

# HB3754



## 103RD GENERAL ASSEMBLY

State of Illinois

2023 and 2024

HB3754

Introduced 2/17/2023, by Rep. Matt Hanson

### SYNOPSIS AS INTRODUCED:

35 ILCS 5/901

Amends the Illinois Income Tax Act. Provides that, beginning July 1, 2023, the Department of Revenue shall deposit 10% of the net revenue realized from the income taxes imposed under the Act directly into the Local Government Distributive Fund as that revenue is realized. Effective immediately.

LRB103 26429 HLH 52792 b

A BILL FOR

1 AN ACT concerning revenue.

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

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

6 (35 ILCS 5/901)

7 Sec. 901. Collection authority.

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

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

3 (b) Local Government Distributive Fund.

4 Beginning August 1, 2017 and continuing through July 31,  
5 2022, the Treasurer shall transfer each month from the General  
6 Revenue Fund to the Local Government Distributive Fund an  
7 amount equal to the sum of: (i) 6.06% (10% of the ratio of the  
8 3% individual income tax rate prior to 2011 to the 4.95%  
9 individual income tax rate after July 1, 2017) of the net  
10 revenue realized from the tax imposed by subsections (a) and  
11 (b) of Section 201 of this Act upon individuals, trusts, and  
12 estates during the preceding month; (ii) 6.85% (10% of the  
13 ratio of the 4.8% corporate income tax rate prior to 2011 to  
14 the 7% corporate income tax rate after July 1, 2017) of the net  
15 revenue realized from the tax imposed by subsections (a) and  
16 (b) of Section 201 of this Act upon corporations during the  
17 preceding month; and (iii) beginning February 1, 2022, 6.06%  
18 of the net revenue realized from the tax imposed by subsection  
19 (p) of Section 201 of this Act upon electing pass-through  
20 entities.

21 Beginning August 1, 2022 and continuing through June 30,  
22 2023, the Treasurer shall transfer each month from the General  
23 Revenue Fund to the Local Government Distributive Fund an  
24 amount equal to the sum of: (i) 6.16% of the net revenue  
25 realized from the tax imposed by subsections (a) and (b) of  
26 Section 201 of this Act upon individuals, trusts, and estates

1 during the preceding month; (ii) 6.85% of the net revenue  
2 realized from the tax imposed by subsections (a) and (b) of  
3 Section 201 of this Act upon corporations during the preceding  
4 month; and (iii) 6.16% of the net revenue realized from the tax  
5 imposed by subsection (p) of Section 201 of this Act upon  
6 electing pass-through entities.

7 Beginning July 1, 2023, the Department shall deposit 10%  
8 of the net revenue realized from the taxes imposed by  
9 subsections (a), (b), and (p) of Section 201 directly into the  
10 Local Government Distributive Fund as that revenue is  
11 realized.

12 Net revenue realized for a month shall be defined as the  
13 revenue from the tax imposed by subsections (a) and (b) of  
14 Section 201 of this Act which is deposited in the General  
15 Revenue Fund, the Education Assistance Fund, the Income Tax  
16 Surcharge Local Government Distributive Fund, the Fund for the  
17 Advancement of Education, and the Commitment to Human Services  
18 Fund during the month minus the amount paid out of the General  
19 Revenue Fund in State warrants during that same month as  
20 refunds to taxpayers for overpayment of liability under the  
21 tax imposed by subsections (a) and (b) of Section 201 of this  
22 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 fiscal year  
25 2023, the Annual Percentage shall be 9.25%. For all other  
26 fiscal years, the Annual Percentage shall be calculated as

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

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

1 shall be 17.5%. For fiscal year 2012, the Annual  
2 Percentage shall be 17.5%. For fiscal year 2013, the  
3 Annual Percentage shall be 14%. For fiscal year 2014, the  
4 Annual Percentage shall be 13.4%. For fiscal year 2015,  
5 the Annual Percentage shall be 14%. For fiscal year 2018,  
6 the Annual Percentage shall be 17.5%. For fiscal year  
7 2019, the Annual Percentage shall be 15.5%. For fiscal  
8 year 2020, the Annual Percentage shall be 14.25%. For  
9 fiscal year 2021, the Annual Percentage shall be 14%. For  
10 fiscal year 2022, the Annual Percentage shall be 15%. For  
11 fiscal year 2023, the Annual Percentage shall be 14.5%.  
12 For all other fiscal years, the Annual Percentage shall be  
13 calculated as a fraction, the numerator of which shall be  
14 the amount of refunds approved for payment by the  
15 Department during the preceding fiscal year as a result of  
16 overpayment of tax liability under subsections (a) and  
17 (b) (6), (7), and (8), (c) and (d) of Section 201 of this  
18 Act plus the amount of such refunds remaining approved but  
19 unpaid at the end of the preceding fiscal year, and the  
20 denominator of which shall be the amounts which will be  
21 collected pursuant to subsections (a) and (b) (6), (7), and  
22 (8), (c) and (d) of Section 201 of this Act during the  
23 preceding fiscal year; except that in State fiscal year  
24 2002, the Annual Percentage shall in no event exceed 23%.  
25 The Director of Revenue shall certify the Annual  
26 Percentage to the Comptroller on the last business day of

1 the fiscal year immediately preceding the fiscal year for  
2 which it is to be effective.

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

8 (d) Expenditures from Income Tax Refund Fund.

9 (1) Beginning January 1, 1989, money in the Income Tax  
10 Refund Fund shall be expended exclusively for the purpose  
11 of paying refunds resulting from overpayment of tax  
12 liability under Section 201 of this Act and for making  
13 transfers pursuant to this subsection (d), except that in  
14 State fiscal years 2022 and 2023, moneys in the Income Tax  
15 Refund Fund shall also be used to pay one-time rebate  
16 payments as provided under Sections 208.5 and 212.1.

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

24 (3) As soon as possible after the end of each fiscal  
25 year, the Director shall order transferred and the State  
26 Treasurer and State Comptroller shall transfer from the



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

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

22           (4.5) As soon as possible after the end of fiscal year  
23           1999 and of each fiscal year thereafter, the Director  
24           shall order transferred and the State Treasurer and State  
25           Comptroller shall transfer from the Income Tax Refund Fund  
26           to the General Revenue Fund any surplus remaining in the

1           Income Tax Refund Fund as of the end of such fiscal year;  
2           excluding for fiscal years 2000, 2001, and 2002 amounts  
3           attributable to transfers under item (3) of subsection (c)  
4           less refunds resulting from the earned income tax credit,  
5           and excluding for fiscal year 2022 amounts attributable to  
6           transfers from the General Revenue Fund authorized by  
7           Public Act 102-700 ~~this amendatory Act of the 102nd~~  
8           ~~General Assembly.~~

9           (5) This Act shall constitute an irrevocable and  
10          continuing appropriation from the Income Tax Refund Fund  
11          for the purposes of (i) paying refunds upon the order of  
12          the Director in accordance with the provisions of this  
13          Section and (ii) paying one-time rebate payments under  
14          Sections 208.5 and 212.1.

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

1 Beginning February 1, 1993 and continuing through June 30,  
2 1993, of the amounts collected pursuant to subsections (a) and  
3 (b) of Section 201 of the Illinois Income Tax Act, minus  
4 deposits into the Income Tax Refund Fund, the Department shall  
5 deposit 4.4% into the Income Tax Surcharge Local Government  
6 Distributive Fund in the State Treasury. Beginning July 1,  
7 1993, and continuing through June 30, 1994, of the amounts  
8 collected under subsections (a) and (b) of Section 201 of this  
9 Act, minus deposits into the Income Tax Refund Fund, the  
10 Department shall deposit 1.475% into the Income Tax Surcharge  
11 Local Government Distributive Fund in the State Treasury.

12 (f) Deposits into the Fund for the Advancement of  
13 Education. Beginning February 1, 2015, the Department shall  
14 deposit the following portions of the revenue realized from  
15 the tax imposed upon individuals, trusts, and estates by  
16 subsections (a) and (b) of Section 201 of this Act, minus  
17 deposits into the Income Tax Refund Fund, into the Fund for the  
18 Advancement of Education:

19 (1) beginning February 1, 2015, and prior to February  
20 1, 2025, 1/30; and

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

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

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

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

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

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

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

1 cash receipts.

2 (Source: P.A. 101-8, see Section 99 for effective date;  
3 101-10, eff. 6-5-19; 101-81, eff. 7-12-19; 101-636, eff.  
4 6-10-20; 102-16, eff. 6-17-21; 102-558, eff. 8-20-21; 102-658,  
5 eff. 8-27-21; 102-699, eff. 4-19-22; 102-700, eff. 4-19-22;  
6 102-813, eff. 5-13-22; revised 8-2-22.)

7 Section 99. Effective date. This Act takes effect upon  
8 becoming law.