



## 102ND GENERAL ASSEMBLY

### State of Illinois

2021 and 2022

SB3010

Introduced 1/5/2022, by Sen. Laura M. Murphy

#### SYNOPSIS AS INTRODUCED:

30 ILCS 115/2  
35 ILCS 5/901

from Ch. 85, par. 612

Amends the Illinois Income Tax Act. Provides that an amount equal to the sum of (i) 8% of the net revenue realized from the tax imposed upon individuals, trusts, estates, and electing pass-through entities and (ii) 9.11% of the net revenue realized from the tax imposed upon corporations shall be deposited into the Local Government Distributive Fund (currently, an amount equal to the sum of (i) 6.06% of the net revenue realized from the tax imposed upon individuals, trusts, and estates and (ii) 6.85% of the net revenue realized from the tax imposed upon corporations shall be deposited into the Local Government Distributive Fund). Amends the State Revenue Sharing Act to provide that amounts paid into the Local Government Distributive Fund are appropriated on a continuing basis. Effective July 1, 2022.

LRB102 23199 HLH 32361 b

1 AN ACT concerning revenue.

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

4 Section 5. The State Revenue Sharing Act is amended by  
5 changing Section 2 as follows:

6 (30 ILCS 115/2) (from Ch. 85, par. 612)

7 Sec. 2. Allocation and Disbursement.

8 (a) As soon as may be after the first day of each month,  
9 the Department of Revenue shall allocate among the several  
10 municipalities and counties of this State the amount available  
11 in the Local Government Distributive Fund and in the Income  
12 Tax Surcharge Local Government Distributive Fund, determined  
13 as provided in Sections 1 and 1a above. Except as provided in  
14 Sections 13 and 13.1 of this Act, the Department shall then  
15 certify such allocations to the State Comptroller, who shall  
16 pay over to the several municipalities and counties the  
17 respective amounts allocated to them. The amount of such Funds  
18 allocable to each such municipality and county shall be in  
19 proportion to the number of individual residents of such  
20 municipality or county to the total population of the State,  
21 determined in each case on the basis of the latest census of  
22 the State, municipality or county conducted by the Federal  
23 government and certified by the Secretary of State and for

1 annexations to municipalities, the latest Federal, State or  
2 municipal census of the annexed area which has been certified  
3 by the Department of Revenue. Allocations to the City of  
4 Chicago under this Section are subject to Section 6 of the  
5 Hotel Operators' Occupation Tax Act. For the purpose of this  
6 Section, the number of individual residents of a county shall  
7 be reduced by the number of individuals residing therein in  
8 municipalities, but the number of individual residents of the  
9 State, county and municipality shall reflect the latest census  
10 of any of them. The amounts transferred into the Local  
11 Government Distributive Fund pursuant to Section 9 of the Use  
12 Tax Act, Section 9 of the Service Use Tax Act, Section 9 of the  
13 Service Occupation Tax Act, and Section 3 of the Retailers'  
14 Occupation Tax Act, each as now or hereafter amended, pursuant  
15 to the amendments of such Sections by Public Act 85-1135,  
16 shall be distributed as provided in said Sections.

17 (b) It is the intent of the General Assembly that  
18 allocations made under this Section shall be made in a fair and  
19 equitable manner. Accordingly, the clerk of any municipality  
20 to which territory has been annexed, or from which territory  
21 has been disconnected, shall notify the Department of Revenue  
22 in writing of that annexation or disconnection and shall (1)  
23 state the number of residents within the territory that was  
24 annexed or disconnected, based on the last census conducted by  
25 the federal, State, or municipal government and certified by  
26 the Illinois Secretary of State, and (2) furnish therewith a

1 certified copy of the plat of annexation or, in the case of  
2 disconnection, the ordinance, final judgment, or resolution of  
3 disconnection together with an accurate depiction of the  
4 territory disconnected. The county in which the annexed or  
5 disconnected territory is located shall verify that the number  
6 of residents stated on the written notice that is to be sent to  
7 the Department of Revenue is true and accurate. The verified  
8 statement of the county shall accompany the written notice.  
9 However, if the county does not respond to the municipality's  
10 request for verification within 30 days, this verification  
11 requirement shall be waived. The written notice shall be  
12 provided to the Department of Revenue (1) within 30 days after  
13 the effective date of this amendatory Act of the 96th General  
14 Assembly for disconnections occurring after January 1, 2007  
15 and before the effective date of this amendatory Act of the  
16 96th General Assembly or (2) within 30 days after the  
17 annexation or disconnection for annexations or disconnections  
18 occurring on or after the effective date of this amendatory  
19 Act of the 96th General Assembly. For purposes of this  
20 Section, a disconnection or annexation through court order is  
21 deemed to be effective 30 days after the entry of a final  
22 judgment order, unless stayed pending appeal. Thereafter, the  
23 monthly allocation made to the municipality and to any other  
24 municipality or county affected by the annexation or  
25 disconnection shall be adjusted in accordance with this  
26 Section to reflect the change in residency of the residents of

1 the territory that was annexed or disconnected. The adjustment  
2 shall be made no later than 30 days after the Department of  
3 Revenue's receipt of the written notice of annexation or  
4 disconnection described in this Section.

5 (c) All amounts paid into the Local Government  
6 Distributive Fund in accordance with this Section and  
7 allocated pursuant to this Act are appropriated on a  
8 continuing basis.

9 (Source: P.A. 96-1040, eff. 7-14-10.)

10 Section 10. The Illinois Income Tax Act is amended by  
11 changing Section 901 as follows:

12 (35 ILCS 5/901)

13 Sec. 901. Collection authority.

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

1 money collected under Section 2505-650 of the Department of  
2 Revenue Law of the Civil Administrative Code of Illinois shall  
3 be paid into the Child Support Enforcement Trust Fund, a  
4 special fund outside the State Treasury, or to the State  
5 Disbursement Unit established under Section 10-26 of the  
6 Illinois Public Aid Code, as directed by the Department of  
7 Healthcare and Family Services.

8 (b) Local Government Distributive Fund. Beginning August  
9 1, 2017 and continuing through June 30, 2022, the Treasurer  
10 shall transfer each month from the General Revenue Fund to the  
11 Local Government Distributive Fund an amount equal to the sum  
12 of: (i) 6.06% (10% of the ratio of the 3% individual income tax  
13 rate prior to 2011 to the 4.95% individual income tax rate  
14 after July 1, 2017) of the net revenue realized from the tax  
15 imposed by subsections (a) and (b) of Section 201 of this Act  
16 upon individuals, trusts, and estates during the preceding  
17 month; (ii) 6.85% (10% of the ratio of the 4.8% corporate  
18 income tax rate prior to 2011 to the 7% corporate income tax  
19 rate after July 1, 2017) of the net revenue realized from the  
20 tax imposed by subsections (a) and (b) of Section 201 of this  
21 Act upon corporations during the preceding month; and (iii)  
22 beginning February 1, 2022 and continuing through June 30,  
23 2022, 6.06% of the net revenue realized from the tax imposed by  
24 subsection (p) of Section 201 of this Act upon electing  
25 pass-through entities. Beginning July 1, 2022, an amount equal  
26 to the sum of: (i) 8% (13.3% of the ratio of the 3% individual

1 income tax rate prior to 2011 to the 4.95% individual income  
2 tax rate after July 1, 2017) of the net revenue realized from  
3 the tax imposed by subsections (a) and (b) of Section 201 of  
4 this Act upon individuals, trusts, and estates; (ii) 9.11%  
5 (13.3% of the ratio of the 4.8% corporate income tax rate prior  
6 to 2011 to the 7% corporate income tax rate after July 1, 2017)  
7 of the net revenue realized from the tax imposed by  
8 subsections (a) and (b) of Section 201 of this Act upon  
9 corporations; and (iii) 8% of the net revenue realized from  
10 the tax imposed by subsection (p) of Section 201 of this Act  
11 upon electing pass-through entities shall be deposited into  
12 the Local Government Distributive Fund. Net revenue realized  
13 for a month shall be defined as the revenue from the tax  
14 imposed by subsections (a) and (b) of Section 201 of this Act  
15 which is deposited in the General Revenue Fund, the Education  
16 Assistance Fund, the Income Tax Surcharge Local Government  
17 Distributive Fund, the Fund for the Advancement of Education,  
18 and the Commitment to Human Services Fund during the month  
19 minus the amount paid out of the General Revenue Fund in State  
20 warrants during that same month as refunds to taxpayers for  
21 overpayment of liability under the tax imposed by subsections  
22 (a) and (b) of Section 201 of this Act.

23 Notwithstanding any provision of law to the contrary,  
24 beginning on July 6, 2017 (the effective date of Public Act  
25 100-23), those amounts required under this subsection (b) to  
26 be transferred by the Treasurer into the Local Government

1 Distributive Fund from the General Revenue Fund shall be  
2 directly deposited into the Local Government Distributive Fund  
3 as the revenue is realized from the tax imposed by subsections  
4 (a) and (b) of Section 201 of this Act.

5 (c) Deposits Into Income Tax Refund Fund.

6 (1) Beginning on January 1, 1989 and thereafter, the  
7 Department shall deposit a percentage of the amounts  
8 collected pursuant to subsections (a) and (b) (1), (2), and  
9 (3) of Section 201 of this Act into a fund in the State  
10 treasury known as the Income Tax Refund Fund. Beginning  
11 with State fiscal year 1990 and for each fiscal year  
12 thereafter, the percentage deposited into the Income Tax  
13 Refund Fund during a fiscal year shall be the Annual  
14 Percentage. For fiscal year 2011, the Annual Percentage  
15 shall be 8.75%. For fiscal year 2012, the Annual  
16 Percentage shall be 8.75%. For fiscal year 2013, the  
17 Annual Percentage shall be 9.75%. For fiscal year 2014,  
18 the Annual Percentage shall be 9.5%. For fiscal year 2015,  
19 the Annual Percentage shall be 10%. For fiscal year 2018,  
20 the Annual Percentage shall be 9.8%. For fiscal year 2019,  
21 the Annual Percentage shall be 9.7%. For fiscal year 2020,  
22 the Annual Percentage shall be 9.5%. For fiscal year 2021,  
23 the Annual Percentage shall be 9%. For fiscal year 2022,  
24 the Annual Percentage shall be 9.25%. For all other fiscal  
25 years, the Annual Percentage shall be calculated as a  
26 fraction, the numerator of which shall be the amount of



1           refunds approved for payment by the Department during the  
2           preceding fiscal year as a result of overpayment of tax  
3           liability under subsections (a) and (b)(1), (2), and (3)  
4           of Section 201 of this Act plus the amount of such refunds  
5           remaining approved but unpaid at the end of the preceding  
6           fiscal year, minus the amounts transferred into the Income  
7           Tax Refund Fund from the Tobacco Settlement Recovery Fund,  
8           and the denominator of which shall be the amounts which  
9           will be collected pursuant to subsections (a) and (b)(1),  
10          (2), and (3) of Section 201 of this Act during the  
11          preceding fiscal year; except that in State fiscal year  
12          2002, the Annual Percentage shall in no event exceed 7.6%.  
13          The Director of Revenue shall certify the Annual  
14          Percentage to the Comptroller on the last business day of  
15          the fiscal year immediately preceding the fiscal year for  
16          which it is to be effective.

17               (2) Beginning on January 1, 1989 and thereafter, the  
18               Department shall deposit a percentage of the amounts  
19               collected pursuant to subsections (a) and (b)(6), (7), and  
20               (8), (c) and (d) of Section 201 of this Act into a fund in  
21               the State treasury known as the Income Tax Refund Fund.  
22               Beginning with State fiscal year 1990 and for each fiscal  
23               year thereafter, the percentage deposited into the Income  
24               Tax Refund Fund during a fiscal year shall be the Annual  
25               Percentage. For fiscal year 2011, the Annual Percentage  
26               shall be 17.5%. For fiscal year 2012, the Annual

1 Percentage shall be 17.5%. For fiscal year 2013, the  
2 Annual Percentage shall be 14%. For fiscal year 2014, the  
3 Annual Percentage shall be 13.4%. For fiscal year 2015,  
4 the Annual Percentage shall be 14%. For fiscal year 2018,  
5 the Annual Percentage shall be 17.5%. For fiscal year  
6 2019, the Annual Percentage shall be 15.5%. For fiscal  
7 year 2020, the Annual Percentage shall be 14.25%. For  
8 fiscal year 2021, the Annual Percentage shall be 14%. For  
9 fiscal year 2022, the Annual Percentage shall be 15%. For  
10 all other fiscal years, the Annual Percentage shall be  
11 calculated as a fraction, the numerator of which shall be  
12 the amount of refunds approved for payment by the  
13 Department during the preceding fiscal year as a result of  
14 overpayment of tax liability under subsections (a) and  
15 (b) (6), (7), and (8), (c) and (d) of Section 201 of this  
16 Act plus the amount of such refunds remaining approved but  
17 unpaid at the end of the preceding fiscal year, and the  
18 denominator of which shall be the amounts which will be  
19 collected pursuant to subsections (a) and (b) (6), (7), and  
20 (8), (c) and (d) of Section 201 of this Act during the  
21 preceding fiscal year; except that in State fiscal year  
22 2002, the Annual Percentage shall in no event exceed 23%.  
23 The Director of Revenue shall certify the Annual  
24 Percentage to the Comptroller on the last business day of  
25 the fiscal year immediately preceding the fiscal year for  
26 which it is to be effective.

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

6           (d) Expenditures from Income Tax Refund Fund.

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

12          (2) The Director shall order payment of refunds  
13          resulting from overpayment of tax liability under Section  
14          201 of this Act from the Income Tax Refund Fund only to the  
15          extent that amounts collected pursuant to Section 201 of  
16          this Act and transfers pursuant to this subsection (d) and  
17          item (3) of subsection (c) have been deposited and  
18          retained in the Fund.

19          (3) As soon as possible after the end of each fiscal  
20          year, the Director shall order transferred and the State  
21          Treasurer and State Comptroller shall transfer from the  
22          Income Tax Refund Fund to the Personal Property Tax  
23          Replacement Fund an amount, certified by the Director to  
24          the Comptroller, equal to the excess of the amount  
25          collected pursuant to subsections (c) and (d) of Section  
26          201 of this Act deposited into the Income Tax Refund Fund

1 during the fiscal year over the amount of refunds  
2 resulting from overpayment of tax liability under  
3 subsections (c) and (d) of Section 201 of this Act paid  
4 from the Income Tax Refund Fund during the fiscal year.

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

17 (4.5) As soon as possible after the end of fiscal year  
18 1999 and of each fiscal year thereafter, the Director  
19 shall order transferred and the State Treasurer and State  
20 Comptroller shall transfer from the Income Tax Refund Fund  
21 to the General Revenue Fund any surplus remaining in the  
22 Income Tax Refund Fund as of the end of such fiscal year;  
23 excluding for fiscal years 2000, 2001, and 2002 amounts  
24 attributable to transfers under item (3) of subsection (c)  
25 less refunds resulting from the earned income tax credit.

26 (5) This Act shall constitute an irrevocable and

1 continuing appropriation from the Income Tax Refund Fund  
2 for the purpose of paying refunds upon the order of the  
3 Director in accordance with the provisions of this  
4 Section.

5 (e) Deposits into the Education Assistance Fund and the  
6 Income Tax Surcharge Local Government Distributive Fund. On  
7 July 1, 1991, and thereafter, of the amounts collected  
8 pursuant to subsections (a) and (b) of Section 201 of this Act,  
9 minus deposits into the Income Tax Refund Fund, the Department  
10 shall deposit 7.3% into the Education Assistance Fund in the  
11 State Treasury. Beginning July 1, 1991, and continuing through  
12 January 31, 1993, of the amounts collected pursuant to  
13 subsections (a) and (b) of Section 201 of the Illinois Income  
14 Tax Act, minus deposits into the Income Tax Refund Fund, the  
15 Department shall deposit 3.0% into the Income Tax Surcharge  
16 Local Government Distributive Fund in the State Treasury.  
17 Beginning February 1, 1993 and continuing through June 30,  
18 1993, of the amounts collected pursuant to subsections (a) and  
19 (b) of Section 201 of the Illinois Income Tax Act, minus  
20 deposits into the Income Tax Refund Fund, the Department shall  
21 deposit 4.4% into the Income Tax Surcharge Local Government  
22 Distributive Fund in the State Treasury. Beginning July 1,  
23 1993, and continuing through June 30, 1994, of the amounts  
24 collected under subsections (a) and (b) of Section 201 of this  
25 Act, minus deposits into the Income Tax Refund Fund, the  
26 Department shall deposit 1.475% into the Income Tax Surcharge

1 Local Government Distributive Fund in the State Treasury.

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

9 (1) beginning February 1, 2015, and prior to February  
10 1, 2025, 1/30; and

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

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

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

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

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

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

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

18           (Source: P.A. 101-8, see Section 99 for effective date;  
19 101-10, eff. 6-5-19; 101-81, eff. 7-12-19; 101-636, eff.  
20 6-10-20; 102-16, eff. 6-17-21; 102-558, eff. 8-20-21; 102-658,  
21 eff. 8-27-21; revised 10-19-21.)

22           Section 99. Effective date. This Act takes effect July 1,  
23 2022.