



103RD GENERAL ASSEMBLY

State of Illinois

2023 and 2024

HB3429

Introduced 2/17/2023, by Rep. Michael T. Marron

SYNOPSIS AS INTRODUCED:

805 ILCS 5/15.35	from Ch. 32, par. 15.35
805 ILCS 5/15.65	from Ch. 32, par. 15.65

Amends the Business Corporation Act of 1983. Provides for the reduction of franchise tax liabilities for domestic and foreign corporations beginning January 1, 2024. Repeals provisions concerning franchise taxes payable by domestic and foreign corporations on December 31, 2026. Effective immediately.

LRB103 27397 SPS 53769 b

1 AN ACT concerning business.

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

4 Section 5. The Business Corporation Act of 1983 is amended
5 by changing Sections 15.35 and 15.65 as follows:

6 (805 ILCS 5/15.35) (from Ch. 32, par. 15.35)

7 (Text of Section from P.A. 102-16)

8 Sec. 15.35. Franchise taxes payable by domestic
9 corporations. For the privilege of exercising its franchises
10 in this State, each domestic corporation shall pay to the
11 Secretary of State the following franchise taxes, computed on
12 the basis, at the rates and for the periods prescribed in this
13 Act:

14 (a) An initial franchise tax at the time of filing its
15 first report of issuance of shares.

16 (b) An additional franchise tax at the time of filing
17 (1) a report of the issuance of additional shares, or (2) a
18 report of an increase in paid-in capital without the
19 issuance of shares, or (3) an amendment to the articles of
20 incorporation or a report of cumulative changes in paid-in
21 capital, whenever any amendment or such report discloses
22 an increase in its paid-in capital over the amount thereof
23 last reported in any document, other than an annual

1 report, interim annual report or final transition annual
2 report required by this Act to be filed in the office of
3 the Secretary of State.

4 (c) An additional franchise tax at the time of filing
5 a report of paid-in capital following a statutory merger
6 or consolidation, which discloses that the paid-in capital
7 of the surviving or new corporation immediately after the
8 merger or consolidation is greater than the sum of the
9 paid-in capital of all of the merged or consolidated
10 corporations as last reported by them in any documents,
11 other than annual reports, required by this Act to be
12 filed in the office of the Secretary of State; and in
13 addition, the surviving or new corporation shall be liable
14 for a further additional franchise tax on the paid-in
15 capital of each of the merged or consolidated corporations
16 as last reported by them in any document, other than an
17 annual report, required by this Act to be filed with the
18 Secretary of State from their taxable year end to the next
19 succeeding anniversary month or, in the case of a
20 corporation which has established an extended filing
21 month, the extended filing month of the surviving or new
22 corporation; however if the taxable year ends within the
23 2-month period immediately preceding the anniversary month
24 or, in the case of a corporation which has established an
25 extended filing month, the extended filing month of the
26 surviving or new corporation the tax will be computed to

1 the anniversary month or, in the case of a corporation
2 which has established an extended filing month, the
3 extended filing month of the surviving or new corporation
4 in the next succeeding calendar year.

5 (d) An annual franchise tax payable each year with the
6 annual report which the corporation is required by this
7 Act to file.

8 (e) On or after January 1, 2020 and prior to January 1,
9 2021, the first \$30 in liability is exempt from the tax imposed
10 under this Section. On or after January 1, 2021 and prior to
11 January 1, 2024, the first \$1,000 in liability is exempt from
12 the tax imposed under this Section. On or after January 1, 2024
13 and prior to January 1, 2025, the first \$10,000 in liability is
14 exempt from the tax imposed under this Section. On or after
15 January 1, 2025 and prior to January 1, 2026, the first
16 \$100,000 in liability is exempt from the tax imposed under
17 this Section. The provisions of this Section shall not require
18 the payment of any franchise tax that would otherwise have
19 been due and payable on or after January 1, 2026. There shall
20 be no refunds or proration of franchise tax for any taxes due
21 and payable on or after January 1, 2026 on the basis that a
22 portion of the corporation's taxable year extends beyond
23 January 1, 2026. Public Act 101-9 shall not affect any right
24 accrued or established, or any liability or penalty incurred
25 prior to January 1, 2026.

26 (f) This Section is repealed on December 31, 2026.

1 (Source: P.A. 101-9, eff. 6-5-19; 102-16, eff. 6-17-21.)

2 (Text of Section from P.A. 102-282)

3 Sec. 15.35. Franchise taxes payable by domestic
4 corporations. For the privilege of exercising its franchises
5 in this State, each domestic corporation shall pay to the
6 Secretary of State the following franchise taxes, computed on
7 the basis, at the rates and for the periods prescribed in this
8 Act:

9 (a) An initial franchise tax at the time of filing its
10 first report of issuance of shares.

11 (b) An additional franchise tax at the time of filing
12 (1) a report of the issuance of additional shares, or (2) a
13 report of an increase in paid-in capital without the
14 issuance of shares, or (3) an amendment to the articles of
15 incorporation or a report of cumulative changes in paid-in
16 capital, whenever any amendment or such report discloses
17 an increase in its paid-in capital over the amount thereof
18 last reported in any document, other than an annual
19 report, interim annual report or final transition annual
20 report required by this Act to be filed in the office of
21 the Secretary of State.

22 (c) An additional franchise tax at the time of filing
23 a report of paid-in capital following a statutory merger
24 or consolidation, which discloses that the paid-in capital
25 of the surviving or new corporation immediately after the

1 merger or consolidation is greater than the sum of the
2 paid-in capital of all of the merged or consolidated
3 corporations as last reported by them in any documents,
4 other than annual reports, required by this Act to be
5 filed in the office of the Secretary of State; and in
6 addition, the surviving or new corporation shall be liable
7 for a further additional franchise tax on the paid-in
8 capital of each of the merged or consolidated corporations
9 as last reported by them in any document, other than an
10 annual report, required by this Act to be filed with the
11 Secretary of State from their taxable year end to the next
12 succeeding anniversary month or, in the case of a
13 corporation which has established an extended filing
14 month, the extended filing month of the surviving or new
15 corporation; however if the taxable year ends within the
16 2-month period immediately preceding the anniversary month
17 or, in the case of a corporation which has established an
18 extended filing month, the extended filing month of the
19 surviving or new corporation the tax will be computed to
20 the anniversary month or, in the case of a corporation
21 which has established an extended filing month, the
22 extended filing month of the surviving or new corporation
23 in the next succeeding calendar year.

24 (d) An annual franchise tax payable each year with the
25 annual report which the corporation is required by this
26 Act to file.

1 (e) On or after January 1, 2020 and prior to January 1,
2 2021, the first \$30 in liability is exempt from the tax imposed
3 under this Section. On or after January 1, 2021 and prior to
4 January 1, 2024 ~~2022~~, the first \$1,000 in liability is exempt
5 from the tax imposed under this Section. On or after January 1,
6 2024 ~~2022~~ and prior to January 1, 2025 ~~2023~~, the first \$10,000
7 in liability is exempt from the tax imposed under this
8 Section. On or after January 1, 2025 ~~2023~~ and prior to January
9 1, 2026 ~~2024~~, the first \$100,000 in liability is exempt from
10 the tax imposed under this Section. The provisions of this
11 Section shall not require the payment of any franchise tax
12 that would otherwise have been due and payable on or after
13 January 1, 2026 ~~2024~~. There shall be no refunds or proration of
14 franchise tax for any taxes due and payable on or after January
15 1, 2026 ~~2024~~ on the basis that a portion of the corporation's
16 taxable year extends beyond January 1, 2026 ~~2024~~. Public Act
17 101-9 shall not affect any right accrued or established, or
18 any liability or penalty incurred prior to January 1, 2026
19 ~~2024~~.

20 (f) This Section is repealed on December 31, 2026 ~~2024~~.
21 (Source: P.A. 101-9, eff. 6-5-19; 102-282, eff. 1-1-22.)

22 (Text of Section from P.A. 102-558)

23 Sec. 15.35. Franchise taxes payable by domestic
24 corporations. For the privilege of exercising its franchises
25 in this State, each domestic corporation shall pay to the

1 Secretary of State the following franchise taxes, computed on
2 the basis, at the rates and for the periods prescribed in this
3 Act:

4 (a) An initial franchise tax at the time of filing its
5 first report of issuance of shares.

6 (b) An additional franchise tax at the time of filing
7 (1) a report of the issuance of additional shares, or (2) a
8 report of an increase in paid-in capital without the
9 issuance of shares, or (3) an amendment to the articles of
10 incorporation or a report of cumulative changes in paid-in
11 capital, whenever any amendment or such report discloses
12 an increase in its paid-in capital over the amount thereof
13 last reported in any document, other than an annual
14 report, interim annual report or final transition annual
15 report required by this Act to be filed in the office of
16 the Secretary of State.

17 (c) An additional franchise tax at the time of filing
18 a report of paid-in capital following a statutory merger
19 or consolidation, which discloses that the paid-in capital
20 of the surviving or new corporation immediately after the
21 merger or consolidation is greater than the sum of the
22 paid-in capital of all of the merged or consolidated
23 corporations as last reported by them in any documents,
24 other than annual reports, required by this Act to be
25 filed in the office of the Secretary of State; and in
26 addition, the surviving or new corporation shall be liable

1 for a further additional franchise tax on the paid-in
2 capital of each of the merged or consolidated corporations
3 as last reported by them in any document, other than an
4 annual report, required by this Act to be filed with the
5 Secretary of State from their taxable year end to the next
6 succeeding anniversary month or, in the case of a
7 corporation which has established an extended filing
8 month, the extended filing month of the surviving or new
9 corporation; however if the taxable year ends within the
10 2-month period immediately preceding the anniversary month
11 or, in the case of a corporation which has established an
12 extended filing month, the extended filing month of the
13 surviving or new corporation the tax will be computed to
14 the anniversary month or, in the case of a corporation
15 which has established an extended filing month, the
16 extended filing month of the surviving or new corporation
17 in the next succeeding calendar year.

18 (d) An annual franchise tax payable each year with the
19 annual report which the corporation is required by this
20 Act to file.

21 On or after January 1, 2020 and prior to January 1, 2021,
22 the first \$30 in liability is exempt from the tax imposed under
23 this Section. On or after January 1, 2021 and prior to January
24 1, 2024 ~~2022~~, the first \$1,000 in liability is exempt from the
25 tax imposed under this Section. On or after January 1, 2024
26 ~~2022~~ and prior to January 1, 2025 ~~2023~~, the first \$10,000 in

1 liability is exempt from the tax imposed under this Section.
2 On or after January 1, 2025 ~~2023~~ and prior to January 1, 2026
3 ~~2024~~, the first \$100,000 in liability is exempt from the tax
4 imposed under this Section. The provisions of this Section
5 shall not require the payment of any franchise tax that would
6 otherwise have been due and payable on or after January 1, 2026
7 ~~2024~~. There shall be no refunds or proration of franchise tax
8 for any taxes due and payable on or after January 1, 2024 on
9 the basis that a portion of the corporation's taxable year
10 extends beyond January 1, 2026 ~~2024~~. Public Act 101-9 shall
11 not affect any right accrued or established, or any liability
12 or penalty incurred prior to January 1, 2026 ~~2024~~.

13 (f) This Section is repealed on December 31, 2026 ~~2025~~.

14 (Source: P.A. 101-9, eff. 6-5-19; 102-558, eff. 8-20-21.)

15 (805 ILCS 5/15.65) (from Ch. 32, par. 15.65)

16 Sec. 15.65. Franchise taxes payable by foreign
17 corporations. For the privilege of exercising its authority to
18 transact such business in this State as set out in its
19 application therefor or any amendment thereto, each foreign
20 corporation shall pay to the Secretary of State the following
21 franchise taxes, computed on the basis, at the rates and for
22 the periods prescribed in this Act:

23 (a) An initial franchise tax at the time of filing its
24 application for authority to transact business in this
25 State.

1 (b) An additional franchise tax at the time of filing
2 (1) a report of the issuance of additional shares, or (2) a
3 report of an increase in paid-in capital without the
4 issuance of shares, or (3) a report of cumulative changes
5 in paid-in capital or a report of an exchange or
6 reclassification of shares, whenever any such report
7 discloses an increase in its paid-in capital over the
8 amount thereof last reported in any document, other than
9 an annual report, interim annual report or final
10 transition annual report, required by this Act to be filed
11 in the office of the Secretary of State.

12 (c) Whenever the corporation shall be a party to a
13 statutory merger and shall be the surviving corporation,
14 an additional franchise tax at the time of filing its
15 report following merger, if such report discloses that the
16 amount represented in this State of its paid-in capital
17 immediately after the merger is greater than the aggregate
18 of the amounts represented in this State of the paid-in
19 capital of such of the merged corporations as were
20 authorized to transact business in this State at the time
21 of the merger, as last reported by them in any documents,
22 other than annual reports, required by this Act to be
23 filed in the office of the Secretary of State; and in
24 addition, the surviving corporation shall be liable for a
25 further additional franchise tax on the paid-in capital of
26 each of the merged corporations as last reported by them

1 in any document, other than an annual report, required by
2 this Act to be filed with the Secretary of State, from
3 their taxable year end to the next succeeding anniversary
4 month or, in the case of a corporation which has
5 established an extended filing month, the extended filing
6 month of the surviving corporation; however if the taxable
7 year ends within the 2-month period immediately preceding
8 the anniversary month or the extended filing month of the
9 surviving corporation, the tax will be computed to the
10 anniversary or, extended filing month of the surviving
11 corporation in the next succeeding calendar year.

12 (d) An annual franchise tax payable each year with any
13 annual report which the corporation is required by this
14 Act to file.

15 On or after January 1, 2020 and prior to January 1, 2021,
16 the first \$30 in liability is exempt from the tax imposed under
17 this Section. On or after January 1, 2021 and prior to January
18 1, 2024, the first \$1,000 in liability is exempt from the tax
19 imposed under this Section. On or after January 1, 2024 and
20 prior to January 1, 2025, the first \$10,000 in liability is
21 exempt from the tax imposed under this Section. On or after
22 January 1, 2025 and prior to January 1, 2026, the first
23 \$100,000 in liability is exempt from the tax imposed under
24 this Section. The provisions of this Section shall not require
25 the payment of any franchise tax that would otherwise have
26 been due and payable on or after January 1, 2026. There shall

1 be no refunds or proration of franchise tax for any taxes due
2 and payable on or after January 1, 2026 on the basis that a
3 portion of the corporation's taxable year extends beyond
4 January 1, 2026. Public Act 101-9 shall not affect any right
5 accrued or established, or any liability or penalty incurred
6 prior to January 1, 2026.

7 (f) This Section is repealed on December 31, 2026.

8 (Source: P.A. 101-9, eff. 6-5-19; 102-16, eff. 6-17-21;
9 102-558, eff. 8-20-21; 102-813, eff. 5-13-22.)

10 Section 99. Effective date. This Act takes effect upon
11 becoming law.