that otherwise meets the criteria set
15 forth in this Section, the taxpayer may elect to claim the
16 credit, on or after January 1, 2025, against its obligation to
17 pay over withholding under Section 704A of the Illinois Income
18 Tax Act. The election shall be made in the manner prescribed by
19 the Department of Revenue and once made shall be irrevocable.

20 (Source: P.A. 102-669, eff. 11-16-21.)

21 (20 ILCS 686/40)

22 Sec. 40. Amount and duration of the credits; limitation to
23 amount of costs of specified items. The Department shall
24 determine the amount and duration of the REV Illinois Credit
25 awarded under this Act, subject to the limitations set forth

1 in this Act. For a project that qualified under paragraph (1),
2 (2), or (4) of subsection (c) of Section 20, the duration of
3 the credit may not exceed 15 taxable years, with an option to
4 renew the agreement for no more than one term not to exceed an
5 additional 15 taxable years. For project that qualified under
6 paragraph (3) of subsection (c) of Section 20, the duration of
7 the credit may not exceed 10 taxable years, with an option to
8 renew the agreement for no more than one term not to exceed an
9 additional 10 taxable years. The credit may be stated as a
10 percentage of the incremental income tax and training costs
11 attributable to the applicant's project and may include a
12 fixed dollar limitation.

13 Nothing in this Section shall prevent the Department, in
14 consultation with the Department of Revenue, from adopting
15 rules to extend the sunset of any earned, existing, and unused
16 tax credit or credits a taxpayer may be in possession of, as
17 provided for in Section 605-1055 of the Department of Commerce
18 and Economic Opportunity Law of the Civil Administrative Code
19 of Illinois, notwithstanding the carry-forward provisions
20 pursuant to paragraph (4) of Section 211 of the Illinois
21 Income Tax Act.

22 (Source: P.A. 102-669, eff. 11-16-21.)

23 Section 5. The Illinois Income Tax Act is amended by
24 changing Section 203 as follows:

1 (35 ILCS 5/203) (from Ch. 120, par. 2-203)

2 Sec. 203. Base income defined.

3 (a) Individuals.

4 (1) In general. In the case of an individual, base
5 income means an amount equal to the taxpayer's adjusted
6 gross income for the taxable year as modified by paragraph
7 (2).

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

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

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

22 (C) An amount equal to the amount received during
23 the taxable year as a recovery or refund of real
24 property taxes paid with respect to the taxpayer's
25 principal residence under the Revenue Act of 1939 and
26 for which a deduction was previously taken under

1 subparagraph (L) of this paragraph (2) prior to July
2 1, 1991, the retrospective application date of Article
3 4 of Public Act 87-17. In the case of multi-unit or
4 multi-use structures and farm dwellings, the taxes on
5 the taxpayer's principal residence shall be that
6 portion of the total taxes for the entire property
7 which is attributable to such principal residence;

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

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

21 (D-10) For taxable years ending after December 31,
22 1997, an amount equal to any eligible remediation
23 costs that the individual deducted in computing
24 adjusted gross income and for which the individual
25 claims a credit under subsection (1) of Section 201;

26 (D-15) For taxable years 2001 and thereafter, an

1 amount equal to the bonus depreciation deduction taken
2 on the taxpayer's federal income tax return for the
3 taxable year under subsection (k) of Section 168 of
4 the Internal Revenue Code;

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

12 If the taxpayer continues to own property through
13 the last day of the last tax year for which a
14 subtraction is allowed with respect to that property
15 under subparagraph (Z) and for which the taxpayer was
16 allowed in any taxable year to make a subtraction
17 modification under subparagraph (Z), then an amount
18 equal to that subtraction modification.

19 The taxpayer is required to make the addition
20 modification under this subparagraph only once with
21 respect to any one piece of property;

22 (D-17) An amount equal to the amount otherwise
23 allowed as a deduction in computing base income for
24 interest paid, accrued, or incurred, directly or
25 indirectly, (i) for taxable years ending on or after
26 December 31, 2004, to a foreign person who would be a

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

23 This paragraph shall not apply to the following:

24 (i) an item of interest paid, accrued, or
25 incurred, directly or indirectly, to a person who
26 is subject in a foreign country or state, other

1 than a state which requires mandatory unitary
2 reporting, to a tax on or measured by net income
3 with respect to such interest; or

4 (ii) an item of interest paid, accrued, or
5 incurred, directly or indirectly, to a person if
6 the taxpayer can establish, based on a
7 preponderance of the evidence, both of the
8 following:

9 (a) the person, during the same taxable
10 year, paid, accrued, or incurred, the interest
11 to a person that is not a related member, and

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

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

26 (iv) an item of interest paid, accrued, or

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

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

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

1 the same unitary business group but for the fact that
2 the person is prohibited under Section 1501(a)(27)
3 from being included in the unitary business group
4 because he or she is ordinarily required to apportion
5 business income under different subsections of Section
6 304. The addition modification required by this
7 subparagraph shall be reduced to the extent that
8 dividends were included in base income of the unitary
9 group for the same taxable year and received by the
10 taxpayer or by a member of the taxpayer's unitary
11 business group (including amounts included in gross
12 income under Sections 951 through 964 of the Internal
13 Revenue Code and amounts included in gross income
14 under Section 78 of the Internal Revenue Code) with
15 respect to the stock of the same person to whom the
16 intangible expenses and costs were directly or
17 indirectly paid, incurred, or accrued. The preceding
18 sentence does not apply to the extent that the same
19 dividends caused a reduction to the addition
20 modification required under Section 203(a)(2)(D-17) of
21 this Act. As used in this subparagraph, the term
22 "intangible expenses and costs" includes (1) expenses,
23 losses, and costs for, or related to, the direct or
24 indirect acquisition, use, maintenance or management,
25 ownership, sale, exchange, or any other disposition of
26 intangible property; (2) losses incurred, directly or

1 indirectly, from factoring transactions or discounting
2 transactions; (3) royalty, patent, technical, and
3 copyright fees; (4) licensing fees; and (5) other
4 similar expenses and costs. For purposes of this
5 subparagraph, "intangible property" includes patents,
6 patent applications, trade names, trademarks, service
7 marks, copyrights, mask works, trade secrets, and
8 similar types of intangible assets.

9 This paragraph shall not apply to the following:

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

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

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

26 (b) the transaction giving rise to the

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

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

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

25 (D-19) For taxable years ending on or after
26 December 31, 2008, an amount equal to the amount of

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

26 (D-20) For taxable years beginning on or after

1 January 1, 2002 and ending on or before December 31,
2 2006, in the case of a distribution from a qualified
3 tuition program under Section 529 of the Internal
4 Revenue Code, other than (i) a distribution from a
5 College Savings Pool created under Section 16.5 of the
6 State Treasurer Act or (ii) a distribution from the
7 Illinois Prepaid Tuition Trust Fund, an amount equal
8 to the amount excluded from gross income under Section
9 529(c)(3)(B). For taxable years beginning on or after
10 January 1, 2007, in the case of a distribution from a
11 qualified tuition program under Section 529 of the
12 Internal Revenue Code, other than (i) a distribution
13 from a College Savings Pool created under Section 16.5
14 of the State Treasurer Act, (ii) a distribution from
15 the Illinois Prepaid Tuition Trust Fund, or (iii) a
16 distribution from a qualified tuition program under
17 Section 529 of the Internal Revenue Code that (I)
18 adopts and determines that its offering materials
19 comply with the College Savings Plans Network's
20 disclosure principles and (II) has made reasonable
21 efforts to inform in-state residents of the existence
22 of in-state qualified tuition programs by informing
23 Illinois residents directly and, where applicable, to
24 inform financial intermediaries distributing the
25 program to inform in-state residents of the existence
26 of in-state qualified tuition programs at least

1 annually, an amount equal to the amount excluded from
2 gross income under Section 529(c)(3)(B).

3 For the purposes of this subparagraph (D-20), a
4 qualified tuition program has made reasonable efforts
5 if it makes disclosures (which may use the term
6 "in-state program" or "in-state plan" and need not
7 specifically refer to Illinois or its qualified
8 programs by name) (i) directly to prospective
9 participants in its offering materials or makes a
10 public disclosure, such as a website posting; and (ii)
11 where applicable, to intermediaries selling the
12 out-of-state program in the same manner that the
13 out-of-state program distributes its offering
14 materials;

15 (D-20.5) For taxable years beginning on or after
16 January 1, 2018, in the case of a distribution from a
17 qualified ABLE program under Section 529A of the
18 Internal Revenue Code, other than a distribution from
19 a qualified ABLE program created under Section 16.6 of
20 the State Treasurer Act, an amount equal to the amount
21 excluded from gross income under Section 529A(c)(1)(B)
22 of the Internal Revenue Code;

23 (D-21) For taxable years beginning on or after
24 January 1, 2007, in the case of transfer of moneys from
25 a qualified tuition program under Section 529 of the
26 Internal Revenue Code that is administered by the

1 State to an out-of-state program, an amount equal to
2 the amount of moneys previously deducted from base
3 income under subsection (a) (2) (Y) of this Section;

4 (D-21.5) For taxable years beginning on or after
5 January 1, 2018, in the case of the transfer of moneys
6 from a qualified tuition program under Section 529 or
7 a qualified ABLE program under Section 529A of the
8 Internal Revenue Code that is administered by this
9 State to an ABLE account established under an
10 out-of-state ABLE account program, an amount equal to
11 the contribution component of the transferred amount
12 that was previously deducted from base income under
13 subsection (a) (2) (Y) or subsection (a) (2) (HH) of this
14 Section;

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

1 taxable years beginning on or after January 1, 2018:
2 (1) in the case of a nonqualified withdrawal or
3 refund, as defined under Section 16.5 of the State
4 Treasurer Act, of moneys from a qualified tuition
5 program under Section 529 of the Internal Revenue Code
6 administered by the State, an amount equal to the
7 contribution component of the nonqualified withdrawal
8 or refund that was previously deducted from base
9 income under subsection (a) (2) (Y) of this Section, and
10 (2) in the case of a nonqualified withdrawal or refund
11 from a qualified ABLE program under Section 529A of
12 the Internal Revenue Code administered by the State
13 that is not used for qualified disability expenses, an
14 amount equal to the contribution component of the
15 nonqualified withdrawal or refund that was previously
16 deducted from base income under subsection (a) (2) (HH)
17 of this Section;

18 (D-23) An amount equal to the credit allowable to
19 the taxpayer under Section 218(a) of this Act,
20 determined without regard to Section 218(c) of this
21 Act;

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

26 (D-25) In the case of a resident, an amount equal

1 to the amount of tax for which a credit is allowed
2 pursuant to Section 201(p)(7) of this Act;
3 and by deducting from the total so obtained the sum of the
4 following amounts:

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

1 States and in respect of any compensation paid or
2 accrued to a resident who as a governmental employee
3 was a prisoner of war or missing in action, and in
4 respect of any compensation paid to a resident in 2001
5 or thereafter by reason of being a member of the
6 Illinois National Guard or, beginning with taxable
7 years ending on or after December 31, 2007, the
8 National Guard of any other state. The provisions of
9 this subparagraph (E) are exempt from the provisions
10 of Section 250;

11 (F) An amount equal to all amounts included in
12 such total pursuant to the provisions of Sections
13 402(a), 402(c), 403(a), 403(b), 406(a), 407(a), and
14 408 of the Internal Revenue Code, or included in such
15 total as distributions under the provisions of any
16 retirement or disability plan for employees of any
17 governmental agency or unit, or retirement payments to
18 retired partners, which payments are excluded in
19 computing net earnings from self employment by Section
20 1402 of the Internal Revenue Code and regulations
21 adopted pursuant thereto;

22 (G) The valuation limitation amount;

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

26 (I) An amount equal to all amounts included in

1 such total pursuant to the provisions of Section 111
2 of the Internal Revenue Code as a recovery of items
3 previously deducted from adjusted gross income in the
4 computation of taxable income;

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

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

22 (L) For taxable years ending after December 31,
23 1983, an amount equal to all social security benefits
24 and railroad retirement benefits included in such
25 total pursuant to Sections 72(r) and 86 of the
26 Internal Revenue Code;

1 (M) With the exception of any amounts subtracted
2 under subparagraph (N), an amount equal to the sum of
3 all amounts disallowed as deductions by (i) Sections
4 171(a)(2) and 265(a)(2) of the Internal Revenue Code,
5 and all amounts of expenses allocable to interest and
6 disallowed as deductions by Section 265(a)(1) of the
7 Internal Revenue Code; and (ii) for taxable years
8 ending on or after August 13, 1999, Sections
9 171(a)(2), 265, 280C, and 832(b)(5)(B)(i) of the
10 Internal Revenue Code, plus, for taxable years ending
11 on or after December 31, 2011, Section 45G(e)(3) of
12 the Internal Revenue Code and, for taxable years
13 ending on or after December 31, 2008, any amount
14 included in gross income under Section 87 of the
15 Internal Revenue Code; the provisions of this
16 subparagraph are exempt from the provisions of Section
17 250;

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

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

4 (P) An amount equal to the amount of the deduction
5 used to compute the federal income tax credit for
6 restoration of substantial amounts held under claim of
7 right for the taxable year pursuant to Section 1341 of
8 the Internal Revenue Code or of any itemized deduction
9 taken from adjusted gross income in the computation of
10 taxable income for restoration of substantial amounts
11 held under claim of right for the taxable year;

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

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

20 (S) An amount, to the extent included in adjusted
21 gross income, equal to the amount of a contribution
22 made in the taxable year on behalf of the taxpayer to a
23 medical care savings account established under the
24 Medical Care Savings Account Act or the Medical Care
25 Savings Account Act of 2000 to the extent the
26 contribution is accepted by the account administrator

1 as provided in that Act;

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

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

15 (V) Beginning with tax years ending on or after
16 December 31, 1995 and ending with tax years ending on
17 or before December 31, 2004, an amount equal to the
18 amount paid by a taxpayer who is a self-employed
19 taxpayer, a partner of a partnership, or a shareholder
20 in a Subchapter S corporation for health insurance or
21 long-term care insurance for that taxpayer or that
22 taxpayer's spouse or dependents, to the extent that
23 the amount paid for that health insurance or long-term
24 care insurance may be deducted under Section 213 of
25 the Internal Revenue Code, has not been deducted on
26 the federal income tax return of the taxpayer, and

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

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

22 (X) For taxable year 1999 and thereafter, an
23 amount equal to the amount of any (i) distributions,
24 to the extent includible in gross income for federal
25 income tax purposes, made to the taxpayer because of
26 his or her status as a victim of persecution for racial

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

1 for federal income tax purposes. This paragraph is
2 exempt from the provisions of Section 250;

3 (Y) For taxable years beginning on or after
4 January 1, 2002 and ending on or before December 31,
5 2004, moneys contributed in the taxable year to a
6 College Savings Pool account under Section 16.5 of the
7 State Treasurer Act, except that amounts excluded from
8 gross income under Section 529(c)(3)(C)(i) of the
9 Internal Revenue Code shall not be considered moneys
10 contributed under this subparagraph (Y). For taxable
11 years beginning on or after January 1, 2005, a maximum
12 of \$10,000 contributed in the taxable year to (i) a
13 College Savings Pool account under Section 16.5 of the
14 State Treasurer Act or (ii) the Illinois Prepaid
15 Tuition Trust Fund, except that amounts excluded from
16 gross income under Section 529(c)(3)(C)(i) of the
17 Internal Revenue Code shall not be considered moneys
18 contributed under this subparagraph (Y). For purposes
19 of this subparagraph, contributions made by an
20 employer on behalf of an employee, or matching
21 contributions made by an employee, shall be treated as
22 made by the employee. This subparagraph (Y) is exempt
23 from the provisions of Section 250;

24 (Z) For taxable years 2001 and thereafter, for the
25 taxable year in which the bonus depreciation deduction
26 is taken on the taxpayer's federal income tax return

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

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

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

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

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

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

26 (iii) for property on which a bonus

1 depreciation deduction of 100% of the adjusted
2 basis was taken in a taxable year ending on or
3 after December 31, 2021, "x" equals the
4 depreciation deduction that would be allowed
5 on that property if the taxpayer had made the
6 election under Section 168(k)(7) of the
7 Internal Revenue Code to not claim bonus
8 depreciation on that property; and

9 (iv) for property on which a bonus
10 depreciation deduction of a percentage other
11 than 30%, 50% or 100% of the adjusted basis
12 was taken in a taxable year ending on or after
13 December 31, 2021, "x" equals "y" multiplied
14 by 100 times the percentage bonus depreciation
15 on the property (that is, $100(\text{bonus}\%)$) and
16 then divided by 100 times 1 minus the
17 percentage bonus depreciation on the property
18 (that is, $100(1-\text{bonus}\%)$).

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

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

6 If the taxpayer continues to own property through
7 the last day of the last tax year for which a
8 subtraction is allowed with respect to that property
9 under subparagraph (Z) and for which the taxpayer was
10 required in any taxable year to make an addition
11 modification under subparagraph (D-15), then an amount
12 equal to that addition modification.

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

16 This subparagraph (AA) is exempt from the
17 provisions of Section 250;

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

21 (CC) The amount of (i) any interest income (net of
22 the deductions allocable thereto) taken into account
23 for the taxable year with respect to a transaction
24 with a taxpayer that is required to make an addition
25 modification with respect to such transaction under
26 Section 203(a)(2)(D-17), 203(b)(2)(E-12),

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

12 (DD) An amount equal to the interest income taken
13 into account for the taxable year (net of the
14 deductions allocable thereto) with respect to
15 transactions with (i) a foreign person who would be a
16 member of the taxpayer's unitary business group but
17 for the fact that the foreign person's business
18 activity outside the United States is 80% or more of
19 that person's total business activity and (ii) for
20 taxable years ending on or after December 31, 2008, to
21 a person who would be a member of the same unitary
22 business group but for the fact that the person is
23 prohibited under Section 1501(a)(27) from being
24 included in the unitary business group because he or
25 she is ordinarily required to apportion business
26 income under different subsections of Section 304, but

1 not to exceed the addition modification required to be
2 made for the same taxable year under Section
3 203(a)(2)(D-17) for interest paid, accrued, or
4 incurred, directly or indirectly, to the same person.
5 This subparagraph (DD) is exempt from the provisions
6 of Section 250;

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

1 exempt from the provisions of Section 250;

2 (FF) An amount equal to any amount awarded to the
3 taxpayer during the taxable year by the Court of
4 Claims under subsection (c) of Section 8 of the Court
5 of Claims Act for time unjustly served in a State
6 prison. This subparagraph (FF) is exempt from the
7 provisions of Section 250;

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

24 (HH) For taxable years beginning on or after
25 January 1, 2018 and prior to January 1, 2028 ~~January 1,~~
26 ~~2023~~, a maximum of \$10,000 contributed in the taxable

1 year to a qualified ABLE account under Section 16.6 of
2 the State Treasurer Act, except that amounts excluded
3 from gross income under Section 529(c)(3)(C)(i) or
4 Section 529A(c)(1)(C) of the Internal Revenue Code
5 shall not be considered moneys contributed under this
6 subparagraph (HH). For purposes of this subparagraph
7 (HH), contributions made by an employer on behalf of
8 an employee, or matching contributions made by an
9 employee, shall be treated as made by the employee;
10 and ~~and~~.

11 (II) For taxable years beginning on or after
12 January 1, 2021 and prior to January 1, 2026, the
13 amount that is included in the taxpayer's federal
14 adjusted gross income pursuant to Section 61 of the
15 Internal Revenue Code as discharge of indebtedness
16 attributable to student loan forgiveness and that is
17 not excluded from the taxpayer's federal adjusted
18 gross income pursuant to paragraph (5) of subsection
19 (f) of Section 108 of the Internal Revenue Code.

20 (b) Corporations.

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

24 (2) Modifications. The taxable income referred to in
25 paragraph (1) shall be modified by adding thereto the sum

1 of the following amounts:

2 (A) An amount equal to all amounts paid or accrued
3 to the taxpayer as interest and all distributions
4 received from regulated investment companies during
5 the taxable year to the extent excluded from gross
6 income in the computation of taxable income;

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

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

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

25 (E) For taxable years in which a net operating
26 loss carryback or carryforward from a taxable year

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

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

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

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

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

3 (E-5) For taxable years ending after December 31,
4 1997, an amount equal to any eligible remediation
5 costs that the corporation deducted in computing
6 adjusted gross income and for which the corporation
7 claims a credit under subsection (l) of Section 201;

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

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

20 If the taxpayer continues to own property through
21 the last day of the last tax year for which a
22 subtraction is allowed with respect to that property
23 under subparagraph (T) and for which the taxpayer was
24 allowed in any taxable year to make a subtraction
25 modification under subparagraph (T), then an amount
26 equal to that subtraction modification.

1 The taxpayer is required to make the addition
2 modification under this subparagraph only once with
3 respect to any one piece of property;

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

1 included in gross income under Section 78 of the
2 Internal Revenue Code) with respect to the stock of
3 the same person to whom the interest was paid,
4 accrued, or incurred.

5 This paragraph shall not apply to the following:

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

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

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

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

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

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

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

24 (E-13) An amount equal to the amount of intangible
25 expenses and costs otherwise allowed as a deduction in
26 computing base income, and that were paid, accrued, or

1 incurred, directly or indirectly, (i) for taxable
2 years ending on or after December 31, 2004, to a
3 foreign person who would be a member of the same
4 unitary business group but for the fact that the
5 foreign person's business activity outside the United
6 States is 80% or more of that person's total business
7 activity and (ii) for taxable years ending on or after
8 December 31, 2008, to a person who would be a member of
9 the same unitary business group but for the fact that
10 the person is prohibited under Section 1501(a)(27)
11 from being included in the unitary business group
12 because he or she is ordinarily required to apportion
13 business income under different subsections of Section
14 304. The addition modification required by this
15 subparagraph shall be reduced to the extent that
16 dividends were included in base income of the unitary
17 group for the same taxable year and received by the
18 taxpayer or by a member of the taxpayer's unitary
19 business group (including amounts included in gross
20 income pursuant to Sections 951 through 964 of the
21 Internal Revenue Code and amounts included in gross
22 income under Section 78 of the Internal Revenue Code)
23 with respect to the stock of the same person to whom
24 the intangible expenses and costs were directly or
25 indirectly paid, incurred, or accrued. The preceding
26 sentence shall not apply to the extent that the same

1 dividends caused a reduction to the addition
2 modification required under Section 203(b)(2)(E-12) of
3 this Act. As used in this subparagraph, the term
4 "intangible expenses and costs" includes (1) expenses,
5 losses, and costs for, or related to, the direct or
6 indirect acquisition, use, maintenance or management,
7 ownership, sale, exchange, or any other disposition of
8 intangible property; (2) losses incurred, directly or
9 indirectly, from factoring transactions or discounting
10 transactions; (3) royalty, patent, technical, and
11 copyright fees; (4) licensing fees; and (5) other
12 similar expenses and costs. For purposes of this
13 subparagraph, "intangible property" includes patents,
14 patent applications, trade names, trademarks, service
15 marks, copyrights, mask works, trade secrets, and
16 similar types of intangible assets.

17 This paragraph shall not apply to the following:

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

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

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

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

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

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

24 Nothing in this subsection shall preclude the
25 Director from making any other adjustment
26 otherwise allowed under Section 404 of this Act

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

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

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

8 (E-15) For taxable years beginning after December
9 31, 2008, any deduction for dividends paid by a
10 captive real estate investment trust that is allowed
11 to a real estate investment trust under Section
12 857(b)(2)(B) of the Internal Revenue Code for
13 dividends paid;

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

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

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

26 (E-19) for taxable years ending on or after June

1 30, 2021, an amount equal to the deduction allowed
2 under Section 250(a)(1)(B)(i) of the Internal Revenue
3 Code for the taxable year;

4 (E-20) for taxable years ending on or after June
5 30, 2021, an amount equal to the deduction allowed
6 under Sections 243(e) and 245A(a) of the Internal
7 Revenue Code for the taxable year.

8 and by deducting from the total so obtained the sum of the
9 following amounts:

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

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

15 (H) In the case of a regulated investment company,
16 an amount equal to the amount of exempt interest
17 dividends as defined in subsection (b)(5) of Section
18 852 of the Internal Revenue Code, paid to shareholders
19 for the taxable year;

20 (I) With the exception of any amounts subtracted
21 under subparagraph (J), an amount equal to the sum of
22 all amounts disallowed as deductions by (i) Sections
23 171(a)(2) and 265(a)(2) and amounts disallowed as
24 interest expense by Section 291(a)(3) of the Internal
25 Revenue Code, and all amounts of expenses allocable to
26 interest and disallowed as deductions by Section

1 265(a)(1) of the Internal Revenue Code; and (ii) for
2 taxable years ending on or after August 13, 1999,
3 Sections 171(a)(2), 265, 280C, 291(a)(3), and
4 832(b)(5)(B)(i) of the Internal Revenue Code, plus,
5 for tax years ending on or after December 31, 2011,
6 amounts disallowed as deductions by Section 45G(e)(3)
7 of the Internal Revenue Code and, for taxable years
8 ending on or after December 31, 2008, any amount
9 included in gross income under Section 87 of the
10 Internal Revenue Code and the policyholders' share of
11 tax-exempt interest of a life insurance company under
12 Section 807(a)(2)(B) of the Internal Revenue Code (in
13 the case of a life insurance company with gross income
14 from a decrease in reserves for the tax year) or
15 Section 807(b)(1)(B) of the Internal Revenue Code (in
16 the case of a life insurance company allowed a
17 deduction for an increase in reserves for the tax
18 year); the provisions of this subparagraph are exempt
19 from the provisions of Section 250;

20 (J) An amount equal to all amounts included in
21 such total which are exempt from taxation by this
22 State either by reason of its statutes or Constitution
23 or by reason of the Constitution, treaties or statutes
24 of the United States; provided that, in the case of any
25 statute of this State that exempts income derived from
26 bonds or other obligations from the tax imposed under

1 this Act, the amount exempted shall be the interest
2 net of bond premium amortization;

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

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

20 (M) For any taxpayer that is a financial
21 organization within the meaning of Section 304(c) of
22 this Act, an amount included in such total as interest
23 income from a loan or loans made by such taxpayer to a
24 borrower, to the extent that such a loan is secured by
25 property which is eligible for the River Edge
26 Redevelopment Zone Investment Credit. To determine the

1 portion of a loan or loans that is secured by property
2 eligible for a Section 201(f) investment credit to the
3 borrower, the entire principal amount of the loan or
4 loans between the taxpayer and the borrower should be
5 divided into the basis of the Section 201(f)
6 investment credit property which secures the loan or
7 loans, using for this purpose the original basis of
8 such property on the date that it was placed in service
9 in the River Edge Redevelopment Zone. The subtraction
10 modification available to the taxpayer in any year
11 under this subsection shall be that portion of the
12 total interest paid by the borrower with respect to
13 such loan attributable to the eligible property as
14 calculated under the previous sentence. This
15 subparagraph (M) is exempt from the provisions of
16 Section 250;

17 (M-1) For any taxpayer that is a financial
18 organization within the meaning of Section 304(c) of
19 this Act, an amount included in such total as interest
20 income from a loan or loans made by such taxpayer to a
21 borrower, to the extent that such a loan is secured by
22 property which is eligible for the High Impact
23 Business Investment Credit. To determine the portion
24 of a loan or loans that is secured by property eligible
25 for a Section 201(h) investment credit to the
26 borrower, the entire principal amount of the loan or

1 loans between the taxpayer and the borrower should be
2 divided into the basis of the Section 201(h)
3 investment credit property which secures the loan or
4 loans, using for this purpose the original basis of
5 such property on the date that it was placed in service
6 in a federally designated Foreign Trade Zone or
7 Sub-Zone located in Illinois. No taxpayer that is
8 eligible for the deduction provided in subparagraph
9 (M) of paragraph (2) of this subsection shall be
10 eligible for the deduction provided under this
11 subparagraph (M-1). The subtraction modification
12 available to taxpayers in any year under this
13 subsection shall be that portion of the total interest
14 paid by the borrower with respect to such loan
15 attributable to the eligible property as calculated
16 under the previous sentence;

17 (N) Two times any contribution made during the
18 taxable year to a designated zone organization to the
19 extent that the contribution (i) qualifies as a
20 charitable contribution under subsection (c) of
21 Section 170 of the Internal Revenue Code and (ii)
22 must, by its terms, be used for a project approved by
23 the Department of Commerce and Economic Opportunity
24 under Section 11 of the Illinois Enterprise Zone Act
25 or under Section 10-10 of the River Edge Redevelopment
26 Zone Act. This subparagraph (N) is exempt from the

1 provisions of Section 250;

2 (O) An amount equal to: (i) 85% for taxable years
3 ending on or before December 31, 1992, or, a
4 percentage equal to the percentage allowable under
5 Section 243(a)(1) of the Internal Revenue Code of 1986
6 for taxable years ending after December 31, 1992, of
7 the amount by which dividends included in taxable
8 income and received from a corporation that is not
9 created or organized under the laws of the United
10 States or any state or political subdivision thereof,
11 including, for taxable years ending on or after
12 December 31, 1988, dividends received or deemed
13 received or paid or deemed paid under Sections 951
14 through 965 of the Internal Revenue Code, exceed the
15 amount of the modification provided under subparagraph
16 (G) of paragraph (2) of this subsection (b) which is
17 related to such dividends, and including, for taxable
18 years ending on or after December 31, 2008, dividends
19 received from a captive real estate investment trust;
20 plus (ii) 100% of the amount by which dividends,
21 included in taxable income and received, including,
22 for taxable years ending on or after December 31,
23 1988, dividends received or deemed received or paid or
24 deemed paid under Sections 951 through 964 of the
25 Internal Revenue Code and including, for taxable years
26 ending on or after December 31, 2008, dividends

1 received from a captive real estate investment trust,
2 from any such corporation specified in clause (i) that
3 would but for the provisions of Section 1504(b)(3) of
4 the Internal Revenue Code be treated as a member of the
5 affiliated group which includes the dividend
6 recipient, exceed the amount of the modification
7 provided under subparagraph (G) of paragraph (2) of
8 this subsection (b) which is related to such
9 dividends. For taxable years ending on or after June
10 30, 2021, (i) for purposes of this subparagraph, the
11 term "dividend" does not include any amount treated as
12 a dividend under Section 1248 of the Internal Revenue
13 Code, and (ii) this subparagraph shall not apply to
14 dividends for which a deduction is allowed under
15 Section 245(a) of the Internal Revenue Code. This
16 subparagraph (O) is exempt from the provisions of
17 Section 250 of this Act;

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

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

26 (R) On and after July 20, 1999, in the case of an

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

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

23 (T) For taxable years 2001 and thereafter, for the
24 taxable year in which the bonus depreciation deduction
25 is taken on the taxpayer's federal income tax return
26 under subsection (k) of Section 168 of the Internal

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

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

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

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

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

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

25 (iii) for property on which a bonus
26 depreciation deduction of 100% of the adjusted

1 basis was taken in a taxable year ending on or
2 after December 31, 2021, "x" equals the
3 depreciation deduction that would be allowed
4 on that property if the taxpayer had made the
5 election under Section 168(k)(7) of the
6 Internal Revenue Code to not claim bonus
7 depreciation on that property; and

8 (iv) for property on which a bonus
9 depreciation deduction of a percentage other
10 than 30%, 50% or 100% of the adjusted basis
11 was taken in a taxable year ending on or after
12 December 31, 2021, "x" equals "y" multiplied
13 by 100 times the percentage bonus depreciation
14 on the property (that is, $100(\text{bonus}\%)$) and
15 then divided by 100 times 1 minus the
16 percentage bonus depreciation on the property
17 (that is, $100(1-\text{bonus}\%)$).

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

26 (U) If the taxpayer sells, transfers, abandons, or

1 otherwise disposes of property for which the taxpayer
2 was required in any taxable year to make an addition
3 modification under subparagraph (E-10), then an amount
4 equal to that addition modification.

5 If the taxpayer continues to own property through
6 the last day of the last tax year for which a
7 subtraction is allowed with respect to that property
8 under subparagraph (T) and for which the taxpayer was
9 required in any taxable year to make an addition
10 modification under subparagraph (E-10), then an amount
11 equal to that addition modification.

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

15 This subparagraph (U) is exempt from the
16 provisions of Section 250;

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

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

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

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

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

1 made for the same taxable year under Section
2 203(b)(2)(E-13) for intangible expenses and costs
3 paid, accrued, or incurred, directly or indirectly, to
4 the same foreign person. This subparagraph (X) is
5 exempt from the provisions of Section 250;

6 (Y) For taxable years ending on or after December
7 31, 2011, in the case of a taxpayer who was required to
8 add back any insurance premiums under Section
9 203(b)(2)(E-14), such taxpayer may elect to subtract
10 that part of a reimbursement received from the
11 insurance company equal to the amount of the expense
12 or loss (including expenses incurred by the insurance
13 company) that would have been taken into account as a
14 deduction for federal income tax purposes if the
15 expense or loss had been uninsured. If a taxpayer
16 makes the election provided for by this subparagraph
17 (Y), the insurer to which the premiums were paid must
18 add back to income the amount subtracted by the
19 taxpayer pursuant to this subparagraph (Y). This
20 subparagraph (Y) is exempt from the provisions of
21 Section 250; and

22 (Z) The difference between the nondeductible
23 controlled foreign corporation dividends under Section
24 965(e)(3) of the Internal Revenue Code over the
25 taxable income of the taxpayer, computed without
26 regard to Section 965(e)(2)(A) of the Internal Revenue

1 Code, and without regard to any net operating loss
2 deduction. This subparagraph (Z) is exempt from the
3 provisions of Section 250.

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

12 (c) Trusts and estates.

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

16 (2) Modifications. Subject to the provisions of
17 paragraph (3), the taxable income referred to in paragraph
18 (1) shall be modified by adding thereto the sum of the
19 following amounts:

20 (A) An amount equal to all amounts paid or accrued
21 to the taxpayer as interest or dividends during the
22 taxable year to the extent excluded from gross income
23 in the computation of taxable income;

24 (B) In the case of (i) an estate, \$600; (ii) a
25 trust which, under its governing instrument, is

1 required to distribute all of its income currently,
2 \$300; and (iii) any other trust, \$100, but in each such
3 case, only to the extent such amount was deducted in
4 the computation of taxable income;

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

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

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

23 (i) the addition modification relating to the
24 net operating loss carried back or forward to the
25 taxable year from any taxable year ending prior to
26 December 31, 1986 shall be reduced by the amount

1 of addition modification under this subparagraph
2 (E) which related to that net operating loss and
3 which was taken into account in calculating the
4 base income of an earlier taxable year, and

5 (ii) the addition modification relating to the
6 net operating loss carried back or forward to the
7 taxable year from any taxable year ending prior to
8 December 31, 1986 shall not exceed the amount of
9 such carryback or carryforward;

10 For taxable years in which there is a net
11 operating loss carryback or carryforward from more
12 than one other taxable year ending prior to December
13 31, 1986, the addition modification provided in this
14 subparagraph (E) shall be the sum of the amounts
15 computed independently under the preceding provisions
16 of this subparagraph (E) for each such taxable year;

17 (F) For taxable years ending on or after January
18 1, 1989, an amount equal to the tax deducted pursuant
19 to Section 164 of the Internal Revenue Code if the
20 trust or estate is claiming the same tax for purposes
21 of the Illinois foreign tax credit under Section 601
22 of this Act;

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

1 (G-5) For taxable years ending after December 31,
2 1997, an amount equal to any eligible remediation
3 costs that the trust or estate deducted in computing
4 adjusted gross income and for which the trust or
5 estate claims a credit under subsection (l) of Section
6 201;

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

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

19 If the taxpayer continues to own property through
20 the last day of the last tax year for which a
21 subtraction is allowed with respect to that property
22 under subparagraph (R) and for which the taxpayer was
23 allowed in any taxable year to make a subtraction
24 modification under subparagraph (R), then an amount
25 equal to that subtraction modification.

26 The taxpayer is required to make the addition

1 modification under this subparagraph only once with
2 respect to any one piece of property;

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

1 Internal Revenue Code) with respect to the stock of
2 the same person to whom the interest was paid,
3 accrued, or incurred.

4 This paragraph shall not apply to the following:

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

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

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

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

26 (iii) the taxpayer can establish, based on

1 clear and convincing evidence, that the interest
2 paid, accrued, or incurred relates to a contract
3 or agreement entered into at arm's-length rates
4 and terms and the principal purpose for the
5 payment is not federal or Illinois tax avoidance;
6 or

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

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

23 (G-13) An amount equal to the amount of intangible
24 expenses and costs otherwise allowed as a deduction in
25 computing base income, and that were paid, accrued, or
26 incurred, directly or indirectly, (i) for taxable

1 years ending on or after December 31, 2004, to a
2 foreign person who would be a member of the same
3 unitary business group but for the fact that the
4 foreign person's business activity outside the United
5 States is 80% or more of that person's total business
6 activity and (ii) for taxable years ending on or after
7 December 31, 2008, to a person who would be a member of
8 the same unitary business group but for the fact that
9 the person is prohibited under Section 1501(a)(27)
10 from being included in the unitary business group
11 because he or she is ordinarily required to apportion
12 business income under different subsections of Section
13 304. The addition modification required by this
14 subparagraph shall be reduced to the extent that
15 dividends were included in base income of the unitary
16 group for the same taxable year and received by the
17 taxpayer or by a member of the taxpayer's unitary
18 business group (including amounts included in gross
19 income pursuant to Sections 951 through 964 of the
20 Internal Revenue Code and amounts included in gross
21 income under Section 78 of the Internal Revenue Code)
22 with respect to the stock of the same person to whom
23 the intangible expenses and costs were directly or
24 indirectly paid, incurred, or accrued. The preceding
25 sentence shall not apply to the extent that the same
26 dividends caused a reduction to the addition

1 modification required under Section 203(c)(2)(G-12) of
2 this Act. As used in this subparagraph, the term
3 "intangible expenses and costs" includes: (1)
4 expenses, losses, and costs for or related to the
5 direct or indirect acquisition, use, maintenance or
6 management, ownership, sale, exchange, or any other
7 disposition of intangible property; (2) losses
8 incurred, directly or indirectly, from factoring
9 transactions or discounting transactions; (3) royalty,
10 patent, technical, and copyright fees; (4) licensing
11 fees; and (5) other similar expenses and costs. For
12 purposes of this subparagraph, "intangible property"
13 includes patents, patent applications, trade names,
14 trademarks, service marks, copyrights, mask works,
15 trade secrets, and similar types of intangible assets.

16 This paragraph shall not apply to the following:

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

24 (ii) any item of intangible expense or cost
25 paid, accrued, or incurred, directly or
26 indirectly, if the taxpayer can establish, based

1 on a preponderance of the evidence, both of the
2 following:

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

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

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

23 Nothing in this subsection shall preclude the
24 Director from making any other adjustment
25 otherwise allowed under Section 404 of this Act
26 for any tax year beginning after the effective

1 date of this amendment provided such adjustment is
2 made pursuant to regulation adopted by the
3 Department and such regulations provide methods
4 and standards by which the Department will utilize
5 its authority under Section 404 of this Act;

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

1 were directly or indirectly paid, incurred, or
2 accrued. The preceding sentence does not apply to the
3 extent that the same dividends caused a reduction to
4 the addition modification required under Section
5 203(c)(2)(G-12) or Section 203(c)(2)(G-13) of this
6 Act;

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

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

15 and by deducting from the total so obtained the sum of the
16 following amounts:

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

1 adopted pursuant thereto;

2 (I) The valuation limitation amount;

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

6 (K) An amount equal to all amounts included in
7 taxable income as modified by subparagraphs (A), (B),
8 (C), (D), (E), (F) and (G) which are exempt from
9 taxation by this State either by reason of its
10 statutes or Constitution or by reason of the
11 Constitution, treaties or statutes of the United
12 States; provided that, in the case of any statute of
13 this State that exempts income derived from bonds or
14 other obligations from the tax imposed under this Act,
15 the amount exempted shall be the interest net of bond
16 premium amortization;

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

1 ending on or after December 31, 2011, Section
2 45G(e)(3) of the Internal Revenue Code and, for
3 taxable years ending on or after December 31, 2008,
4 any amount included in gross income under Section 87
5 of the Internal Revenue Code; the provisions of this
6 subparagraph are exempt from the provisions of Section
7 250;

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

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

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

1 this subparagraph (O);

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

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

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

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

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

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

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

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

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

16 (iii) for property on which a bonus
17 depreciation deduction of 100% of the adjusted
18 basis was taken in a taxable year ending on or
19 after December 31, 2021, "x" equals the
20 depreciation deduction that would be allowed
21 on that property if the taxpayer had made the
22 election under Section 168(k)(7) of the
23 Internal Revenue Code to not claim bonus
24 depreciation on that property; and

25 (iv) for property on which a bonus
26 depreciation deduction of a percentage other

1 than 30%, 50% or 100% of the adjusted basis
2 was taken in a taxable year ending on or after
3 December 31, 2021, "x" equals "y" multiplied
4 by 100 times the percentage bonus depreciation
5 on the property (that is, $100(\text{bonus}\%)$) and
6 then divided by 100 times 1 minus the
7 percentage bonus depreciation on the property
8 (that is, $100(1-\text{bonus}\%)$).

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

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

22 If the taxpayer continues to own property through
23 the last day of the last tax year for which a
24 subtraction is allowed with respect to that property
25 under subparagraph (R) and for which the taxpayer was
26 required in any taxable year to make an addition

1 modification under subparagraph (G-10), then an amount
2 equal to that addition modification.

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

6 This subparagraph (S) is exempt from the
7 provisions of Section 250;

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

25 (U) An amount equal to the interest income taken
26 into account for the taxable year (net of the

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

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

1 taxable years ending on or after December 31, 2008, to
2 a person who would be a member of the same unitary
3 business group but for the fact that the person is
4 prohibited under Section 1501(a)(27) from being
5 included in the unitary business group because he or
6 she is ordinarily required to apportion business
7 income under different subsections of Section 304, but
8 not to exceed the addition modification required to be
9 made for the same taxable year under Section
10 203(c)(2)(G-13) for intangible expenses and costs
11 paid, accrued, or incurred, directly or indirectly, to
12 the same foreign person. This subparagraph (V) is
13 exempt from the provisions of Section 250;

14 (W) in the case of an estate, an amount equal to
15 all amounts included in such total pursuant to the
16 provisions of Section 111 of the Internal Revenue Code
17 as a recovery of items previously deducted by the
18 decedent from adjusted gross income in the computation
19 of taxable income. This subparagraph (W) is exempt
20 from Section 250;

21 (X) an amount equal to the refund included in such
22 total of any tax deducted for federal income tax
23 purposes, to the extent that deduction was added back
24 under subparagraph (F). This subparagraph (X) is
25 exempt from the provisions of Section 250;

26 (Y) For taxable years ending on or after December

1 31, 2011, in the case of a taxpayer who was required to
2 add back any insurance premiums under Section
3 203(c)(2)(G-14), such taxpayer may elect to subtract
4 that part of a reimbursement received from the
5 insurance company equal to the amount of the expense
6 or loss (including expenses incurred by the insurance
7 company) that would have been taken into account as a
8 deduction for federal income tax purposes if the
9 expense or loss had been uninsured. If a taxpayer
10 makes the election provided for by this subparagraph
11 (Y), the insurer to which the premiums were paid must
12 add back to income the amount subtracted by the
13 taxpayer pursuant to this subparagraph (Y). This
14 subparagraph (Y) is exempt from the provisions of
15 Section 250; and

16 (Z) For taxable years beginning after December 31,
17 2018 and before January 1, 2026, the amount of excess
18 business loss of the taxpayer disallowed as a
19 deduction by Section 461(1)(1)(B) of the Internal
20 Revenue Code.

21 (3) Limitation. The amount of any modification
22 otherwise required under this subsection shall, under
23 regulations prescribed by the Department, be adjusted by
24 any amounts included therein which were properly paid,
25 credited, or required to be distributed, or permanently
26 set aside for charitable purposes pursuant to Internal

1 Revenue Code Section 642(c) during the taxable year.

2 (d) Partnerships.

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

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

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

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

16 (C) The amount of deductions allowed to the
17 partnership pursuant to Section 707 (c) of the
18 Internal Revenue Code in calculating its taxable
19 income;

20 (D) An amount equal to the amount of the capital
21 gain deduction allowable under the Internal Revenue
22 Code, to the extent deducted from gross income in the
23 computation of taxable income;

24 (D-5) For taxable years 2001 and thereafter, an
25 amount equal to the bonus depreciation deduction taken

1 on the taxpayer's federal income tax return for the
2 taxable year under subsection (k) of Section 168 of
3 the Internal Revenue Code;

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

11 If the taxpayer continues to own property through
12 the last day of the last tax year for which a
13 subtraction is allowed with respect to that property
14 under subparagraph (O) and for which the taxpayer was
15 allowed in any taxable year to make a subtraction
16 modification under subparagraph (O), then an amount
17 equal to that subtraction modification.

18 The taxpayer is required to make the addition
19 modification under this subparagraph only once with
20 respect to any one piece of property;

21 (D-7) An amount equal to the amount otherwise
22 allowed as a deduction in computing base income for
23 interest paid, accrued, or incurred, directly or
24 indirectly, (i) for taxable years ending on or after
25 December 31, 2004, to a foreign person who would be a
26 member of the same unitary business group but for the

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

22 This paragraph shall not apply to the following:

23 (i) an item of interest paid, accrued, or
24 incurred, directly or indirectly, to a person who
25 is subject in a foreign country or state, other
26 than a state which requires mandatory unitary

1 reporting, to a tax on or measured by net income
2 with respect to such interest; or

3 (ii) an item of interest paid, accrued, or
4 incurred, directly or indirectly, to a person if
5 the taxpayer can establish, based on a
6 preponderance of the evidence, both of the
7 following:

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

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

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

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

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

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

15 (D-8) An amount equal to the amount of intangible
16 expenses and costs otherwise allowed as a deduction in
17 computing base income, and that were paid, accrued, or
18 incurred, directly or indirectly, (i) for taxable
19 years ending on or after December 31, 2004, to a
20 foreign person who would be a member of the same
21 unitary business group but for the fact that the
22 foreign person's business activity outside the United
23 States is 80% or more of that person's total business
24 activity and (ii) for taxable years ending on or after
25 December 31, 2008, to a person who would be a member of
26 the same unitary business group but for the fact that

1 the person is prohibited under Section 1501(a)(27)
2 from being included in the unitary business group
3 because he or she is ordinarily required to apportion
4 business income under different subsections of Section
5 304. The addition modification required by this
6 subparagraph shall be reduced to the extent that
7 dividends were included in base income of the unitary
8 group for the same taxable year and received by the
9 taxpayer or by a member of the taxpayer's unitary
10 business group (including amounts included in gross
11 income pursuant to Sections 951 through 964 of the
12 Internal Revenue Code and amounts included in gross
13 income under Section 78 of the Internal Revenue Code)
14 with respect to the stock of the same person to whom
15 the intangible expenses and costs were directly or
16 indirectly paid, incurred or accrued. The preceding
17 sentence shall not apply to the extent that the same
18 dividends caused a reduction to the addition
19 modification required under Section 203(d)(2)(D-7) of
20 this Act. As used in this subparagraph, the term
21 "intangible expenses and costs" includes (1) expenses,
22 losses, and costs for, or related to, the direct or
23 indirect acquisition, use, maintenance or management,
24 ownership, sale, exchange, or any other disposition of
25 intangible property; (2) losses incurred, directly or
26 indirectly, from factoring transactions or discounting

1 transactions; (3) royalty, patent, technical, and
2 copyright fees; (4) licensing fees; and (5) other
3 similar expenses and costs. For purposes of this
4 subparagraph, "intangible property" includes patents,
5 patent applications, trade names, trademarks, service
6 marks, copyrights, mask works, trade secrets, and
7 similar types of intangible assets;

8 This paragraph shall not apply to the following:

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

16 (ii) any item of intangible expense or cost
17 paid, accrued, or incurred, directly or
18 indirectly, if the taxpayer can establish, based
19 on a preponderance of the evidence, both of the
20 following:

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

25 (b) the transaction giving rise to the
26 intangible expense or cost between the

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

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

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

24 (D-9) For taxable years ending on or after
25 December 31, 2008, an amount equal to the amount of
26 insurance premium expenses and costs otherwise allowed

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

24 (D-10) An amount equal to the credit allowable to
25 the taxpayer under Section 218(a) of this Act,
26 determined without regard to Section 218(c) of this

1 Act;

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

6 and by deducting from the total so obtained the following
7 amounts:

8 (E) The valuation limitation amount;

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

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

22 (H) Any income of the partnership which
23 constitutes personal service income as defined in
24 Section 1348(b)(1) of the Internal Revenue Code (as in
25 effect December 31, 1981) or a reasonable allowance
26 for compensation paid or accrued for services rendered

1 by partners to the partnership, whichever is greater;
2 this subparagraph (H) is exempt from the provisions of
3 Section 250;

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

12 (J) With the exception of any amounts subtracted
13 under subparagraph (G), an amount equal to the sum of
14 all amounts disallowed as deductions by (i) Sections
15 171(a)(2) and 265(a)(2) of the Internal Revenue Code,
16 and all amounts of expenses allocable to interest and
17 disallowed as deductions by Section 265(a)(1) of the
18 Internal Revenue Code; and (ii) for taxable years
19 ending on or after August 13, 1999, Sections
20 171(a)(2), 265, 280C, and 832(b)(5)(B)(i) of the
21 Internal Revenue Code, plus, (iii) for taxable years
22 ending on or after December 31, 2011, Section
23 45G(e)(3) of the Internal Revenue Code and, for
24 taxable years ending on or after December 31, 2008,
25 any amount included in gross income under Section 87
26 of the Internal Revenue Code; the provisions of this

1 subparagraph are exempt from the provisions of Section
2 250;

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

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

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

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

1 the Internal Revenue Code;

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

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

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

19 (3) for taxable years ending after December
20 31, 2005:

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

26 (ii) for property on which a bonus

1 depreciation deduction of 50% of the adjusted
2 basis was taken, "x" equals "y" multiplied by
3 1.0;

4 (iii) for property on which a bonus
5 depreciation deduction of 100% of the adjusted
6 basis was taken in a taxable year ending on or
7 after December 31, 2021, "x" equals the
8 depreciation deduction that would be allowed
9 on that property if the taxpayer had made the
10 election under Section 168(k)(7) of the
11 Internal Revenue Code to not claim bonus
12 depreciation on that property; and

13 (iv) for property on which a bonus
14 depreciation deduction of a percentage other
15 than 30%, 50% or 100% of the adjusted basis
16 was taken in a taxable year ending on or after
17 December 31, 2021, "x" equals "y" multiplied
18 by 100 times the percentage bonus depreciation
19 on the property (that is, $100(\text{bonus}\%)$) and
20 then divided by 100 times 1 minus the
21 percentage bonus depreciation on the property
22 (that is, $100(1-\text{bonus}\%)$).

23 The aggregate amount deducted under this
24 subparagraph in all taxable years for any one piece of
25 property may not exceed the amount of the bonus
26 depreciation deduction taken on that property on the

1 taxpayer's federal income tax return under subsection
2 (k) of Section 168 of the Internal Revenue Code. This
3 subparagraph (O) is exempt from the provisions of
4 Section 250;

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

10 If the taxpayer continues to own property through
11 the last day of the last tax year for which a
12 subtraction is allowed with respect to that property
13 under subparagraph (O) and for which the taxpayer was
14 required in any taxable year to make an addition
15 modification under subparagraph (D-5), then an amount
16 equal to that addition modification.

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

20 This subparagraph (P) is exempt from the
21 provisions of Section 250;

22 (Q) The amount of (i) any interest income (net of
23 the deductions allocable thereto) taken into account
24 for the taxable year with respect to a transaction
25 with a taxpayer that is required to make an addition
26 modification with respect to such transaction under

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

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

1 income under different subsections of Section 304, but
2 not to exceed the addition modification required to be
3 made for the same taxable year under Section
4 203(d)(2)(D-7) for interest paid, accrued, or
5 incurred, directly or indirectly, to the same person.
6 This subparagraph (R) is exempt from Section 250;

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

1 Section 250; and

2 (T) For taxable years ending on or after December
3 31, 2011, in the case of a taxpayer who was required to
4 add back any insurance premiums under Section
5 203(d)(2)(D-9), such taxpayer may elect to subtract
6 that part of a reimbursement received from the
7 insurance company equal to the amount of the expense
8 or loss (including expenses incurred by the insurance
9 company) that would have been taken into account as a
10 deduction for federal income tax purposes if the
11 expense or loss had been uninsured. If a taxpayer
12 makes the election provided for by this subparagraph
13 (T), the insurer to which the premiums were paid must
14 add back to income the amount subtracted by the
15 taxpayer pursuant to this subparagraph (T). This
16 subparagraph (T) is exempt from the provisions of
17 Section 250.

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

19 (1) In general. Subject to the provisions of paragraph
20 (2) and subsection (b)(3), for purposes of this Section
21 and Section 803(e), a taxpayer's gross income, adjusted
22 gross income, or taxable income for the taxable year shall
23 mean the amount of gross income, adjusted gross income or
24 taxable income properly reportable for federal income tax
25 purposes for the taxable year under the provisions of the

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

26 (2) Special rule. For purposes of paragraph (1) of

1 this subsection, the taxable income properly reportable
2 for federal income tax purposes shall mean:

3 (A) Certain life insurance companies. In the case
4 of a life insurance company subject to the tax imposed
5 by Section 801 of the Internal Revenue Code, life
6 insurance company taxable income, plus the amount of
7 distribution from pre-1984 policyholder surplus
8 accounts as calculated under Section 815a of the
9 Internal Revenue Code;

10 (B) Certain other insurance companies. In the case
11 of mutual insurance companies subject to the tax
12 imposed by Section 831 of the Internal Revenue Code,
13 insurance company taxable income;

14 (C) Regulated investment companies. In the case of
15 a regulated investment company subject to the tax
16 imposed by Section 852 of the Internal Revenue Code,
17 investment company taxable income;

18 (D) Real estate investment trusts. In the case of
19 a real estate investment trust subject to the tax
20 imposed by Section 857 of the Internal Revenue Code,
21 real estate investment trust taxable income;

22 (E) Consolidated corporations. In the case of a
23 corporation which is a member of an affiliated group
24 of corporations filing a consolidated income tax
25 return for the taxable year for federal income tax
26 purposes, taxable income determined as if such

1 corporation had filed a separate return for federal
2 income tax purposes for the taxable year and each
3 preceding taxable year for which it was a member of an
4 affiliated group. For purposes of this subparagraph,
5 the taxpayer's separate taxable income shall be
6 determined as if the election provided by Section
7 243(b)(2) of the Internal Revenue Code had been in
8 effect for all such years;

9 (F) Cooperatives. In the case of a cooperative
10 corporation or association, the taxable income of such
11 organization determined in accordance with the
12 provisions of Section 1381 through 1388 of the
13 Internal Revenue Code, but without regard to the
14 prohibition against offsetting losses from patronage
15 activities against income from nonpatronage
16 activities; except that a cooperative corporation or
17 association may make an election to follow its federal
18 income tax treatment of patronage losses and
19 nonpatronage losses. In the event such election is
20 made, such losses shall be computed and carried over
21 in a manner consistent with subsection (a) of Section
22 207 of this Act and apportioned by the apportionment
23 factor reported by the cooperative on its Illinois
24 income tax return filed for the taxable year in which
25 the losses are incurred. The election shall be
26 effective for all taxable years with original returns

1 due on or after the date of the election. In addition,
2 the cooperative may file an amended return or returns,
3 as allowed under this Act, to provide that the
4 election shall be effective for losses incurred or
5 carried forward for taxable years occurring prior to
6 the date of the election. Once made, the election may
7 only be revoked upon approval of the Director. The
8 Department shall adopt rules setting forth
9 requirements for documenting the elections and any
10 resulting Illinois net loss and the standards to be
11 used by the Director in evaluating requests to revoke
12 elections. Public Act 96-932 is declaratory of
13 existing law;

14 (G) Subchapter S corporations. In the case of: (i)
15 a Subchapter S corporation for which there is in
16 effect an election for the taxable year under Section
17 1362 of the Internal Revenue Code, the taxable income
18 of such corporation determined in accordance with
19 Section 1363(b) of the Internal Revenue Code, except
20 that taxable income shall take into account those
21 items which are required by Section 1363(b)(1) of the
22 Internal Revenue Code to be separately stated; and
23 (ii) a Subchapter S corporation for which there is in
24 effect a federal election to opt out of the provisions
25 of the Subchapter S Revision Act of 1982 and have
26 applied instead the prior federal Subchapter S rules

1 as in effect on July 1, 1982, the taxable income of
2 such corporation determined in accordance with the
3 federal Subchapter S rules as in effect on July 1,
4 1982; and

5 (H) Partnerships. In the case of a partnership,
6 taxable income determined in accordance with Section
7 703 of the Internal Revenue Code, except that taxable
8 income shall take into account those items which are
9 required by Section 703(a)(1) to be separately stated
10 but which would be taken into account by an individual
11 in calculating his taxable income.

12 (3) Recapture of business expenses on disposition of
13 asset or business. Notwithstanding any other law to the
14 contrary, if in prior years income from an asset or
15 business has been classified as business income and in a
16 later year is demonstrated to be non-business income, then
17 all expenses, without limitation, deducted in such later
18 year and in the 2 immediately preceding taxable years
19 related to that asset or business that generated the
20 non-business income shall be added back and recaptured as
21 business income in the year of the disposition of the
22 asset or business. Such amount shall be apportioned to
23 Illinois using the greater of the apportionment fraction
24 computed for the business under Section 304 of this Act
25 for the taxable year or the average of the apportionment
26 fractions computed for the business under Section 304 of

1 this Act for the taxable year and for the 2 immediately
2 preceding taxable years.

3 (f) Valuation limitation amount.

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

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

13 (B) The lesser of (i) the sum of the pre-August 1,
14 1969 appreciation amounts (to the extent consisting of
15 capital gain) for all property in respect of which
16 such gain was reported for federal income tax purposes
17 for the taxable year, or (ii) the net capital gain for
18 the taxable year, reduced in either case by any amount
19 of such gain included in the amount determined under
20 subsection (a)(2)(F) or (c)(2)(H).

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

22 (A) If the fair market value of property referred
23 to in paragraph (1) was readily ascertainable on
24 August 1, 1969, the pre-August 1, 1969 appreciation
25 amount for such property is the lesser of (i) the

1 excess of such fair market value over the taxpayer's
2 basis (for determining gain) for such property on that
3 date (determined under the Internal Revenue Code as in
4 effect on that date), or (ii) the total gain realized
5 and reportable for federal income tax purposes in
6 respect of the sale, exchange or other disposition of
7 such property.

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

19 (C) The Department shall prescribe such
20 regulations as may be necessary to carry out the
21 purposes of this paragraph.

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

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

10 (Source: P.A. 101-9, eff. 6-5-19; 101-81, eff. 7-12-19;
11 102-16, eff. 6-17-21; 102-558, eff. 8-20-21; 102-658, eff.
12 8-27-21; 102-813, eff. 5-13-22.)

13 Section 15. The Property Tax Code is amended by changing
14 Sections 15-169 and 21-25 as follows:

15 (35 ILCS 200/15-169)

16 Sec. 15-169. Homestead exemption for veterans with
17 disabilities.

18 (a) Beginning with taxable year 2007, an annual homestead
19 exemption, limited to the amounts set forth in subsections (b)
20 and (b-3), is granted for property that is used as a qualified
21 residence by a veteran with a disability.

22 (b) For taxable years prior to 2015, the amount of the
23 exemption under this Section is as follows:

24 (1) for veterans with a service-connected disability

1 of at least (i) 75% for exemptions granted in taxable
2 years 2007 through 2009 and (ii) 70% for exemptions
3 granted in taxable year 2010 and each taxable year
4 thereafter, as certified by the United States Department
5 of Veterans Affairs, the annual exemption is \$5,000; and

6 (2) for veterans with a service-connected disability
7 of at least 50%, but less than (i) 75% for exemptions
8 granted in taxable years 2007 through 2009 and (ii) 70%
9 for exemptions granted in taxable year 2010 and each
10 taxable year thereafter, as certified by the United States
11 Department of Veterans Affairs, the annual exemption is
12 \$2,500.

13 (b-3) For taxable years 2015 and thereafter:

14 (1) if the veteran has a service connected disability
15 of 30% or more but less than 50%, as certified by the
16 United States Department of Veterans Affairs, then the
17 annual exemption is \$2,500;

18 (2) if the veteran has a service connected disability
19 of 50% or more but less than 70%, as certified by the
20 United States Department of Veterans Affairs, then the
21 annual exemption is \$5,000;

22 (3) if the veteran has a service connected disability
23 of 70% or more, as certified by the United States
24 Department of Veterans Affairs, then the property is
25 exempt from taxation under this Code; and

26 (4) for taxable year 2023 and thereafter, if the

1 taxpayer meets all of the following criteria ~~is the~~
2 ~~surviving spouse of a veteran whose death was determined~~
3 ~~to be service-connected and who is certified by the United~~
4 ~~States Department of Veterans Affairs as a recipient of~~
5 ~~dependency and indemnity compensation under federal law,~~
6 then the property is also exempt from taxation under this
7 Code: (A) the taxpayer is the surviving spouse of a
8 veteran whose death was determined to be
9 service-connected; (B) the taxpayer has been a resident of
10 Illinois from the time of the veteran's death through the
11 taxable year for which the exemption is sought; and (C)
12 the taxpayer is certified by the United States Department
13 of Veterans Affairs as a recipient of dependency and
14 indemnity compensation under federal law.

15 (b-5) If a homestead exemption is granted under this
16 Section and the person awarded the exemption subsequently
17 becomes a resident of a facility licensed under the Nursing
18 Home Care Act or a facility operated by the United States
19 Department of Veterans Affairs, then the exemption shall
20 continue (i) so long as the residence continues to be occupied
21 by the qualifying person's spouse or (ii) if the residence
22 remains unoccupied but is still owned by the person who
23 qualified for the homestead exemption.

24 (c) The tax exemption under this Section carries over to
25 the benefit of the veteran's surviving spouse as long as the
26 spouse holds the legal or beneficial title to the homestead,

1 permanently resides thereon, and does not remarry. If the
2 surviving spouse sells the property, an exemption not to
3 exceed the amount granted from the most recent ad valorem tax
4 roll may be transferred to his or her new residence as long as
5 it is used as his or her primary residence and he or she does
6 not remarry.

7 As used in this subsection (c):

8 (1) for taxable years prior to 2015, "surviving
9 spouse" means the surviving spouse of a veteran who
10 obtained an exemption under this Section prior to his or
11 her death;

12 (2) for taxable years 2015 through 2022, "surviving
13 spouse" means (i) the surviving spouse of a veteran who
14 obtained an exemption under this Section prior to his or
15 her death and (ii) the surviving spouse of a veteran who
16 was killed in the line of duty at any time prior to the
17 expiration of the application period in effect for the
18 exemption for the taxable year for which the exemption is
19 sought; and

20 (3) for taxable year 2023 and thereafter, "surviving
21 spouse" means: (i) the surviving spouse of a veteran who
22 obtained the exemption under this Section prior to his or
23 her death; (ii) the surviving spouse of a veteran who was
24 killed in the line of duty at any time prior to the
25 expiration of the application period in effect for the
26 exemption for the taxable year for which the exemption is

1 sought; (iii) the surviving spouse of a veteran who did
2 not obtain an exemption under this Section before death,
3 but who would have qualified for the exemption under this
4 Section in the taxable year for which the exemption is
5 sought if he or she had survived, and whose surviving
6 spouse has been a resident of Illinois from the time of the
7 veteran's death through the taxable year for which the
8 exemption is sought; and (iv) the surviving spouse of a
9 veteran whose death was determined to be
10 service-connected, but who would not otherwise qualify
11 under ~~item items~~ (i), (ii), or (iii), if the spouse (A) is
12 certified by the United States Department of Veterans
13 Affairs as a recipient of dependency and indemnity
14 compensation under federal law at any time prior to the
15 expiration of the application period in effect for the
16 exemption for the taxable year for which the exemption is
17 sought, ~~and~~ (B) remains eligible for that dependency and
18 indemnity compensation as of January 1 of the taxable year
19 for which the exemption is sought, and (C) has been a
20 resident of Illinois from the time of the veteran's death
21 through the taxable year for which the exemption is
22 sought.

23 (c-1) Beginning with taxable year 2015, nothing in this
24 Section shall require the veteran to have qualified for or
25 obtained the exemption before death if the veteran was killed
26 in the line of duty.

1 (d) The exemption under this Section applies for taxable
2 year 2007 and thereafter. A taxpayer who claims an exemption
3 under Section 15-165 or 15-168 may not claim an exemption
4 under this Section.

5 (e) Except as otherwise provided in this subsection (e),
6 each taxpayer who has been granted an exemption under this
7 Section must reapply on an annual basis. Application must be
8 made during the application period in effect for the county of
9 his or her residence. The assessor or chief county assessment
10 officer may determine the eligibility of residential property
11 to receive the homestead exemption provided by this Section by
12 application, visual inspection, questionnaire, or other
13 reasonable methods. The determination must be made in
14 accordance with guidelines established by the Department.

15 On and after May 23, 2022 (the effective date of Public Act
16 102-895) ~~this amendatory Act of the 102nd General Assembly~~, if
17 a veteran has a combined service connected disability rating
18 of 100% and is deemed to be permanently and totally disabled,
19 as certified by the United States Department of Veterans
20 Affairs, the taxpayer who has been granted an exemption under
21 this Section shall no longer be required to reapply for the
22 exemption on an annual basis, and the exemption shall be in
23 effect for as long as the exemption would otherwise be
24 permitted under this Section.

25 (e-1) If the person qualifying for the exemption does not
26 occupy the qualified residence as of January 1 of the taxable

1 year, the exemption granted under this Section shall be
2 prorated on a monthly basis. The prorated exemption shall
3 apply beginning with the first complete month in which the
4 person occupies the qualified residence.

5 (e-5) Notwithstanding any other provision of law, each
6 chief county assessment officer may approve this exemption for
7 the 2020 taxable year, without application, for any property
8 that was approved for this exemption for the 2019 taxable
9 year, provided that:

10 (1) the county board has declared a local disaster as
11 provided in the Illinois Emergency Management Agency Act
12 related to the COVID-19 public health emergency;

13 (2) the owner of record of the property as of January
14 1, 2020 is the same as the owner of record of the property
15 as of January 1, 2019;

16 (3) the exemption for the 2019 taxable year has not
17 been determined to be an erroneous exemption as defined by
18 this Code; and

19 (4) the applicant for the 2019 taxable year has not
20 asked for the exemption to be removed for the 2019 or 2020
21 taxable years.

22 Nothing in this subsection shall preclude a veteran whose
23 service connected disability rating has changed since the 2019
24 exemption was granted from applying for the exemption based on
25 the subsequent service connected disability rating.

26 (e-10) Notwithstanding any other provision of law, each

1 chief county assessment officer may approve this exemption for
2 the 2021 taxable year, without application, for any property
3 that was approved for this exemption for the 2020 taxable
4 year, if:

5 (1) the county board has declared a local disaster as
6 provided in the Illinois Emergency Management Agency Act
7 related to the COVID-19 public health emergency;

8 (2) the owner of record of the property as of January
9 1, 2021 is the same as the owner of record of the property
10 as of January 1, 2020;

11 (3) the exemption for the 2020 taxable year has not
12 been determined to be an erroneous exemption as defined by
13 this Code; and

14 (4) the taxpayer for the 2020 taxable year has not
15 asked for the exemption to be removed for the 2020 or 2021
16 taxable years.

17 Nothing in this subsection shall preclude a veteran whose
18 service connected disability rating has changed since the 2020
19 exemption was granted from applying for the exemption based on
20 the subsequent service connected disability rating.

21 (f) For the purposes of this Section:

22 "Qualified residence" means real property, but less any
23 portion of that property that is used for commercial purposes,
24 with an equalized assessed value of less than \$250,000 that is
25 the primary residence of a veteran with a disability. Property
26 rented for more than 6 months is presumed to be used for

1 commercial purposes.

2 "Veteran" means an Illinois resident who has served as a
3 member of the United States Armed Forces on active duty or
4 State active duty, a member of the Illinois National Guard, or
5 a member of the United States Reserve Forces and who has
6 received an honorable discharge.

7 (Source: P.A. 101-635, eff. 6-5-20; 102-136, eff. 7-23-21;
8 102-895, eff. 5-23-22; revised 9-6-22.)

9 (35 ILCS 200/21-25)

10 Sec. 21-25. Due dates; accelerated billing in counties of
11 3,000,000 or more. Except as hereinafter provided and as
12 provided in Section 21-40, in counties with 3,000,000 or more
13 inhabitants in which the accelerated method of billing and
14 paying taxes provided for in Section 21-30 is in effect, the
15 estimated first installment of unpaid taxes shall be deemed
16 delinquent and shall bear interest after March 1 at the rate of
17 1 1/2% per month or portion thereof until paid or forfeited.
18 For tax year 2010, the estimated first installment of unpaid
19 taxes shall be deemed delinquent and shall bear interest after
20 April 1 at the rate of 1.5% per month or portion thereof until
21 paid or forfeited. For tax year 2022, the estimated first
22 installment of unpaid taxes shall be deemed delinquent and
23 shall bear interest after April 1, 2023 at the rate of 1.5% per
24 month or portion thereof until paid or forfeited. For all tax
25 years, the second installment of unpaid taxes shall be deemed

1 delinquent and shall bear interest after August 1 annually at
2 the same interest rate until paid or forfeited.
3 Notwithstanding any other provision of law, if a taxpayer owes
4 an arrearage of taxes due to an administrative error, and if
5 the county collector sends a separate bill for that arrearage
6 as provided in Section 14-41, then any part of the arrearage of
7 taxes that remains unpaid on the day after the due date
8 specified on that tax bill shall be deemed delinquent and
9 shall bear interest after that date at the rate of 1 1/2% per
10 month or portion thereof.

11 If the county board elects by ordinance adopted prior to
12 July 1 of a levy year to provide for taxes to be paid in 4
13 installments, each installment for that levy year and each
14 subsequent year shall be deemed delinquent and shall begin to
15 bear interest 30 days after the date specified by the
16 ordinance for mailing bills, at the rate of 1 1/2% per month or
17 portion thereof, until paid or forfeited.

18 Payment received by mail and postmarked on or before the
19 required due date is not delinquent.

20 Taxes levied on homestead property in which a member of
21 the National Guard or reserves of the armed forces of the
22 United States who was called to active duty on or after August
23 1, 1990, and who has an ownership interest, shall not be deemed
24 delinquent and no interest shall accrue or be charged as a
25 penalty on such taxes due and payable in 1991 or 1992 until one
26 year after that member returns to civilian status.

1 If an Illinois resident who is a member of the Illinois
2 National Guard or a reserve component of the armed forces of
3 the United States and who has an ownership interest in
4 property taxed under this Act is called to active duty for
5 deployment outside the continental United States and is on
6 active duty on the due date of any installment of taxes due
7 under this Act, he or she shall not be deemed delinquent in the
8 payment of the installment and no interest shall accrue or be
9 charged as a penalty on the installment until 180 days after
10 that member returns to civilian status. To be deemed not
11 delinquent in the payment of an installment of taxes and any
12 interest on that installment, the reservist or guardsperson
13 must make a reasonable effort to notify the county clerk and
14 the county collector of his or her activation to active duty
15 and must notify the county clerk and the county collector
16 within 180 days after his or her deactivation and provide
17 verification of the date of his or her deactivation. An
18 installment of property taxes on the property of any reservist
19 or guardsperson who fails to provide timely notice and
20 verification of deactivation to the county clerk is subject to
21 interest and penalties as delinquent taxes under this Code
22 from the date of deactivation.

23 (Source: P.A. 98-286, eff. 1-1-14.)

24 Section 99. Effective date. This Act takes effect upon
25 becoming law."