



103RD GENERAL ASSEMBLY

State of Illinois

2023 and 2024

HB5759

Introduced 3/5/2024, by Rep. Sharon Chung

SYNOPSIS AS INTRODUCED:

New Act

- 5 ILCS 140/7.5
- 35 ILCS 5/203
- 35 ILCS 5/222
- 35 ILCS 5/241 new
- 35 ILCS 5/242 new
- 35 ILCS 17/10-1
- 35 ILCS 17/10-5
- 35 ILCS 17/10-10
- 35 ILCS 17/10-15
- 35 ILCS 17/10-20
- 35 ILCS 17/10-25
- 35 ILCS 17/10-30
- 35 ILCS 17/10-40
- 35 ILCS 17/10-50

Creates the Music and Musicians Tax Credit and Jobs Act. Provides that the Department of Commerce and Economic Opportunity may award credits to qualified music companies. Creates the Music Education Scholarship Act. Provides that the Board of Higher Education may award scholarships to applicants who are enrolled in or accepted for admission to an associate, baccalaureate, or graduate degree program in music education and who agree to meet certain teaching obligations. Amends the Illinois Income Tax Act. Creates certain income tax credits for theater infrastructure projects. Amends the Live Theater Production Tax Credit Act. Renames the Act as the Live Music and Theater Production Tax Credit Act. Provides that the Act also applies to musical performances.

LRB103 36173 HLH 66265 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 ARTICLE 5. MUSIC AND MUSICIANS TAX CREDIT AND JOBS ACT

5 Section 5-1. Short title. This Act may be cited as the
6 Music and Musicians Tax Credit and Jobs Act. References in
7 this Article to "this Act" mean this Article.

8 Section 5-5. Purpose. The State's economy depends heavily
9 on music, professional musicians, music teachers, and
10 educators. Illinois is a cultural crown jewel of the United
11 States. Illinois and Chicago boast a robust history and
12 community of creative artists, writers, musicians, architects,
13 orchestras, live music and entertainment venues, civic operas,
14 recording studios, and universities. The COVID-19 pandemic and
15 the economic fallout that ensued brought on especially
16 difficult circumstances for the live entertainment industry at
17 large. Throughout the State, this has meant the closure of and
18 overall decrease in culturally engaging aspects of Illinois
19 cities from Cairo to Chicago.

20 According to the Americans for the Arts Action Fund, arts
21 and culture represent 3.1% of the State's gross domestic
22 product and 190,078 jobs. In fact, in 2020, Illinois arts and

1 culture was larger than the State's agriculture industry. In
2 2015, nonprofit arts organizations in the State generated
3 \$4,000,000,000 in economic activity that supported 111,068
4 jobs and generated \$478,500,000 in State and local government
5 revenue. In Chicago specifically, nonprofit arts groups
6 generated \$3,200,000,000 in total economic activity and
7 \$336,500,000 in State and local government revenue. Audiences
8 exceeded 36,000,000 people.

9 Yet, during the COVID-19 pandemic, the arts suffered. As a
10 result, Illinois arts and culture value added decreased by 9%
11 between 2019 and 2020 and employment decreased by 12%.
12 Ultimately, \$3,200,000,000 and 26,644 jobs were lost. Even as
13 live performances have resumed, audience sizes remain below
14 pre-pandemic levels. Regional theaters, local orchestras,
15 opera houses, and performing arts organizations are reporting
16 persistent drops in attendance.

17 It is the policy of this State to promote and encourage the
18 training and hiring of Illinois residents who represent the
19 diversity of the Illinois population through the creation and
20 implementation of training, education, and recruitment
21 programs organized in cooperation with Illinois colleges and
22 universities, labor organizations, and the commercial
23 for-profit music industry.

24 Section 5-10. Definitions.

25 "Department" means the Department of Commerce and Economic

1 Opportunity.

2 "Expenditure in the State" means (i) an expenditure to
3 acquire, from a source within the State, property that is
4 subject to the tax under the Use Tax Act, the Service Use Tax
5 Act, the Service Occupation Tax Act, or the Retailers'
6 Occupation Tax Act or (ii) an expenditure for compensation for
7 services performed within the State that is subject to State
8 income tax under the Illinois Income Tax Act.

9 "Illinois labor expenditure" means gross salary or wages
10 including, but not limited to, taxes, benefits, and any other
11 consideration incurred or paid to artist employees of the
12 applicant for services rendered to and on behalf of the
13 qualified music company, provided that the expenditure is:

14 (1) incurred or paid by the applicant on or after the
15 effective date of this Act for services related to any
16 portion of a qualified music company from rehearsals,
17 performances, and any other qualified music company
18 related activities;

19 (2) limited to the first \$100,000 of wages incurred or
20 paid to each employee of a qualified music production in
21 each tax year;

22 (3) included in the federal income tax basis of the
23 property;

24 (4) paid in the tax year for which the applicant is
25 claiming the tax credit award or no later than 60 days
26 after the end of the tax year;

1 (5) paid to persons residing in Illinois at the time
2 payments were made; and

3 (6) reasonable under the circumstances.

4 "Qualified music company" means an entity that (i) is
5 authorized to do business in Illinois, (ii) is engaged
6 directly or indirectly in the production, distribution, or
7 promotion of music, (iii) is certified by the Department as
8 meeting the eligibility requirements of this Act, and (iv) has
9 executed a contract with the Department providing the terms
10 and conditions for its participation.

11 "QMC payroll" means wages reported by the qualified music
12 company in box 1 of each W-2 form prepared for an employee of
13 the qualified music company who is an Illinois resident.

14 "Resident copyright" means the copyright of a musical
15 composition written by an Illinois resident or owned by an
16 Illinois-domiciled music company, as evidenced by documents of
17 ownership, including, but not limited to, registration with
18 the United States Copyright Office.

19 "Sound recording" means a recording of music, poetry, or a
20 spoken-word performance made, in whole or in part, in
21 Illinois. "Sound recording" does not include the audio
22 portions of dialogue or words spoken and recorded as part of
23 television news coverage or athletic events.

24 "Sound recording production company" means a company
25 engaged in the business of producing sound recordings. "Sound
26 recording production company" does not include any person or

1 company, or any company owned, affiliated, or controlled, in
2 whole or in part, by any company or person, that is in default
3 on a loan made by the State or a loan guaranteed by the State,
4 nor which has ever declared bankruptcy under which an
5 obligation of the company or person to pay or repay public
6 funds or moneys was discharged as a part of the bankruptcy.

7 "State-certified production" means a sound recording
8 production, or a series of productions, including but not
9 limited to master and demonstration recordings, occurring over
10 the course of a 12-month period, and the base
11 production-related investment that is approved by the
12 Department within 180 days after receipt by the Department of
13 a complete application for initial certification of a
14 production. If the production is not approved within 180 days,
15 the Department shall provide a written report to the Senate
16 Executive Committee and the House Executive Committee that
17 states the reason why the production has not been approved.

18 "Tax credit award" means the issuance to a taxpayer by the
19 Department of a tax credit award in conformance with Sections
20 10-40 and 10-45 of this Act.

21 Section 5-15. Powers of the Department. The Department, in
22 addition to those powers granted under the Civil
23 Administrative Code of Illinois, is granted and has all the
24 powers necessary or convenient to carry out and effectuate the
25 purposes and provisions of this Act, including, but not

1 limited to, the power and authority to:

2 (1) adopt rules that are necessary and appropriate for
3 the administration of this Act;

4 (2) establish forms for applications, notifications,
5 contracts, or any other agreements with respect to tax
6 credits under this Act and to accept applications for tax
7 credits under this Act at any time during the year;

8 (3) assist applicants for tax credits under this Act
9 to promote, foster, and support sound recording and live
10 theater development and production and its related job
11 creation or retention within the State;

12 (3) gather information and conduct inquiries, as
13 provided in this Act, required for the Department to
14 comply with the provisions of this Act and, without
15 limitation, to obtain information with respect to
16 applicants for the purpose of making any designations or
17 certifications necessary or desirable to assist the
18 Department with any recommendation or guidance in the
19 furtherance of the purposes of this Act and relating to
20 applicants' participation in training, education, and
21 recruitment programs that are organized in cooperation
22 with Illinois colleges and universities or labor
23 organizations designed to promote and encourage the
24 training and hiring of Illinois residents who represent
25 the diversity of the Illinois population;

26 (4) provide for sufficient personnel to permit

1 administrative, staffing, operating, and related support
2 required to adequately discharge the Department's duties
3 and responsibilities under this Act from funds as may be
4 appropriated by the General Assembly for the
5 administration of this Act; and

6 (5) require that the applicant at all times keep
7 proper books and records of accounts relating to the tax
8 credit award, in accordance with generally accepted
9 accounting principles consistently applied, and make those
10 books and records available for reasonable Department
11 inspection and audit, upon reasonable written request by
12 the Department, during the applicant's normal business
13 hours. Any documents or data made available to the
14 Department or received by the Department from the
15 applicant by any agent, employee, officer, or service
16 provider shall be deemed confidential and shall not
17 constitute public records to the extent that the documents
18 or data consist of commercial or financial information
19 regarding the operation by the applicant of any theater or
20 any accredited theater production or any recipient of any
21 tax credit award under this Act.

22 Section 5-20. Application for certification of qualified
23 music company. Any applicant that operates a qualified music
24 company located in the State or is proposing to operate a
25 qualified music company in the State may apply to the

1 Department to have the qualified music company certified by
2 the Department as a qualified music company.

3 Section 5-25. Review of applications for qualified music
4 company certificates.

5 (a) The Department shall issue a qualified music company
6 certificate to an applicant if it finds that a preponderance
7 of the following conditions exists:

8 (1) the applicant is engaged directly or indirectly in
9 the production, distribution, and promotion of music;

10 (2) the applicant intends to make the expenditure in
11 the State required for certification of the qualified
12 music company;

13 (3) the applicant's qualified music company is
14 economically sound and will benefit the people of the
15 State of Illinois by increasing opportunities for
16 employment and will strengthen the economy of Illinois;

17 (4) the following requirements related to the
18 implementation of a diversity plan have been met:

19 (A) the applicant has filed with the Department a
20 diversity plan outlining specific goals for hiring
21 Illinois labor expenditure eligible minority persons
22 and women, as defined in the Business Enterprise for
23 Minorities, Women, and Persons with Disabilities Act,
24 and for using vendors receiving certification under
25 the Business Enterprise for Minorities, Women, and

1 Persons with Disabilities Act;

2 (B) the Department has approved the plan as
3 meeting the requirements established by the Department
4 and verified that the applicant has met or made good
5 faith efforts in achieving those goals; and

6 (C) the Department has adopted any rules that are
7 necessary to ensure compliance with the provisions set
8 forth in this paragraph (4) and any rules that are
9 necessary to show that the applicant's plan reflects
10 the diversity of the population of this State;

11 (5) the applicant's qualified music company
12 application indicates whether the applicant intends to
13 participate in training, education, and recruitment
14 programs that are organized in cooperation with Illinois
15 colleges and universities, labor organizations, and the
16 holders of qualified music company certificates and are
17 designed to promote and encourage the training and hiring
18 of Illinois residents who represent the diversity of
19 Illinois; and

20 (6) the tax credit award will result in an overall
21 positive impact to the State, as determined by the
22 Department using the best available data.

23 (b) If any of the provisions in this Section conflict with
24 any existing collective bargaining agreements, the terms and
25 conditions of those collective bargaining agreements shall
26 control.

1 (c) The Department shall act expeditiously regarding
2 approval of applications for qualified music companies so as
3 to accommodate the operations and needs of those companies.

4 Section 5-30. Training programs for skills in critical
5 demand. To accomplish the purposes of this Act, the Department
6 may use the training programs provided under Section 605-800
7 of the Department of Commerce and Economic Opportunity Law of
8 the Civil Administrative Code of Illinois.

9 Section 5-35. Issuance of tax credit award certificate.

10 (a) In order to qualify for a tax credit award under this
11 Act, an applicant must file an application for each qualified
12 music company at each of the applicant's qualified facilities,
13 on forms prescribed by the Department, providing information
14 necessary to calculate the tax credit award and any additional
15 information as reasonably required by the Department.

16 (b) Upon satisfactory review of the application, the
17 Department shall issue a tax credit award certificate stating
18 the amount of the tax credit award to which the applicant is
19 entitled for that tax year and shall contemporaneously notify
20 the applicant and the Department of Revenue.

21 Section 5-40. Amount and payment of the tax credit award.

22 (a) For taxable years beginning on or after January 1,
23 2025, the Department may award tax credit awards to qualified

1 music companies. The award may not exceed 10% of the Illinois
2 labor expenditures for the State-certified production if the
3 QMC payroll of the qualified music company for the taxable
4 year does not exceed \$150,000 or 15% of the Illinois labor
5 expenditures for the State-certified production if the QMC
6 payroll of the qualified music company for the taxable year
7 exceeds \$150,000, plus all of the following::

8 (1) an additional 15% of the Illinois labor
9 expenditures for the State-certified production generated
10 by the employment of Illinois residents in geographic
11 areas of high poverty or high unemployment in each tax
12 year, as determined by the Department; and

13 (2) an additional 7% of the Illinois labor
14 expenditures for the State-certified production generated
15 by the employment of individuals who are employed at a
16 wage of no less than the general prevailing hourly rate as
17 paid for work of a similar character in the locality in
18 which the work is performed; and

19 (3) an additional 7% of the Illinois labor
20 expenditures for the State-certified production incurred
21 by a qualified music company and spent on post-production
22 sound recording for television or film work completed in
23 Illinois.

24 (b) To the extent that the base investment by a qualified
25 music company is expended on a sound recording production of a
26 resident copyright, the investor shall be allowed an

1 additional 10% increase in the base investment rate.

2 (c) The aggregate amount of credits certified for all
3 investors pursuant to this Section during any calendar year
4 shall not exceed \$25,000,000. No more than \$500,000 in tax
5 credits may be granted per calendar year for any single
6 qualified music company.

7 (d) Company-based QMC payroll credit. A business shall be
8 eligible for participation in the program if the business
9 meets all of the following criteria:

10 (1) The business is engaged directly or indirectly in
11 the production, distribution, and promotion of music.

12 (2) The business is approved by the Director of
13 Commerce and Economic Opportunity.

14 (e) Upon approval of a tax credit award under this Act, the
15 Department shall issue a tax credit certificate to the
16 applicant.

17 Section 5-45. Qualified music program evaluation and
18 reports.

19 (a) The Department's qualified music program tax credit
20 award evaluation must include:

21 (1) an assessment of the effectiveness of the program
22 in creating and retaining new jobs in Illinois;

23 (2) an assessment of the revenue impact of the
24 program;

25 (3) in the discretion of the Department, a review of

1 the practices and experiences of other states or nations
2 with similar programs; and

3 (4) an assessment of the overall success of the
4 program.

5 The Department may make a recommendation to extend, modify, or
6 not extend the program based on the evaluation.

7 (b) At the end of each fiscal quarter, the Department
8 shall submit to the General Assembly a report that includes,
9 without limitation:

10 (1) an assessment of the economic impact of the
11 program, including the number of jobs created and
12 retained, and whether the job positions are entry level,
13 management, vendor, or production related;

14 (2) the amount of qualified music company spending
15 brought to Illinois, including the amount of spending and
16 type of Illinois vendors hired in connection with a
17 qualified music company; and

18 (3) a determination of whether those receiving
19 qualifying Illinois labor expenditure salaries or wages
20 reflect the geographic, racial and ethnic, gender, and
21 income level diversity of the State of Illinois.

22 (c) At the end of each fiscal year, the Department shall
23 submit to the General Assembly a report that includes, without
24 limitation:

25 (1) the identification of each vendor that provided
26 goods or services that were included in an qualified music

1 company's Illinois spending;

2 (2) a statement of the amount paid to each identified
3 vendor by the qualified music program and whether the
4 vendor is a minority-owned or women-owned business as
5 defined in Section 2 of the Business Enterprise for
6 Minorities, Women, and Persons with Disabilities Act; and

7 (3) a description of the steps taken by the Department
8 to encourage qualified music company to use vendors who
9 are minority-owned or women-owned businesses.

10 Section 5-50. Program terms and conditions. Any
11 documentary materials or data made available or received from
12 an applicant by any agent or employee of the Department are
13 confidential and are not public records to the extent that the
14 materials or data consist of commercial or financial
15 information regarding the operation of or the production of
16 the applicant or recipient of any tax credit award under this
17 Act.

18 ARTICLE 10. MUSIC EDUCATION SCHOLARSHIP ACT

19 Section 10-1. Short title. This Act may be cited as the
20 Music Education Scholarship Act. References in this Article to
21 "this Act" mean this Article.

22 Section 10-5. Definitions. As used in this Act:

1 "Academic year" means the period of time from September 1
2 of one year through August 31 of the next year or as otherwise
3 defined by the academic institution.

4 "Approved institution" means a public community college,
5 private junior college, or public or private college or
6 university with a pre-licensure music education program
7 located in this State.

8 "Board" means the Board of Higher Education created by the
9 Board of Higher Education Act.

10 "Enrollment" means the establishment and maintenance of an
11 individual's status as a student in an approved institution,
12 regardless of the terms used at the institution to describe
13 such status.

14 "Fees" means those mandatory charges, in addition to
15 tuition, that all enrolled students must pay, including
16 required course or lab fees.

17 "Full-time student" means a student enrolled for at least
18 12 hours per term or as otherwise determined by the academic
19 institution.

20 "Graduate degree in music program" means a program offered
21 by an approved institution and leading to a master's degree in
22 music education or any other graduate degree in music
23 education.

24 "Music education employment obligation" means employment
25 in this State as a certified teacher with a music education
26 specialization, for at least one year for each year of

1 scholarship assistance received through the program under this
2 Act.

3 "Part-time student" means a person who is enrolled for at
4 least one-third of the number of hours required per term by a
5 school for its full-time students.

6 "Student in good standing" means a student maintaining a
7 cumulative grade point average equivalent to at least the
8 academic grade of a "C".

9 "Tuition" means the established charges of an institution
10 of higher learning for instruction at that institution.

11 Section 10-10. Music education scholarships.

12 (a) Beginning with the fall term of the 2024-2025 academic
13 year, the Board, in accordance with rules adopted by it for the
14 purposes of this Act, shall provide scholarships to
15 individuals selected from among those applicants who qualify
16 for scholarships under this Act. An applicant qualifies for a
17 scholarship under this Act if:

18 (1) the applicant has been a resident of this State
19 for at least one year prior to application and is a citizen
20 or a lawful permanent resident of the United States;

21 (2) the applicant is enrolled in or accepted for
22 admission to an associate, baccalaureate, or graduate
23 degree program in music education at an approved
24 institution; and

25 (3) the applicant agrees to meet the music education

1 employment obligation.

2 (b) If, in any year, the number of qualified applicants
3 exceeds the number of scholarships to be awarded, the Board
4 shall consider the following factors in granting priority in
5 awarding scholarships:

6 (1) the applicant's financial need, as shown on a
7 standardized financial needs assessment form used by the
8 approved institution for students who will pursue their
9 education on a full-time basis;

10 (2) whether the applicant is already employed as a
11 music educator and is pursuing a graduate degree in music
12 education to pursue employment in an approved institution
13 that educates music educators in undergraduate and
14 graduate programs;

15 (3) the applicant's merit, as shown through the
16 applicant's grade point average, class rank, and other
17 academic and extracurricular activities; and

18 (4) any other criteria set by the Board by rule.

19 Unless otherwise indicated, scholarships shall be awarded
20 to recipients at approved institutions for a period of up to 2
21 years if the recipient is enrolled in an associate degree in
22 music educator, up to 4 years if the recipient is enrolled in a
23 baccalaureate degree in music education program, and up to 5
24 years if the recipient is enrolled in a graduate degree in
25 music education program. At least 40% of the scholarships
26 awarded shall be for recipients who are pursuing baccalaureate

1 degrees; 30% of the scholarships awarded shall be for
2 recipients who are pursuing associate degrees; and 30% of the
3 scholarships awarded shall be for recipients who are pursuing
4 a graduate degree.

5 During the 2024-2025 academic year, subject to
6 appropriation, the Board may award a total of \$500,000 in
7 scholarships under this Section.

8 Section 10-15. Amount of scholarships. In determining the
9 amount of the scholarships awarded under this Act, the Board
10 shall consider tuition and fee charges at approved
11 institutions as well as projected living expenses for
12 students. Seventy-five percent of the weighted tuition and
13 fees charged by community colleges in Illinois shall be added
14 to the uniform living allowance reported in the weighted
15 Monetary Award Program (MAP) budget to determine the full-time
16 scholarship amount for students pursuing an associate degree
17 at an Illinois community college. Scholarship amounts for
18 students pursuing associate, baccalaureate, or graduate
19 degrees at a college or university shall include 75% of the
20 weighted tuition and fees charged by public universities in
21 Illinois, plus the uniform living allowance reported in the
22 weighted MAP budget. The Board may provide that scholarships
23 shall be awarded on a quarterly or semi-annual basis and shall
24 be contingent upon the student diligently pursuing music
25 education studies and being a student in good standing.

1 Scholarship awards may be provided to part-time students; for
2 part-time students, the amount of the scholarship shall be
3 determined by applying the proportion represented by the
4 part-time enrollment to full-time enrollment ratio to the
5 average per-term scholarship amount for a student in the same
6 degree category.

7 Section 10-20. Approved institutions. An approved
8 institution must maintain compliance with all applicable State
9 and federal laws. An approved institution is not eligible for
10 other programs administered by the Board and is not required
11 to meet the definition of "institution of higher learning",
12 "qualified institution", or "institution", as defined in
13 Section 10 of the Higher Education Student Assistance Act. The
14 Board may establish, by rule, additional requirements for
15 approved institutions.

16 Section 10-25. Duties of the Board. The Board shall:

17 (1) prepare and supervise the issuance of public
18 information about this Act;

19 (2) prescribe the form and regulate the submission of
20 applications for scholarships under this Act;

21 (3) determine the eligibility of applicants for
22 scholarships under this Act;

23 (4) award the appropriate scholarships under this Act;

24 (5) prescribe the contracts or other acknowledgments

1 of scholarship that an applicant is required to execute;
2 and

3 (6) determine whether all or any part of a recipient's
4 scholarship must be monetarily repaid, or has been excused
5 from repayment, and the extent of any repayment or excused
6 repayment.

7 The Board may require a recipient to reimburse the State
8 for expenses, including, but not limited to, attorney's fees,
9 incurred by the Board or any other agent of the State for a
10 successful legal action against the recipient for a breach of
11 any provision of the scholarship contract. The Board may adopt
12 rules to carry out the duties set forth in this Act.

13 ARTICLE 15. AMENDATORY PROVISIONS

14 Section 15-3. The Freedom of Information Act is amended by
15 changing Section 7.5 as follows:

16 (5 ILCS 140/7.5)

17 (Text of Section before amendment by P.A. 103-472)

18 Sec. 7.5. Statutory exemptions. To the extent provided for
19 by the statutes referenced below, the following shall be
20 exempt from inspection and copying:

21 (a) All information determined to be confidential
22 under Section 4002 of the Technology Advancement and
23 Development Act.

1 (b) Library circulation and order records identifying
2 library users with specific materials under the Library
3 Records Confidentiality Act.

4 (c) Applications, related documents, and medical
5 records received by the Experimental Organ Transplantation
6 Procedures Board and any and all documents or other
7 records prepared by the Experimental Organ Transplantation
8 Procedures Board or its staff relating to applications it
9 has received.

10 (d) Information and records held by the Department of
11 Public Health and its authorized representatives relating
12 to known or suspected cases of sexually transmissible
13 disease or any information the disclosure of which is
14 restricted under the Illinois Sexually Transmissible
15 Disease Control Act.

16 (e) Information the disclosure of which is exempted
17 under Section 30 of the Radon Industry Licensing Act.

18 (f) Firm performance evaluations under Section 55 of
19 the Architectural, Engineering, and Land Surveying
20 Qualifications Based Selection Act.

21 (g) Information the disclosure of which is restricted
22 and exempted under Section 50 of the Illinois Prepaid
23 Tuition Act.

24 (h) Information the disclosure of which is exempted
25 under the State Officials and Employees Ethics Act, and
26 records of any lawfully created State or local inspector

1 general's office that would be exempt if created or
2 obtained by an Executive Inspector General's office under
3 that Act.

4 (i) Information contained in a local emergency energy
5 plan submitted to a municipality in accordance with a
6 local emergency energy plan ordinance that is adopted
7 under Section 11-21.5-5 of the Illinois Municipal Code.

8 (j) Information and data concerning the distribution
9 of surcharge moneys collected and remitted by carriers
10 under the Emergency Telephone System Act.

11 (k) Law enforcement officer identification information
12 or driver identification information compiled by a law
13 enforcement agency or the Department of Transportation
14 under Section 11-212 of the Illinois Vehicle Code.

15 (l) Records and information provided to a residential
16 health care facility resident sexual assault and death
17 review team or the Executive Council under the Abuse
18 Prevention Review Team Act.

19 (m) Information provided to the predatory lending
20 database created pursuant to Article 3 of the Residential
21 Real Property Disclosure Act, except to the extent
22 authorized under that Article.

23 (n) Defense budgets and petitions for certification of
24 compensation and expenses for court appointed trial
25 counsel as provided under Sections 10 and 15 of the
26 Capital Crimes Litigation Act (repealed). This subsection

1 (n) shall apply until the conclusion of the trial of the
2 case, even if the prosecution chooses not to pursue the
3 death penalty prior to trial or sentencing.

4 (o) Information that is prohibited from being
5 disclosed under Section 4 of the Illinois Health and
6 Hazardous Substances Registry Act.

7 (p) Security portions of system safety program plans,
8 investigation reports, surveys, schedules, lists, data, or
9 information compiled, collected, or prepared by or for the
10 Department of Transportation under Sections 2705-300 and
11 2705-616 of the Department of Transportation Law of the
12 Civil Administrative Code of Illinois, the Regional
13 Transportation Authority under Section 2.11 of the
14 Regional Transportation Authority Act, or the St. Clair
15 County Transit District under the Bi-State Transit Safety
16 Act (repealed).

17 (q) Information prohibited from being disclosed by the
18 Personnel Record Review Act.

19 (r) Information prohibited from being disclosed by the
20 Illinois School Student Records Act.

21 (s) Information the disclosure of which is restricted
22 under Section 5-108 of the Public Utilities Act.

23 (t) (Blank).

24 (u) Records and information provided to an independent
25 team of experts under the Developmental Disability and
26 Mental Health Safety Act (also known as Brian's Law).

1 (v) Names and information of people who have applied
2 for or received Firearm Owner's Identification Cards under
3 the Firearm Owners Identification Card Act or applied for
4 or received a concealed carry license under the Firearm
5 Concealed Carry Act, unless otherwise authorized by the
6 Firearm Concealed Carry Act; and databases under the
7 Firearm Concealed Carry Act, records of the Concealed
8 Carry Licensing Review Board under the Firearm Concealed
9 Carry Act, and law enforcement agency objections under the
10 Firearm Concealed Carry Act.

11 (v-5) Records of the Firearm Owner's Identification
12 Card Review Board that are exempted from disclosure under
13 Section 10 of the Firearm Owners Identification Card Act.

14 (w) Personally identifiable information which is
15 exempted from disclosure under subsection (g) of Section
16 19.1 of the Toll Highway Act.

17 (x) Information which is exempted from disclosure
18 under Section 5-1014.3 of the Counties Code or Section
19 8-11-21 of the Illinois Municipal Code.

20 (y) Confidential information under the Adult
21 Protective Services Act and its predecessor enabling
22 statute, the Elder Abuse and Neglect Act, including
23 information about the identity and administrative finding
24 against any caregiver of a verified and substantiated
25 decision of abuse, neglect, or financial exploitation of
26 an eligible adult maintained in the Registry established

1 under Section 7.5 of the Adult Protective Services Act.

2 (z) Records and information provided to a fatality
3 review team or the Illinois Fatality Review Team Advisory
4 Council under Section 15 of the Adult Protective Services
5 Act.

6 (aa) Information which is exempted from disclosure
7 under Section 2.37 of the Wildlife Code.

8 (bb) Information which is or was prohibited from
9 disclosure by the Juvenile Court Act of 1987.

10 (cc) Recordings made under the Law Enforcement
11 Officer-Worn Body Camera Act, except to the extent
12 authorized under that Act.

13 (dd) Information that is prohibited from being
14 disclosed under Section 45 of the Condominium and Common
15 Interest Community Ombudsperson Act.

16 (ee) Information that is exempted from disclosure
17 under Section 30.1 of the Pharmacy Practice Act.

18 (ff) Information that is exempted from disclosure
19 under the Revised Uniform Unclaimed Property Act.

20 (gg) Information that is prohibited from being
21 disclosed under Section 7-603.5 of the Illinois Vehicle
22 Code.

23 (hh) Records that are exempt from disclosure under
24 Section 1A-16.7 of the Election Code.

25 (ii) Information which is exempted from disclosure
26 under Section 2505-800 of the Department of Revenue Law of

1 the Civil Administrative Code of Illinois.

2 (jj) Information and reports that are required to be
3 submitted to the Department of Labor by registering day
4 and temporary labor service agencies but are exempt from
5 disclosure under subsection (a-1) of Section 45 of the Day
6 and Temporary Labor Services Act.

7 (kk) Information prohibited from disclosure under the
8 Seizure and Forfeiture Reporting Act.

9 (ll) Information the disclosure of which is restricted
10 and exempted under Section 5-30.8 of the Illinois Public
11 Aid Code.

12 (mm) Records that are exempt from disclosure under
13 Section 4.2 of the Crime Victims Compensation Act.

14 (nn) Information that is exempt from disclosure under
15 Section 70 of the Higher Education Student Assistance Act.

16 (oo) Communications, notes, records, and reports
17 arising out of a peer support counseling session
18 prohibited from disclosure under the First Responders
19 Suicide Prevention Act.

20 (pp) Names and all identifying information relating to
21 an employee of an emergency services provider or law
22 enforcement agency under the First Responders Suicide
23 Prevention Act.

24 (qq) Information and records held by the Department of
25 Public Health and its authorized representatives collected
26 under the Reproductive Health Act.

1 (rr) Information that is exempt from disclosure under
2 the Cannabis Regulation and Tax Act.

3 (ss) Data reported by an employer to the Department of
4 Human Rights pursuant to Section 2-108 of the Illinois
5 Human Rights Act.

6 (tt) Recordings made under the Children's Advocacy
7 Center Act, except to the extent authorized under that
8 Act.

9 (uu) Information that is exempt from disclosure under
10 Section 50 of the Sexual Assault Evidence Submission Act.

11 (vv) Information that is exempt from disclosure under
12 subsections (f) and (j) of Section 5-36 of the Illinois
13 Public Aid Code.

14 (ww) Information that is exempt from disclosure under
15 Section 16.8 of the State Treasurer Act.

16 (xx) Information that is exempt from disclosure or
17 information that shall not be made public under the
18 Illinois Insurance Code.

19 (yy) Information prohibited from being disclosed under
20 the Illinois Educational Labor Relations Act.

21 (zz) Information prohibited from being disclosed under
22 the Illinois Public Labor Relations Act.

23 (aaa) Information prohibited from being disclosed
24 under Section 1-167 of the Illinois Pension Code.

25 (bbb) Information that is prohibited from disclosure
26 by the Illinois Police Training Act and the Illinois State

1 Police Act.

2 (ccc) Records exempt from disclosure under Section
3 2605-304 of the Illinois State Police Law of the Civil
4 Administrative Code of Illinois.

5 (ddd) Information prohibited from being disclosed
6 under Section 35 of the Address Confidentiality for
7 Victims of Domestic Violence, Sexual Assault, Human
8 Trafficking, or Stalking Act.

9 (eee) Information prohibited from being disclosed
10 under subsection (b) of Section 75 of the Domestic
11 Violence Fatality Review Act.

12 (fff) Images from cameras under the Expressway Camera
13 Act. This subsection (fff) is inoperative on and after
14 July 1, 2025.

15 (ggg) Information prohibited from disclosure under
16 paragraph (3) of subsection (a) of Section 14 of the Nurse
17 Agency Licensing Act.

18 (hhh) Information submitted to the Illinois State
19 Police in an affidavit or application for an assault
20 weapon endorsement, assault weapon attachment endorsement,
21 .50 caliber rifle endorsement, or .50 caliber cartridge
22 endorsement under the Firearm Owners Identification Card
23 Act.

24 (iii) Data exempt from disclosure under Section 50 of
25 the School Safety Drill Act.

26 (jjj) ~~(hhh)~~ Information exempt from disclosure under

1 Section 30 of the Insurance Data Security Law.

2 (kkk) ~~(iii)~~ Confidential business information
3 prohibited from disclosure under Section 45 of the Paint
4 Stewardship Act.

5 (lll) (Reserved).

6 (mmm) ~~(iii)~~ Information prohibited from being
7 disclosed under subsection (e) of Section 1-129 of the
8 Illinois Power Agency Act.

9 (nnn) Materials received by the Department of Commerce
10 and Economic Opportunity that are confidential under
11 Section 5-50 of the Music and Musicians Tax Credit and
12 Jobs Act.

13 (Source: P.A. 102-36, eff. 6-25-21; 102-237, eff. 1-1-22;
14 102-292, eff. 1-1-22; 102-520, eff. 8-20-21; 102-559, eff.
15 8-20-21; 102-813, eff. 5-13-22; 102-946, eff. 7-1-22;
16 102-1042, eff. 6-3-22; 102-1116, eff. 1-10-23; 103-8, eff.
17 6-7-23; 103-34, eff. 6-9-23; 103-142, eff. 1-1-24; 103-372,
18 eff. 1-1-24; 103-508, eff. 8-4-23; 103-580, eff. 12-8-23;
19 revised 1-2-24.)

20 (Text of Section after amendment by P.A. 103-472)

21 Sec. 7.5. Statutory exemptions. To the extent provided for
22 by the statutes referenced below, the following shall be
23 exempt from inspection and copying:

24 (a) All information determined to be confidential
25 under Section 4002 of the Technology Advancement and

1 Development Act.

2 (b) Library circulation and order records identifying
3 library users with specific materials under the Library
4 Records Confidentiality Act.

5 (c) Applications, related documents, and medical
6 records received by the Experimental Organ Transplantation
7 Procedures Board and any and all documents or other
8 records prepared by the Experimental Organ Transplantation
9 Procedures Board or its staff relating to applications it
10 has received.

11 (d) Information and records held by the Department of
12 Public Health and its authorized representatives relating
13 to known or suspected cases of sexually transmissible
14 disease or any information the disclosure of which is
15 restricted under the Illinois Sexually Transmissible
16 Disease Control Act.

17 (e) Information the disclosure of which is exempted
18 under Section 30 of the Radon Industry Licensing Act.

19 (f) Firm performance evaluations under Section 55 of
20 the Architectural, Engineering, and Land Surveying
21 Qualifications Based Selection Act.

22 (g) Information the disclosure of which is restricted
23 and exempted under Section 50 of the Illinois Prepaid
24 Tuition Act.

25 (h) Information the disclosure of which is exempted
26 under the State Officials and Employees Ethics Act, and

1 records of any lawfully created State or local inspector
2 general's office that would be exempt if created or
3 obtained by an Executive Inspector General's office under
4 that Act.

5 (i) Information contained in a local emergency energy
6 plan submitted to a municipality in accordance with a
7 local emergency energy plan ordinance that is adopted
8 under Section 11-21.5-5 of the Illinois Municipal Code.

9 (j) Information and data concerning the distribution
10 of surcharge moneys collected and remitted by carriers
11 under the Emergency Telephone System Act.

12 (k) Law enforcement officer identification information
13 or driver identification information compiled by a law
14 enforcement agency or the Department of Transportation
15 under Section 11-212 of the Illinois Vehicle Code.

16 (l) Records and information provided to a residential
17 health care facility resident sexual assault and death
18 review team or the Executive Council under the Abuse
19 Prevention Review Team Act.

20 (m) Information provided to the predatory lending
21 database created pursuant to Article 3 of the Residential
22 Real Property Disclosure Act, except to the extent
23 authorized under that Article.

24 (n) Defense budgets and petitions for certification of
25 compensation and expenses for court appointed trial
26 counsel as provided under Sections 10 and 15 of the

1 Capital Crimes Litigation Act (repealed). This subsection
2 (n) shall apply until the conclusion of the trial of the
3 case, even if the prosecution chooses not to pursue the
4 death penalty prior to trial or sentencing.

5 (o) Information that is prohibited from being
6 disclosed under Section 4 of the Illinois Health and
7 Hazardous Substances Registry Act.

8 (p) Security portions of system safety program plans,
9 investigation reports, surveys, schedules, lists, data, or
10 information compiled, collected, or prepared by or for the
11 Department of Transportation under Sections 2705-300 and
12 2705-616 of the Department of Transportation Law of the
13 Civil Administrative Code of Illinois, the Regional
14 Transportation Authority under Section 2.11 of the
15 Regional Transportation Authority Act, or the St. Clair
16 County Transit District under the Bi-State Transit Safety
17 Act (repealed).

18 (q) Information prohibited from being disclosed by the
19 Personnel Record Review Act.

20 (r) Information prohibited from being disclosed by the
21 Illinois School Student Records Act.

22 (s) Information the disclosure of which is restricted
23 under Section 5-108 of the Public Utilities Act.

24 (t) (Blank).

25 (u) Records and information provided to an independent
26 team of experts under the Developmental Disability and

1 Mental Health Safety Act (also known as Brian's Law).

2 (v) Names and information of people who have applied
3 for or received Firearm Owner's Identification Cards under
4 the Firearm Owners Identification Card Act or applied for
5 or received a concealed carry license under the Firearm
6 Concealed Carry Act, unless otherwise authorized by the
7 Firearm Concealed Carry Act; and databases under the
8 Firearm Concealed Carry Act, records of the Concealed
9 Carry Licensing Review Board under the Firearm Concealed
10 Carry Act, and law enforcement agency objections under the
11 Firearm Concealed Carry Act.

12 (v-5) Records of the Firearm Owner's Identification
13 Card Review Board that are exempted from disclosure under
14 Section 10 of the Firearm Owners Identification Card Act.

15 (w) Personally identifiable information which is
16 exempted from disclosure under subsection (g) of Section
17 19.1 of the Toll Highway Act.

18 (x) Information which is exempted from disclosure
19 under Section 5-1014.3 of the Counties Code or Section
20 8-11-21 of the Illinois Municipal Code.

21 (y) Confidential information under the Adult
22 Protective Services Act and its predecessor enabling
23 statute, the Elder Abuse and Neglect Act, including
24 information about the identity and administrative finding
25 against any caregiver of a verified and substantiated
26 decision of abuse, neglect, or financial exploitation of

1 an eligible adult maintained in the Registry established
2 under Section 7.5 of the Adult Protective Services Act.

3 (z) Records and information provided to a fatality
4 review team or the Illinois Fatality Review Team Advisory
5 Council under Section 15 of the Adult Protective Services
6 Act.

7 (aa) Information which is exempted from disclosure
8 under Section 2.37 of the Wildlife Code.

9 (bb) Information which is or was prohibited from
10 disclosure by the Juvenile Court Act of 1987.

11 (cc) Recordings made under the Law Enforcement
12 Officer-Worn Body Camera Act, except to the extent
13 authorized under that Act.

14 (dd) Information that is prohibited from being
15 disclosed under Section 45 of the Condominium and Common
16 Interest Community Ombudsperson Act.

17 (ee) Information that is exempted from disclosure
18 under Section 30.1 of the Pharmacy Practice Act.

19 (ff) Information that is exempted from disclosure
20 under the Revised Uniform Unclaimed Property Act.

21 (gg) Information that is prohibited from being
22 disclosed under Section 7-603.5 of the Illinois Vehicle
23 Code.

24 (hh) Records that are exempt from disclosure under
25 Section 1A-16.7 of the Election Code.

26 (ii) Information which is exempted from disclosure

1 under Section 2505-800 of the Department of Revenue Law of
2 the Civil Administrative Code of Illinois.

3 (jj) Information and reports that are required to be
4 submitted to the Department of Labor by registering day
5 and temporary labor service agencies but are exempt from
6 disclosure under subsection (a-1) of Section 45 of the Day
7 and Temporary Labor Services Act.

8 (kk) Information prohibited from disclosure under the
9 Seizure and Forfeiture Reporting Act.

10 (ll) Information the disclosure of which is restricted
11 and exempted under Section 5-30.8 of the Illinois Public
12 Aid Code.

13 (mm) Records that are exempt from disclosure under
14 Section 4.2 of the Crime Victims Compensation Act.

15 (nn) Information that is exempt from disclosure under
16 Section 70 of the Higher Education Student Assistance Act.

17 (oo) Communications, notes, records, and reports
18 arising out of a peer support counseling session
19 prohibited from disclosure under the First Responders
20 Suicide Prevention Act.

21 (pp) Names and all identifying information relating to
22 an employee of an emergency services provider or law
23 enforcement agency under the First Responders Suicide
24 Prevention Act.

25 (qq) Information and records held by the Department of
26 Public Health and its authorized representatives collected

1 under the Reproductive Health Act.

2 (rr) Information that is exempt from disclosure under
3 the Cannabis Regulation and Tax Act.

4 (ss) Data reported by an employer to the Department of
5 Human Rights pursuant to Section 2-108 of the Illinois
6 Human Rights Act.

7 (tt) Recordings made under the Children's Advocacy
8 Center Act, except to the extent authorized under that
9 Act.

10 (uu) Information that is exempt from disclosure under
11 Section 50 of the Sexual Assault Evidence Submission Act.

12 (vv) Information that is exempt from disclosure under
13 subsections (f) and (j) of Section 5-36 of the Illinois
14 Public Aid Code.

15 (ww) Information that is exempt from disclosure under
16 Section 16.8 of the State Treasurer Act.

17 (xx) Information that is exempt from disclosure or
18 information that shall not be made public under the
19 Illinois Insurance Code.

20 (yy) Information prohibited from being disclosed under
21 the Illinois Educational Labor Relations Act.

22 (zz) Information prohibited from being disclosed under
23 the Illinois Public Labor Relations Act.

24 (aaa) Information prohibited from being disclosed
25 under Section 1-167 of the Illinois Pension Code.

26 (bbb) Information that is prohibited from disclosure

1 by the Illinois Police Training Act and the Illinois State
2 Police Act.

3 (ccc) Records exempt from disclosure under Section
4 2605-304 of the Illinois State Police Law of the Civil
5 Administrative Code of Illinois.

6 (ddd) Information prohibited from being disclosed
7 under Section 35 of the Address Confidentiality for
8 Victims of Domestic Violence, Sexual Assault, Human
9 Trafficking, or Stalking Act.

10 (eee) Information prohibited from being disclosed
11 under subsection (b) of Section 75 of the Domestic
12 Violence Fatality Review Act.

13 (fff) Images from cameras under the Expressway Camera
14 Act. This subsection (fff) is inoperative on and after
15 July 1, 2025.

16 (ggg) Information prohibited from disclosure under
17 paragraph (3) of subsection (a) of Section 14 of the Nurse
18 Agency Licensing Act.

19 (hhh) Information submitted to the Illinois State
20 Police in an affidavit or application for an assault
21 weapon endorsement, assault weapon attachment endorsement,
22 .50 caliber rifle endorsement, or .50 caliber cartridge
23 endorsement under the Firearm Owners Identification Card
24 Act.

25 (iii) Data exempt from disclosure under Section 50 of
26 the School Safety Drill Act.

1 (jjj) ~~(hhh)~~ Information exempt from disclosure under
2 Section 30 of the Insurance Data Security Law.

3 (kkk) ~~(iii)~~ Confidential business information
4 prohibited from disclosure under Section 45 of the Paint
5 Stewardship Act.

6 (lll) ~~(iii)~~ Data exempt from disclosure under Section
7 2-3.196 of the School Code.

8 (mmm) ~~(iii)~~ Information prohibited from being
9 disclosed under subsection (e) of Section 1-129 of the
10 Illinois Power Agency Act.

11 (nnn) Materials received by the Department of Commerce
12 and Economic Opportunity that are confidential under
13 Section 5-50 of the Music and Musicians Tax Credit and
14 Jobs Act.

15 (Source: P.A. 102-36, eff. 6-25-21; 102-237, eff. 1-1-22;
16 102-292, eff. 1-1-22; 102-520, eff. 8-20-21; 102-559, eff.
17 8-20-21; 102-813, eff. 5-13-22; 102-946, eff. 7-1-22;
18 102-1042, eff. 6-3-22; 102-1116, eff. 1-10-23; 103-8, eff.
19 6-7-23; 103-34, eff. 6-9-23; 103-142, eff. 1-1-24; 103-372,
20 eff. 1-1-24; 103-472, eff. 8-1-24; 103-508, eff. 8-4-23;
21 103-580, eff. 12-8-23; revised 1-2-24.)

22 Section 15-5. The Illinois Income Tax Act is amended by
23 changing Sections 203 and 222 and by adding Sections 241 and
24 242 as follows:

1 (35 ILCS 5/203)

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;

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

1 qualified ABLE account under Section 16.6 of the State
2 Treasurer Act, except that amounts excluded from gross
3 income under Section 529(c)(3)(C)(i) or Section
4 529A(c)(1)(C) of the Internal Revenue Code shall not
5 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 (II) For taxable years that begin on or after
11 January 1, 2021 and begin before January 1, 2026, the
12 amount that is included in the taxpayer's federal
13 adjusted gross income pursuant to Section 61 of the
14 Internal Revenue Code as discharge of indebtedness
15 attributable to student loan forgiveness and that is
16 not excluded from the taxpayer's federal adjusted
17 gross income pursuant to paragraph (5) of subsection
18 (f) of Section 108 of the Internal Revenue Code; ~~and~~

19 (JJ) For taxable years beginning on or after
20 January 1, 2023, for any cannabis establishment
21 operating in this State and licensed under the
22 Cannabis Regulation and Tax Act or any cannabis
23 cultivation center or medical cannabis dispensing
24 organization operating in this State and licensed
25 under the Compassionate Use of Medical Cannabis
26 Program Act, an amount equal to the deductions that

1 were disallowed under Section 280E of the Internal
2 Revenue Code for the taxable year and that would not be
3 added back under this subsection. The provisions of
4 this subparagraph (JJ) are exempt from the provisions
5 of Section 250;~~;~~

6 (KK) ~~(JJ)~~ To the extent includible in gross income
7 for federal income tax purposes, any amount awarded or
8 paid to the taxpayer as a result of a judgment or
9 settlement for fertility fraud as provided in Section
10 15 of the Illinois Fertility Fraud Act, donor
11 fertility fraud as provided in Section 20 of the
12 Illinois Fertility Fraud Act, or similar action in
13 another state; and ~~;~~

14 (LL) For taxable years beginning on or after
15 January 1, 2024, an amount equal to the qualified
16 expenses paid or incurred by a qualified artist
17 educator in connection with teaching or conducting
18 music lessons; this subparagraph (LL) is exempt from
19 the provisions of Section 250. As used in this
20 subparagraph (LL):

21 "Qualified expenses" means deductions allowed
22 by Section 162 of the federal Internal Revenue
23 Code; and

24 "Qualified artist educator" means a musician
25 who offers private or public music lessons for
26 amateur or professional artists in any setting or

1 any capacity, regardless of the size of the class.

2 (b) Corporations.

3 (1) In general. In the case of a corporation, 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 and all distributions
11 received from regulated investment companies during
12 the taxable year to the extent excluded from gross
13 income in the computation of taxable income;

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

18 (C) In the case of a regulated investment company,
19 an amount equal to the excess of (i) the net long-term
20 capital gain for the taxable year, over (ii) the
21 amount of the capital gain dividends designated as
22 such in accordance with Section 852(b)(3)(C) of the
23 Internal Revenue Code and any amount designated under
24 Section 852(b)(3)(D) of the Internal Revenue Code,
25 attributable to the taxable year (this amendatory Act

1 of 1995 (Public Act 89-89) is declarative of existing
2 law and is not a new enactment);

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

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

17 (i) 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 be reduced by the amount
21 of addition modification under this subparagraph
22 (E) which related to that net operating loss and
23 which was taken into account in calculating the
24 base income of an earlier taxable year, and

25 (ii) the addition modification relating to the
26 net operating loss carried back or forward to the

1 taxable year from any taxable year ending prior to
2 December 31, 1986 shall not exceed the amount of
3 such carryback or carryforward;

4 For taxable years in which there is a net
5 operating loss carryback or carryforward from more
6 than one other taxable year ending prior to December
7 31, 1986, the addition modification provided in this
8 subparagraph (E) shall be the sum of the amounts
9 computed independently under the preceding provisions
10 of this subparagraph (E) for each such taxable year;

11 (E-5) For taxable years ending after December 31,
12 1997, an amount equal to any eligible remediation
13 costs that the corporation deducted in computing
14 adjusted gross income and for which the corporation
15 claims a credit under subsection (l) of Section 201;

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

21 (E-11) If the taxpayer sells, transfers, abandons,
22 or otherwise disposes of property for which the
23 taxpayer was required in any taxable year to make an
24 addition modification under subparagraph (E-10), then
25 an amount equal to the aggregate amount of the
26 deductions taken in all taxable years under

1 subparagraph (T) with respect to that property.

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

9 The taxpayer is required to make the addition
10 modification under this subparagraph only once with
11 respect to any one piece of property;

12 (E-12) An amount equal to the amount otherwise
13 allowed as a deduction in computing base income for
14 interest paid, accrued, or incurred, directly or
15 indirectly, (i) for taxable years ending on or after
16 December 31, 2004, to a foreign person who would be a
17 member of the same unitary business group but for the
18 fact the foreign person's business activity outside
19 the United States is 80% or more of the foreign
20 person's total business activity and (ii) for taxable
21 years ending on or after December 31, 2008, to a person
22 who would be a member of the same unitary business
23 group but for the fact that the person is prohibited
24 under Section 1501(a)(27) from being included in the
25 unitary business group because he or she is ordinarily
26 required to apportion business income under different

1 subsections of Section 304. The addition modification
2 required by this subparagraph shall be reduced to the
3 extent that dividends were included in base income of
4 the unitary group for the same taxable year and
5 received by the taxpayer or by a member of the
6 taxpayer's unitary business group (including amounts
7 included in gross income pursuant to Sections 951
8 through 964 of the Internal Revenue Code and amounts
9 included in gross income under Section 78 of the
10 Internal Revenue Code) with respect to the stock of
11 the same person to whom the interest was paid,
12 accrued, or incurred.

13 This paragraph shall not apply to the following:

14 (i) an item of interest paid, accrued, or
15 incurred, directly or indirectly, to a person who
16 is subject in a foreign country or state, other
17 than a state which requires mandatory unitary
18 reporting, to a tax on or measured by net income
19 with respect to such interest; or

20 (ii) an item of interest paid, accrued, or
21 incurred, directly or indirectly, to a person if
22 the taxpayer can establish, based on a
23 preponderance of the evidence, both of the
24 following:

25 (a) the person, during the same taxable
26 year, paid, accrued, or incurred, the interest

1 to a person that is not a related member, and

2 (b) the transaction giving rise to the
3 interest expense between the taxpayer and the
4 person did not have as a principal purpose the
5 avoidance of Illinois income tax, and is paid
6 pursuant to a contract or agreement that
7 reflects an arm's-length interest rate and
8 terms; or

9 (iii) the taxpayer can establish, based on
10 clear and convincing evidence, that the interest
11 paid, accrued, or incurred relates to a contract
12 or agreement entered into at arm's-length rates
13 and terms and the principal purpose for the
14 payment is not federal or Illinois tax avoidance;
15 or

16 (iv) an item of interest paid, accrued, or
17 incurred, directly or indirectly, to a person if
18 the taxpayer establishes by clear and convincing
19 evidence that the adjustments are unreasonable; or
20 if the taxpayer and the Director agree in writing
21 to the application or use of an alternative method
22 of apportionment under Section 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 (E-13) An amount equal to the amount of intangible
7 expenses and costs otherwise allowed as a deduction in
8 computing base income, and that were paid, accrued, or
9 incurred, directly or indirectly, (i) for taxable
10 years ending on or after December 31, 2004, to a
11 foreign person who would be a member of the same
12 unitary business group but for the fact that the
13 foreign person's business activity outside the United
14 States is 80% or more of that person's total business
15 activity and (ii) for taxable years ending on or after
16 December 31, 2008, to a person who would be a member of
17 the same unitary business group but for the fact that
18 the person is prohibited under Section 1501(a)(27)
19 from being included in the unitary business group
20 because he or she is ordinarily required to apportion
21 business income under different subsections of Section
22 304. The addition modification required by this
23 subparagraph shall be reduced to the extent that
24 dividends were included in base income of the unitary
25 group for the same taxable year and received by the
26 taxpayer or by a member of the taxpayer's unitary

1 business group (including amounts included in gross
2 income pursuant to Sections 951 through 964 of the
3 Internal Revenue Code and amounts included in gross
4 income under Section 78 of the Internal Revenue Code)
5 with respect to the stock of the same person to whom
6 the intangible expenses and costs were directly or
7 indirectly paid, incurred, or accrued. The preceding
8 sentence shall not apply to the extent that the same
9 dividends caused a reduction to the addition
10 modification required under Section 203(b)(2)(E-12) of
11 this Act. As used in this subparagraph, the term
12 "intangible expenses and costs" includes (1) expenses,
13 losses, and costs for, or related to, the direct or
14 indirect acquisition, use, maintenance or management,
15 ownership, sale, exchange, or any other disposition of
16 intangible property; (2) losses incurred, directly or
17 indirectly, from factoring transactions or discounting
18 transactions; (3) royalty, patent, technical, and
19 copyright fees; (4) licensing fees; and (5) other
20 similar expenses and costs. For purposes of this
21 subparagraph, "intangible property" includes patents,
22 patent applications, trade names, trademarks, service
23 marks, copyrights, mask works, trade secrets, and
24 similar types of intangible assets.

25 This paragraph shall not apply to the following:

26 (i) any item of intangible expenses or costs

1 paid, accrued, or incurred, directly or
2 indirectly, from a transaction with a person who
3 is subject in a foreign country or state, other
4 than a state which requires mandatory unitary
5 reporting, to a tax on or measured by net income
6 with respect to such item; or

7 (ii) any item of intangible expense or cost
8 paid, accrued, or incurred, directly or
9 indirectly, if the taxpayer can establish, based
10 on a preponderance of the evidence, both of the
11 following:

12 (a) the person during the same taxable
13 year paid, accrued, or incurred, the
14 intangible expense or cost to a person that is
15 not a related member, and

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

23 (iii) any item of intangible expense or cost
24 paid, accrued, or incurred, directly or
25 indirectly, from a transaction with a person if
26 the taxpayer establishes by clear and convincing

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

15 (E-14) For taxable years ending on or after
16 December 31, 2008, an amount equal to the amount of
17 insurance premium expenses and costs otherwise allowed
18 as a deduction in computing base income, and that were
19 paid, accrued, or incurred, directly or indirectly, 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. The
26 addition modification required by this subparagraph

1 shall be reduced to the extent that dividends were
2 included in base income of the unitary group for the
3 same taxable year and received by the taxpayer or by a
4 member of the taxpayer's unitary business group
5 (including amounts included in gross income under
6 Sections 951 through 964 of the Internal Revenue Code
7 and amounts included in gross income under Section 78
8 of the Internal Revenue Code) with respect to the
9 stock of the same person to whom the premiums and costs
10 were directly or indirectly paid, incurred, or
11 accrued. The preceding sentence does not apply to the
12 extent that the same dividends caused a reduction to
13 the addition modification required under Section
14 203(b)(2)(E-12) or Section 203(b)(2)(E-13) of this
15 Act;

16 (E-15) For taxable years beginning after December
17 31, 2008, any deduction for dividends paid by a
18 captive real estate investment trust that is allowed
19 to a real estate investment trust under Section
20 857(b)(2)(B) of the Internal Revenue Code for
21 dividends paid;

22 (E-16) An amount equal to the credit allowable to
23 the taxpayer under Section 218(a) of this Act,
24 determined without regard to Section 218(c) of this
25 Act;

26 (E-17) For taxable years ending on or after

1 December 31, 2017, an amount equal to the deduction
2 allowed under Section 199 of the Internal Revenue Code
3 for the taxable year;

4 (E-18) for taxable years beginning after December
5 31, 2018, an amount equal to the deduction allowed
6 under Section 250(a)(1)(A) of the Internal Revenue
7 Code for the taxable year;

8 (E-19) for taxable years ending on or after June
9 30, 2021, an amount equal to the deduction allowed
10 under Section 250(a)(1)(B)(i) of the Internal Revenue
11 Code for the taxable year;

12 (E-20) for taxable years ending on or after June
13 30, 2021, an amount equal to the deduction allowed
14 under Sections 243(e) and 245A(a) of the Internal
15 Revenue Code for the taxable year.

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

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

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

23 (H) In the case of a regulated investment company,
24 an amount equal to the amount of exempt interest
25 dividends as defined in subsection (b)(5) of Section
26 852 of the Internal Revenue Code, paid to shareholders

1 for the taxable year;

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

1 from the provisions of Section 250;

2 (J) An amount equal to all amounts included in
3 such total which are exempt from taxation by this
4 State either by reason of its statutes or Constitution
5 or by reason of the Constitution, treaties or statutes
6 of the United States; provided that, in the case of any
7 statute of this State that exempts income derived from
8 bonds or other obligations from the tax imposed under
9 this Act, the amount exempted shall be the interest
10 net of bond premium amortization;

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

19 (L) 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 (K) of paragraph 2 of this subsection
26 shall not be eligible for the deduction provided under

1 this subparagraph (L);

2 (M) For any taxpayer that is a financial
3 organization within the meaning of Section 304(c) of
4 this Act, an amount included in such total as interest
5 income from a loan or loans made by such taxpayer to a
6 borrower, to the extent that such a loan is secured by
7 property which is eligible for the River Edge
8 Redevelopment Zone Investment Credit. To determine the
9 portion of a loan or loans that is secured by property
10 eligible for a Section 201(f) investment credit to the
11 borrower, the entire principal amount of the loan or
12 loans between the taxpayer and the borrower should be
13 divided into the basis of the Section 201(f)
14 investment credit property which secures the loan or
15 loans, using for this purpose the original basis of
16 such property on the date that it was placed in service
17 in the River Edge Redevelopment Zone. The subtraction
18 modification available to the taxpayer in any year
19 under this subsection shall be that portion of the
20 total interest paid by the borrower with respect to
21 such loan attributable to the eligible property as
22 calculated under the previous sentence. This
23 subparagraph (M) is exempt from the provisions of
24 Section 250;

25 (M-1) For any taxpayer that is a financial
26 organization within the meaning of Section 304(c) of

1 this Act, an amount included in such total as interest
2 income from a loan or loans made by such taxpayer to a
3 borrower, to the extent that such a loan is secured by
4 property which is eligible for the High Impact
5 Business Investment Credit. To determine the portion
6 of a loan or loans that is secured by property eligible
7 for a Section 201(h) investment credit to the
8 borrower, the entire principal amount of the loan or
9 loans between the taxpayer and the borrower should be
10 divided into the basis of the Section 201(h)
11 investment credit property which secures the loan or
12 loans, using for this purpose the original basis of
13 such property on the date that it was placed in service
14 in a federally designated Foreign Trade Zone or
15 Sub-Zone located in Illinois. No taxpayer that is
16 eligible for the deduction provided in subparagraph
17 (M) of paragraph (2) of this subsection shall be
18 eligible for the deduction provided under this
19 subparagraph (M-1). The subtraction modification
20 available to taxpayers in any year under this
21 subsection shall be that portion of the total interest
22 paid by the borrower with respect to such loan
23 attributable to the eligible property as calculated
24 under the previous sentence;

25 (N) Two times any contribution made during the
26 taxable year to a designated zone organization to the

1 extent that the contribution (i) qualifies as a
2 charitable contribution under subsection (c) of
3 Section 170 of the Internal Revenue Code and (ii)
4 must, by its terms, be used for a project approved by
5 the Department of Commerce and Economic Opportunity
6 under Section 11 of the Illinois Enterprise Zone Act
7 or under Section 10-10 of the River Edge Redevelopment
8 Zone Act. This subparagraph (N) is exempt from the
9 provisions of Section 250;

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

1 received from a captive real estate investment trust;
2 plus (ii) 100% of the amount by which dividends,
3 included in taxable income and received, including,
4 for taxable years ending on or after December 31,
5 1988, dividends received or deemed received or paid or
6 deemed paid under Sections 951 through 964 of the
7 Internal Revenue Code and including, for taxable years
8 ending on or after December 31, 2008, dividends
9 received from a captive real estate investment trust,
10 from any such corporation specified in clause (i) that
11 would but for the provisions of Section 1504(b)(3) of
12 the Internal Revenue Code be treated as a member of the
13 affiliated group which includes the dividend
14 recipient, exceed the amount of the modification
15 provided under subparagraph (G) of paragraph (2) of
16 this subsection (b) which is related to such
17 dividends. For taxable years ending on or after June
18 30, 2021, (i) for purposes of this subparagraph, the
19 term "dividend" does not include any amount treated as
20 a dividend under Section 1248 of the Internal Revenue
21 Code, and (ii) this subparagraph shall not apply to
22 dividends for which a deduction is allowed under
23 Section 245(a) of the Internal Revenue Code. This
24 subparagraph (O) is exempt from the provisions of
25 Section 250 of this Act;

26 (P) An amount equal to any contribution made to a

1 job training project established pursuant to the Tax
2 Increment Allocation Redevelopment Act;

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

8 (R) On and after July 20, 1999, in the case of an
9 attorney-in-fact with respect to whom an interinsurer
10 or a reciprocal insurer has made the election under
11 Section 835 of the Internal Revenue Code, 26 U.S.C.
12 835, an amount equal to the excess, if any, of the
13 amounts paid or incurred by that interinsurer or
14 reciprocal insurer in the taxable year to the
15 attorney-in-fact over the deduction allowed to that
16 interinsurer or reciprocal insurer with respect to the
17 attorney-in-fact under Section 835(b) of the Internal
18 Revenue Code for the taxable year; the provisions of
19 this subparagraph are exempt from the provisions of
20 Section 250;

21 (S) For taxable years ending on or after December
22 31, 1997, in the case of a Subchapter S corporation, an
23 amount equal to all amounts of income allocable to a
24 shareholder subject to the Personal Property Tax
25 Replacement Income Tax imposed by subsections (c) and
26 (d) of Section 201 of this Act, including amounts

1 allocable to organizations exempt from federal income
2 tax by reason of Section 501(a) of the Internal
3 Revenue Code. This subparagraph (S) is exempt from the
4 provisions of Section 250;

5 (T) For taxable years 2001 and thereafter, for the
6 taxable year in which the bonus depreciation deduction
7 is taken on the taxpayer's federal income tax return
8 under subsection (k) of Section 168 of the Internal
9 Revenue Code and for each applicable taxable year
10 thereafter, an amount equal to "x", where:

11 (1) "y" equals the amount of the depreciation
12 deduction taken for the taxable year on the
13 taxpayer's federal income tax return on property
14 for which the bonus depreciation deduction was
15 taken in any year under subsection (k) of Section
16 168 of the Internal Revenue Code, but not
17 including the bonus depreciation deduction;

18 (2) for taxable years ending on or before
19 December 31, 2005, "x" equals "y" multiplied by 30
20 and then divided by 70 (or "y" multiplied by
21 0.429); and

22 (3) for taxable years ending after December
23 31, 2005:

24 (i) for property on which a bonus
25 depreciation deduction of 30% of the adjusted
26 basis was taken, "x" equals "y" multiplied by

1 30 and then divided by 70 (or "y" multiplied
2 by 0.429);

3 (ii) for property on which a bonus
4 depreciation deduction of 50% of the adjusted
5 basis was taken, "x" equals "y" multiplied by
6 1.0;

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

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

26 The aggregate amount deducted under this

1 subparagraph in all taxable years for any one piece of
2 property may not exceed the amount of the bonus
3 depreciation deduction taken on that property on the
4 taxpayer's federal income tax return under subsection
5 (k) of Section 168 of the Internal Revenue Code. This
6 subparagraph (T) is exempt from the provisions of
7 Section 250;

8 (U) If the taxpayer sells, transfers, abandons, or
9 otherwise disposes of property for which the taxpayer
10 was required in any taxable year to make an addition
11 modification under subparagraph (E-10), then an amount
12 equal to that addition modification.

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

20 The taxpayer is allowed to take the deduction
21 under this subparagraph only once with respect to any
22 one piece of property.

23 This subparagraph (U) is exempt from the
24 provisions of Section 250;

25 (V) The amount of: (i) any interest income (net of
26 the deductions allocable thereto) taken into account

1 for the taxable year with respect to a transaction
2 with a taxpayer that is required to make an addition
3 modification with respect to such transaction under
4 Section 203(a)(2)(D-17), 203(b)(2)(E-12),
5 203(c)(2)(G-12), or 203(d)(2)(D-7), but not to exceed
6 the amount of such addition modification, (ii) any
7 income from intangible property (net of the deductions
8 allocable thereto) taken into account for the taxable
9 year with respect to a transaction with a taxpayer
10 that is required to make an addition modification with
11 respect to such transaction under Section
12 203(a)(2)(D-18), 203(b)(2)(E-13), 203(c)(2)(G-13), or
13 203(d)(2)(D-8), but not to exceed the amount of such
14 addition modification, and (iii) any insurance premium
15 income (net of deductions allocable thereto) taken
16 into account for the taxable year with respect to a
17 transaction with a taxpayer that is required to make
18 an addition modification with respect to such
19 transaction under Section 203(a)(2)(D-19), Section
20 203(b)(2)(E-14), Section 203(c)(2)(G-14), or Section
21 203(d)(2)(D-9), but not to exceed the amount of that
22 addition modification. This subparagraph (V) is exempt
23 from the provisions of Section 250;

24 (W) An amount equal to the interest income taken
25 into account for the taxable year (net of the
26 deductions allocable thereto) with respect to

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

19 (X) 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(b)(2)(E-13) for intangible expenses and costs
11 paid, accrued, or incurred, directly or indirectly, to
12 the same foreign person. This subparagraph (X) is
13 exempt from the provisions of Section 250;

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

1 taxpayer pursuant to this subparagraph (Y). This
2 subparagraph (Y) is exempt from the provisions of
3 Section 250;

4 (Z) The difference between the nondeductible
5 controlled foreign corporation dividends under Section
6 965(e)(3) of the Internal Revenue Code over the
7 taxable income of the taxpayer, computed without
8 regard to Section 965(e)(2)(A) of the Internal Revenue
9 Code, and without regard to any net operating loss
10 deduction. This subparagraph (Z) is exempt from the
11 provisions of Section 250; and

12 (AA) For taxable years beginning on or after
13 January 1, 2023, for any cannabis establishment
14 operating in this State and licensed under the
15 Cannabis Regulation and Tax Act or any cannabis
16 cultivation center or medical cannabis dispensing
17 organization operating in this State and licensed
18 under the Compassionate Use of Medical Cannabis
19 Program Act, an amount equal to the deductions that
20 were disallowed under Section 280E of the Internal
21 Revenue Code for the taxable year and that would not be
22 added back under this subsection. The provisions of
23 this subparagraph (AA) are exempt from the provisions
24 of Section 250.

25 (3) Special rule. For purposes of paragraph (2)(A),
26 "gross income" in the case of a life insurance company,

1 for tax years ending on and after December 31, 1994, and
2 prior to December 31, 2011, shall mean the gross
3 investment income for the taxable year and, for tax years
4 ending on or after December 31, 2011, shall mean all
5 amounts included in life insurance gross income under
6 Section 803(a)(3) of the Internal Revenue Code.

7 (c) Trusts and estates.

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

11 (2) Modifications. Subject to the provisions of
12 paragraph (3), the taxable income referred to in paragraph
13 (1) shall be modified by adding thereto the sum of the
14 following amounts:

15 (A) An amount equal to all amounts paid or accrued
16 to the taxpayer as interest or dividends during the
17 taxable year to the extent excluded from gross income
18 in the computation of taxable income;

19 (B) In the case of (i) an estate, \$600; (ii) a
20 trust which, under its governing instrument, is
21 required to distribute all of its income currently,
22 \$300; and (iii) any other trust, \$100, but in each such
23 case, only to the extent such amount was deducted in
24 the computation of taxable income;

25 (C) An amount equal to the amount of tax imposed by

1 this Act to the extent deducted from gross income in
2 the computation of taxable income for the taxable
3 year;

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

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

18 (i) the addition modification relating to the
19 net operating loss carried back or forward to the
20 taxable year from any taxable year ending prior to
21 December 31, 1986 shall be reduced by the amount
22 of addition modification under this subparagraph
23 (E) which related to that net operating loss and
24 which was taken into account in calculating the
25 base income of an earlier taxable year, and

26 (ii) the addition modification relating to the

1 net operating loss carried back or forward to the
2 taxable year from any taxable year ending prior to
3 December 31, 1986 shall not exceed the amount of
4 such carryback or carryforward;

5 For taxable years in which there is a net
6 operating loss carryback or carryforward from more
7 than one other taxable year ending prior to December
8 31, 1986, the addition modification provided in this
9 subparagraph (E) shall be the sum of the amounts
10 computed independently under the preceding provisions
11 of this subparagraph (E) for each such taxable year;

12 (F) For taxable years ending on or after January
13 1, 1989, an amount equal to the tax deducted pursuant
14 to Section 164 of the Internal Revenue Code if the
15 trust or estate is claiming the same tax for purposes
16 of the Illinois foreign tax credit under Section 601
17 of this Act;

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

22 (G-5) For taxable years ending after December 31,
23 1997, an amount equal to any eligible remediation
24 costs that the trust or estate deducted in computing
25 adjusted gross income and for which the trust or
26 estate claims a credit under subsection (1) of Section

1 201;

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

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

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

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

24 (G-12) An amount equal to the amount otherwise
25 allowed as a deduction in computing base income for
26 interest paid, accrued, or incurred, directly or

1 indirectly, (i) for taxable years ending on or after
2 December 31, 2004, to a foreign person who would be a
3 member of the same unitary business group but for the
4 fact that the foreign person's business activity
5 outside the United States is 80% or more of the foreign
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. The addition modification
14 required by this subparagraph shall be reduced to the
15 extent that dividends were included in base income of
16 the unitary group for the same taxable year and
17 received by the taxpayer or by a member of the
18 taxpayer's unitary business group (including amounts
19 included in gross income pursuant to Sections 951
20 through 964 of the Internal Revenue Code and amounts
21 included in gross income under Section 78 of the
22 Internal Revenue Code) with respect to the stock of
23 the same person to whom the interest was paid,
24 accrued, or incurred.

25 This paragraph shall not apply to the following:

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

1 incurred, directly or indirectly, to a person who
2 is subject in a foreign country or state, other
3 than a state which requires mandatory unitary
4 reporting, to a tax on or measured by net income
5 with respect to such interest; or

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

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

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

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

1 or

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

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

18 (G-13) An amount equal to the amount of intangible
19 expenses and costs otherwise allowed as a deduction in
20 computing base income, and that were paid, accrued, or
21 incurred, directly or indirectly, (i) for taxable
22 years ending on or after December 31, 2004, to a
23 foreign person who would be a member of the same
24 unitary business group but for the fact that the
25 foreign person's business activity outside the United
26 States is 80% or more of that person's total business

1 activity and (ii) for taxable years ending on or after
2 December 31, 2008, to a person who would be a member of
3 the same unitary business group but for the fact that
4 the person is prohibited under Section 1501(a)(27)
5 from being included in the unitary business group
6 because he or she is ordinarily required to apportion
7 business income under different subsections of Section
8 304. The addition modification required by this
9 subparagraph shall be reduced to the extent that
10 dividends were included in base income of the unitary
11 group for the same taxable year and received by the
12 taxpayer or by a member of the taxpayer's unitary
13 business group (including amounts included in gross
14 income pursuant to Sections 951 through 964 of the
15 Internal Revenue Code and amounts included in gross
16 income under Section 78 of the Internal Revenue Code)
17 with respect to the stock of the same person to whom
18 the intangible expenses and costs were directly or
19 indirectly paid, incurred, or accrued. The preceding
20 sentence shall not apply to the extent that the same
21 dividends caused a reduction to the addition
22 modification required under Section 203(c)(2)(G-12) of
23 this Act. As used in this subparagraph, the term
24 "intangible expenses and costs" includes: (1)
25 expenses, losses, and costs for or related to the
26 direct or indirect acquisition, use, maintenance or

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

11 This paragraph shall not apply to the following:

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

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

24 (a) the person during the same taxable
25 year paid, accrued, or incurred, the
26 intangible expense or cost to a person that is

1 not a related member, and

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

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

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

1 (G-14) For taxable years ending on or after
2 December 31, 2008, an amount equal to the amount of
3 insurance premium expenses and costs otherwise allowed
4 as a deduction in computing base income, and that were
5 paid, accrued, or incurred, directly or indirectly, to
6 a person who would be a member of the same unitary
7 business group but for the fact that the person is
8 prohibited under Section 1501(a)(27) from being
9 included in the unitary business group because he or
10 she is ordinarily required to apportion business
11 income under different subsections of Section 304. The
12 addition modification required by this subparagraph
13 shall be reduced to the extent that dividends were
14 included in base income of the unitary group for the
15 same taxable year and received by the taxpayer or by a
16 member of the taxpayer's unitary business group
17 (including amounts included in gross income under
18 Sections 951 through 964 of the Internal Revenue Code
19 and amounts included in gross income under Section 78
20 of the Internal Revenue Code) with respect to the
21 stock of the same person to whom the premiums and costs
22 were directly or indirectly paid, incurred, or
23 accrued. The preceding sentence does not apply to the
24 extent that the same dividends caused a reduction to
25 the addition modification required under Section
26 203(c)(2)(G-12) or Section 203(c)(2)(G-13) of this

1 Act;

2 (G-15) An amount equal to the credit allowable to
3 the taxpayer under Section 218(a) of this Act,
4 determined without regard to Section 218(c) of this
5 Act;

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

10 and by deducting from the total so obtained the sum of the
11 following amounts:

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

23 (I) The valuation limitation amount;

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

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

12 (L) With the exception of any amounts subtracted
13 under subparagraph (K), 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 (M) 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 (M) is exempt from
10 the provisions of Section 250;

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

14 (O) 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 (M) of paragraph (2) of this subsection
21 shall not be eligible for the deduction provided under
22 this subparagraph (O);

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

1 and who is a victim of persecution for racial or
2 religious reasons by Nazi Germany or any other Axis
3 regime or as an heir of the victim. The amount of and
4 the eligibility for any public assistance, benefit, or
5 similar entitlement is not affected by the inclusion
6 of items (i) and (ii) of this paragraph in gross income
7 for federal income tax purposes. This paragraph is
8 exempt from the provisions of Section 250;

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

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

22 (2) for taxable years ending on or before
23 December 31, 2005, "x" equals "y" multiplied by 30
24 and then divided by 70 (or "y" multiplied by
25 0.429); and

26 (3) for taxable years ending after December

1 31, 2005:

2 (i) for property on which a bonus
3 depreciation deduction of 30% of the adjusted
4 basis was taken, "x" equals "y" multiplied by
5 30 and then divided by 70 (or "y" multiplied
6 by 0.429);

7 (ii) for property on which a bonus
8 depreciation deduction of 50% of the adjusted
9 basis was taken, "x" equals "y" multiplied by
10 1.0;

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

20 (iv) for property on which a bonus
21 depreciation deduction of a percentage other
22 than 30%, 50% or 100% of the adjusted basis
23 was taken in a taxable year ending on or after
24 December 31, 2021, "x" equals "y" multiplied
25 by 100 times the percentage bonus depreciation
26 on the property (that is, $100(\text{bonus}\%)$) and

1 then divided by 100 times 1 minus the
2 percentage bonus depreciation on the property
3 (that is, $100(1-\text{bonus}\%)$).

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

12 (S) If the taxpayer sells, transfers, abandons, or
13 otherwise disposes of property for which the taxpayer
14 was required in any taxable year to make an addition
15 modification under subparagraph (G-10), then an amount
16 equal to that addition modification.

17 If the taxpayer continues to own property through
18 the last day of the last tax year for which a
19 subtraction is allowed with respect to that property
20 under subparagraph (R) and for which the taxpayer was
21 required in any taxable year to make an addition
22 modification under subparagraph (G-10), then an amount
23 equal to that addition modification.

24 The taxpayer is allowed to take the deduction
25 under this subparagraph only once with respect to any
26 one piece of property.

1 This subparagraph (S) is exempt from the
2 provisions of Section 250;

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

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

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

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

1 she is ordinarily required to apportion business
2 income under different subsections of Section 304, but
3 not to exceed the addition modification required to be
4 made for the same taxable year under Section
5 203(c)(2)(G-13) for intangible expenses and costs
6 paid, accrued, or incurred, directly or indirectly, to
7 the same foreign person. This subparagraph (V) is
8 exempt from the provisions of Section 250;

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

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

21 (Y) For taxable years ending on or after December
22 31, 2011, in the case of a taxpayer who was required to
23 add back any insurance premiums under Section
24 203(c)(2)(G-14), such taxpayer may elect to subtract
25 that part of a reimbursement received from the
26 insurance company equal to the amount of the expense

1 or loss (including expenses incurred by the insurance
2 company) that would have been taken into account as a
3 deduction for federal income tax purposes if the
4 expense or loss had been uninsured. If a taxpayer
5 makes the election provided for by this subparagraph
6 (Y), the insurer to which the premiums were paid must
7 add back to income the amount subtracted by the
8 taxpayer pursuant to this subparagraph (Y). This
9 subparagraph (Y) is exempt from the provisions of
10 Section 250;

11 (Z) For taxable years beginning after December 31,
12 2018 and before January 1, 2026, the amount of excess
13 business loss of the taxpayer disallowed as a
14 deduction by Section 461(1)(1)(B) of the Internal
15 Revenue Code; and

16 (AA) For taxable years beginning on or after
17 January 1, 2023, for any cannabis establishment
18 operating in this State and licensed under the
19 Cannabis Regulation and Tax Act or any cannabis
20 cultivation center or medical cannabis dispensing
21 organization operating in this State and licensed
22 under the Compassionate Use of Medical Cannabis
23 Program Act, an amount equal to the deductions that
24 were disallowed under Section 280E of the Internal
25 Revenue Code for the taxable year and that would not be
26 added back under this subsection. The provisions of

1 this subparagraph (AA) are exempt from the provisions
2 of Section 250.

3 (3) Limitation. The amount of any modification
4 otherwise required under this subsection shall, under
5 regulations prescribed by the Department, be adjusted by
6 any amounts included therein which were properly paid,
7 credited, or required to be distributed, or permanently
8 set aside for charitable purposes pursuant to Internal
9 Revenue Code Section 642(c) during the taxable year.

10 (d) Partnerships.

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

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

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

21 (B) An amount equal to the amount of tax imposed by
22 this Act to the extent deducted from gross income for
23 the taxable year;

24 (C) The amount of deductions allowed to the
25 partnership pursuant to Section 707 (c) of the

1 Internal Revenue Code in calculating its taxable
2 income;

3 (D) An amount equal to the amount of the capital
4 gain deduction allowable under the Internal Revenue
5 Code, to the extent deducted from gross income in the
6 computation of taxable income;

7 (D-5) 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;

12 (D-6) 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 (D-5), then
16 an amount equal to the aggregate amount of the
17 deductions taken in all taxable years under
18 subparagraph (O) 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 (O) and for which the taxpayer was
23 allowed in any taxable year to make a subtraction
24 modification under subparagraph (O), 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 (D-7) 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 the foreign person's business activity outside
10 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; and

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

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

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

14 and by deducting from the total so obtained the following
15 amounts:

16 (E) The valuation limitation amount;

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

20 (G) An amount equal to all amounts included in
21 taxable income as modified by subparagraphs (A), (B),
22 (C) and (D) which are exempt from taxation by this
23 State either by reason of its statutes or Constitution
24 or by reason of the Constitution, treaties or statutes
25 of the United States; provided that, in the case of any
26 statute of this State that exempts income derived from

1 bonds or other obligations from the tax imposed under
2 this Act, the amount exempted shall be the interest
3 net of bond premium amortization;

4 (H) Any income of the partnership which
5 constitutes personal service income as defined in
6 Section 1348(b)(1) of the Internal Revenue Code (as in
7 effect December 31, 1981) or a reasonable allowance
8 for compensation paid or accrued for services rendered
9 by partners to the partnership, whichever is greater;
10 this subparagraph (H) is exempt from the provisions of
11 Section 250;

12 (I) An amount equal to all amounts of income
13 distributable to an entity subject to the Personal
14 Property Tax Replacement Income Tax imposed by
15 subsections (c) and (d) of Section 201 of this Act
16 including amounts distributable to organizations
17 exempt from federal income tax by reason of Section
18 501(a) of the Internal Revenue Code; this subparagraph
19 (I) is exempt from the provisions of Section 250;

20 (J) With the exception of any amounts subtracted
21 under subparagraph (G), an amount equal to the sum of
22 all amounts disallowed as deductions by (i) Sections
23 171(a)(2) and 265(a)(2) of the Internal Revenue Code,
24 and all amounts of expenses allocable to interest and
25 disallowed as deductions by Section 265(a)(1) of the
26 Internal Revenue Code; and (ii) for taxable years

1 ending on or after August 13, 1999, Sections
2 171(a)(2), 265, 280C, and 832(b)(5)(B)(i) of the
3 Internal Revenue Code, plus, (iii) for taxable years
4 ending on or after December 31, 2011, Section
5 45G(e)(3) of the Internal Revenue Code and, for
6 taxable years ending on or after December 31, 2008,
7 any amount included in gross income under Section 87
8 of the Internal Revenue Code; the provisions of this
9 subparagraph are exempt from the provisions of Section
10 250;

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

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

22 (M) An amount equal to those dividends included in
23 such total that were paid by a corporation that
24 conducts business operations in a federally designated
25 Foreign Trade Zone or Sub-Zone and that is designated
26 a High Impact Business located in Illinois; provided

1 that dividends eligible for the deduction provided in
2 subparagraph (K) of paragraph (2) of this subsection
3 shall not be eligible for the deduction provided under
4 this subparagraph (M);

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

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

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

23 (2) for taxable years ending on or before
24 December 31, 2005, "x" equals "y" multiplied by 30
25 and then divided by 70 (or "y" multiplied by
26 0.429); and

1 (3) for taxable years ending after December
2 31, 2005:

3 (i) for property on which a bonus
4 depreciation deduction of 30% of the adjusted
5 basis was taken, "x" equals "y" multiplied by
6 30 and then divided by 70 (or "y" multiplied
7 by 0.429);

8 (ii) for property on which a bonus
9 depreciation deduction of 50% of the adjusted
10 basis was taken, "x" equals "y" multiplied by
11 1.0;

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

21 (iv) for property on which a bonus
22 depreciation deduction of a percentage other
23 than 30%, 50% or 100% of the adjusted basis
24 was taken in a taxable year ending on or after
25 December 31, 2021, "x" equals "y" multiplied
26 by 100 times the percentage bonus depreciation

1 on the property (that is, $100(\text{bonus}\%)$) and
2 then divided by 100 times 1 minus the
3 percentage bonus depreciation on the property
4 (that is, $100(1-\text{bonus}\%)$).

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

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

18 If the taxpayer continues to own property through
19 the last day of the last tax year for which a
20 subtraction is allowed with respect to that property
21 under subparagraph (O) and for which the taxpayer was
22 required in any taxable year to make an addition
23 modification under subparagraph (D-5), then an amount
24 equal to that addition modification.

25 The taxpayer is allowed to take the deduction
26 under this subparagraph only once with respect to any

1 one piece of property.

2 This subparagraph (P) is exempt from the
3 provisions of Section 250;

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

21 (R) An amount equal to the interest income taken
22 into account for the taxable year (net of the
23 deductions allocable thereto) with respect to
24 transactions with (i) a foreign person who would be a
25 member of the taxpayer's unitary business group but
26 for the fact that the foreign person's business

1 activity outside the United States is 80% or more of
2 that person's total business activity and (ii) for
3 taxable years ending on or after December 31, 2008, 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, but
10 not to exceed the addition modification required to be
11 made for the same taxable year under Section
12 203(d)(2)(D-7) for interest paid, accrued, or
13 incurred, directly or indirectly, to the same person.
14 This subparagraph (R) is exempt from Section 250;

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

1 included in the unitary business group because he or
2 she is ordinarily required to apportion business
3 income under different subsections of Section 304, but
4 not to exceed the addition modification required to be
5 made for the same taxable year under Section
6 203(d)(2)(D-8) for intangible expenses and costs paid,
7 accrued, or incurred, directly or indirectly, to the
8 same person. This subparagraph (S) is exempt from
9 Section 250;

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

26 (U) For taxable years beginning on or after

1 January 1, 2023, for any cannabis establishment
2 operating in this State and licensed under the
3 Cannabis Regulation and Tax Act or any cannabis
4 cultivation center or medical cannabis dispensing
5 organization operating in this State and licensed
6 under the Compassionate Use of Medical Cannabis
7 Program Act, an amount equal to the deductions that
8 were disallowed under Section 280E of the Internal
9 Revenue Code for the taxable year and that would not be
10 added back under this subsection. The provisions of
11 this subparagraph (U) are exempt from the provisions
12 of Section 250.

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

14 (1) In general. Subject to the provisions of paragraph
15 (2) and subsection (b)(3), for purposes of this Section
16 and Section 803(e), a taxpayer's gross income, adjusted
17 gross income, or taxable income for the taxable year shall
18 mean the amount of gross income, adjusted gross income or
19 taxable income properly reportable for federal income tax
20 purposes for the taxable year under the provisions of the
21 Internal Revenue Code. Taxable income may be less than
22 zero. However, for taxable years ending on or after
23 December 31, 1986, net operating loss carryforwards from
24 taxable years ending prior to December 31, 1986, may not
25 exceed the sum of federal taxable income for the taxable

1 year before net operating loss deduction, plus the excess
2 of addition modifications over subtraction modifications
3 for the taxable year. For taxable years ending prior to
4 December 31, 1986, taxable income may never be an amount
5 in excess of the net operating loss for the taxable year as
6 defined in subsections (c) and (d) of Section 172 of the
7 Internal Revenue Code, provided that when taxable income
8 of a corporation (other than a Subchapter S corporation),
9 trust, or estate is less than zero and addition
10 modifications, other than those provided by subparagraph
11 (E) of paragraph (2) of subsection (b) for corporations or
12 subparagraph (E) of paragraph (2) of subsection (c) for
13 trusts and estates, exceed subtraction modifications, an
14 addition modification must be made under those
15 subparagraphs for any other taxable year to which the
16 taxable income less than zero (net operating loss) is
17 applied under Section 172 of the Internal Revenue Code or
18 under subparagraph (E) of paragraph (2) of this subsection
19 (e) applied in conjunction with Section 172 of the
20 Internal Revenue Code.

21 (2) Special rule. For purposes of paragraph (1) of
22 this subsection, the taxable income properly reportable
23 for federal income tax purposes shall mean:

24 (A) Certain life insurance companies. In the case
25 of a life insurance company subject to the tax imposed
26 by Section 801 of the Internal Revenue Code, life

1 insurance company taxable income, plus the amount of
2 distribution from pre-1984 policyholder surplus
3 accounts as calculated under Section 815a of the
4 Internal Revenue Code;

5 (B) Certain other insurance companies. In the case
6 of mutual insurance companies subject to the tax
7 imposed by Section 831 of the Internal Revenue Code,
8 insurance company taxable income;

9 (C) Regulated investment companies. In the case of
10 a regulated investment company subject to the tax
11 imposed by Section 852 of the Internal Revenue Code,
12 investment company taxable income;

13 (D) Real estate investment trusts. In the case of
14 a real estate investment trust subject to the tax
15 imposed by Section 857 of the Internal Revenue Code,
16 real estate investment trust taxable income;

17 (E) Consolidated corporations. In the case of a
18 corporation which is a member of an affiliated group
19 of corporations filing a consolidated income tax
20 return for the taxable year for federal income tax
21 purposes, taxable income determined as if such
22 corporation had filed a separate return for federal
23 income tax purposes for the taxable year and each
24 preceding taxable year for which it was a member of an
25 affiliated group. For purposes of this subparagraph,
26 the taxpayer's separate taxable income shall be

1 determined as if the election provided by Section
2 243(b)(2) of the Internal Revenue Code had been in
3 effect for all such years;

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

1 the date of the election. Once made, the election may
2 only be revoked upon approval of the Director. The
3 Department shall adopt rules setting forth
4 requirements for documenting the elections and any
5 resulting Illinois net loss and the standards to be
6 used by the Director in evaluating requests to revoke
7 elections. Public Act 96-932 is declaratory of
8 existing law;

9 (G) Subchapter S corporations. In the case of: (i)
10 a Subchapter S corporation for which there is in
11 effect an election for the taxable year under Section
12 1362 of the Internal Revenue Code, the taxable income
13 of such corporation determined in accordance with
14 Section 1363(b) of the Internal Revenue Code, except
15 that taxable income shall take into account those
16 items which are required by Section 1363(b)(1) of the
17 Internal Revenue Code to be separately stated; and
18 (ii) a Subchapter S corporation for which there is in
19 effect a federal election to opt out of the provisions
20 of the Subchapter S Revision Act of 1982 and have
21 applied instead the prior federal Subchapter S rules
22 as in effect on July 1, 1982, the taxable income of
23 such corporation determined in accordance with the
24 federal Subchapter S rules as in effect on July 1,
25 1982; and

26 (H) Partnerships. In the case of a partnership,

1 taxable income determined in accordance with Section
2 703 of the Internal Revenue Code, except that taxable
3 income shall take into account those items which are
4 required by Section 703(a)(1) to be separately stated
5 but which would be taken into account by an individual
6 in calculating his taxable income.

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

24 (f) Valuation limitation amount.

25 (1) In general. The valuation limitation amount

1 referred to in subsections (a) (2) (G), (c) (2) (I) and
2 (d) (2) (E) is an amount equal to:

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

9 (B) The lesser of (i) the sum of the pre-August 1,
10 1969 appreciation amounts (to the extent consisting of
11 capital gain) for all property in respect of which
12 such gain was reported for federal income tax purposes
13 for the taxable year, or (ii) the net capital gain for
14 the taxable year, reduced in either case by any amount
15 of such gain included in the amount determined under
16 subsection (a) (2) (F) or (c) (2) (H).

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

18 (A) If the fair market value of property referred
19 to in paragraph (1) was readily ascertainable on
20 August 1, 1969, the pre-August 1, 1969 appreciation
21 amount for such property is the lesser of (i) the
22 excess of such fair market value over the taxpayer's
23 basis (for determining gain) for such property on that
24 date (determined under the Internal Revenue Code as in
25 effect on that date), or (ii) the total gain realized
26 and reportable for federal income tax purposes in

1 respect of the sale, exchange or other disposition of
2 such property.

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

14 (C) The Department shall prescribe such
15 regulations as may be necessary to carry out the
16 purposes of this paragraph.

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

20 (h) Legislative intention. Except as expressly provided by
21 this Section there shall be no modifications or limitations on
22 the amounts of income, gain, loss or deduction taken into
23 account in determining gross income, adjusted gross income or
24 taxable income for federal income tax purposes for the taxable

1 year, or in the amount of such items entering into the
2 computation of base income and net income under this Act for
3 such taxable year, whether in respect of property values as of
4 August 1, 1969 or otherwise.

5 (Source: P.A. 102-16, eff. 6-17-21; 102-558, eff. 8-20-21;
6 102-658, eff. 8-27-21; 102-813, eff. 5-13-22; 102-1112, eff.
7 12-21-22; 103-8, eff. 6-7-23; 103-478, eff. 1-1-24; revised
8 9-26-23.)

9 (35 ILCS 5/222)

10 Sec. 222. Live music and theater production credit.

11 (a) For tax years beginning on or after January 1, 2012 and
12 beginning prior to January 1, 2027, a taxpayer who has
13 received a tax credit award under the Live Music and Theater
14 Production Tax Credit Act is entitled to a credit against the
15 taxes imposed under subsections (a) and (b) of Section 201 of
16 this Act in an amount determined under that Act by the
17 Department of Commerce and Economic Opportunity.

18 (b) For taxable years ending before December 31, 2023, if
19 the taxpayer is a partnership, limited liability partnership,
20 limited liability company, or Subchapter S corporation, the
21 tax credit award is allowed to the partners, unit holders, or
22 shareholders in accordance with the determination of income
23 and distributive share of income under Sections 702 and 704
24 and Subchapter S of the Internal Revenue Code. For taxable
25 years ending on or after December 31, 2023, if the taxpayer is

1 a partnership or Subchapter S corporation, then the provisions
2 of Section 251 apply.

3 (c) A sale, assignment, or transfer of the tax credit
4 award may be made by the taxpayer earning the credit within one
5 year after the credit is awarded in accordance with rules
6 adopted by the Department of Commerce and Economic
7 Opportunity.

8 (d) The Department of Revenue, in cooperation with the
9 Department of Commerce and Economic Opportunity, shall adopt
10 rules to enforce and administer the provisions of this
11 Section.

12 (e) The tax credit award may not be carried back. If the
13 amount of the credit exceeds the tax liability for the year,
14 the excess may be carried forward and applied to the tax
15 liability of the 5 tax years following the excess credit year.
16 The tax credit award shall be applied to the earliest year for
17 which there is a tax liability. If there are credits from more
18 than one tax year that are available to offset liability, the
19 earlier credit shall be applied first. In no event may a credit
20 under this Section reduce the taxpayer's liability to less
21 than zero.

22 (Source: P.A. 102-16, eff. 6-17-21; 103-396, eff. 1-1-24.)

23 (35 ILCS 5/241 new)

24 Sec. 241. Music and Musicians Tax Credits and Jobs Act.
25 Taxpayers who have been awarded a credit under the Music and

1 Musicians Tax Credits and Jobs Act are entitled to a credit
2 against the taxes imposed by subsections (a) and (b) of
3 Section 201 as provided in that Act.

4 (35 ILCS 5/242 new)

5 Sec. 242. Theater infrastructure projects.

6 (a) For taxable years beginning on or after January 1,
7 2025, the Department of Commerce and Economic Opportunity may
8 award the following credits against the taxes imposed by
9 subsections (a) and (b) of Section 201:

10 (1) Credits for investments in State-certified higher
11 education musical or theatrical infrastructure projects.
12 Investments in a State-certified higher education musical
13 or theatrical infrastructure project attributable to areas
14 other than where live performances will take place may
15 comprise no more than 25% of total qualifying
16 expenditures.

17 As used in this paragraph (1):

18 "State-certified higher education musical or
19 theatrical infrastructure project" means a project
20 certified by the Department of Commerce and Economic
21 Opportunity that involves the construction of a new
22 proscenium or black-box theater facility that:

23 (A) is primarily designed to host live
24 performances;

25 (B) is situated on a parcel of land that is located

1 on the campus of a higher education institution in
2 this State;

3 (C) is owned by a higher education campus
4 institution or support foundation related to the
5 campus that is primarily designed to benefit and
6 support campus students and the higher education
7 facility; and

8 (D) has a minimum fixed seating capacity of 250.

9 (2) Credits for investments in State-certified musical
10 or theatrical facility infrastructure projects.

11 As used in this paragraph (2):

12 "State-certified musical or theatrical facility
13 infrastructure project" means a capital infrastructure
14 project in the State that is certified by the Department
15 of Commerce and Economic Opportunity and is directly
16 related to the production or performance of musical or
17 theatrical productions.

18 (3) Credits for investments in State-certified sound
19 scoring infrastructure projects.

20 As used in this paragraph (3):

21 "State-certified sound scoring infrastructure
22 project" means a sound scoring infrastructure project at a
23 new or rehabilitated facility in the State that is
24 primarily designed to record live music for film or
25 television.

26 (b) In no event shall a credit under this Section reduce

1 the taxpayer's liability to less than zero. If the amount of
2 the credit exceeds the tax liability for the year, the excess
3 may be carried forward and applied to the tax liability of the
4 5 taxable years following the excess credit year. The tax
5 credit shall be applied to the earliest year for which there is
6 a tax liability. If there are credits for more than one year
7 that are available to offset a liability, the earlier credit
8 shall be applied first.

9 (c) For partners of partnerships and shareholders of
10 Subchapter S corporations, the provisions of Section 251 shall
11 apply with respect to the credit under this Section.

12 (d) This Section is exempt from the provisions of Section
13 250.

14 Section 15-10. The Live Theater Production Tax Credit Act
15 is amended by changing Sections 10-1, 10-5, 10-10, 10-15,
16 10-20, 10-25, 10-30, 10-40, and 10-50 as follows:

17 (35 ILCS 17/10-1)

18 Sec. 10-1. Short title. This Article may be cited as the
19 Live Music and Theater Production Tax Credit Act. References
20 in this Article to "this Act" mean this Article.

21 (Source: P.A. 97-636, eff. 6-1-12.)

22 (35 ILCS 17/10-5)

23 Sec. 10-5. Purpose. The Illinois economy depends heavily

1 on the commercial for-profit live theater industry and the
2 accredited ~~theater~~ productions that are presented in Illinois.
3 As a result of intense competition from other prominent
4 theater cities in the United States and abroad in attracting
5 theater productions, Illinois must move aggressively with new
6 business development investment tools so that Illinois is more
7 competitive in site location decision making for show
8 producers. In an increasingly global economy, Illinois'
9 long-term development will benefit from the rational,
10 strategic use of State resources in support of accredited
11 ~~theater~~ productions. It is the purpose of this Act to preserve
12 and expand the existing work force used in live theater and
13 music and enhance the marketing of the presentation of live
14 theater and music in Illinois. It shall be the policy of this
15 State to promote and encourage the training and hiring of
16 Illinois residents who represent the diversity of the Illinois
17 population through the creation and implementation of
18 training, education, and recruitment programs organized in
19 cooperation with Illinois colleges and universities, labor
20 organizations, and the commercial for-profit live theater and
21 music industry.

22 (Source: P.A. 102-1112, eff. 12-21-22.)

23 (35 ILCS 17/10-10)

24 Sec. 10-10. Definitions. As used in this Act:

25 "Accredited ~~theater~~ production" means a for-profit live

1 stage presentation in a qualified production facility, as
2 defined in this Section, that is ~~either~~ (i) a pre-Broadway
3 production; ~~or~~ (ii) a long-run production for which the
4 aggregate Illinois labor and marketing expenditures exceed
5 \$100,000; or (iii) a musical production. For credits awarded
6 under this Act in State Fiscal Year 2023, "accredited ~~theater~~
7 production" also includes any commercial Broadway touring
8 show.

9 "Commercial Broadway touring show" means a production that
10 (i) is performed in a qualified production facility and plays
11 in more than 2 other markets in North America outside of
12 Illinois within 12 months of its Illinois presentation and
13 (ii) has Illinois production spending of not less than
14 \$100,000, as shown on the applicant's application for the
15 credit.

16 "Pre-Broadway production" means a live stage production
17 that, in its original or adaptive version, is performed in a
18 qualified production facility having a presentation scheduled
19 for Broadway's Theater District in New York City within 12
20 months after its Illinois presentation.

21 "Long-run production" means a live stage production that
22 is performed in a qualified production facility for longer
23 than 8 weeks, with at least 6 performances per week, and
24 includes a production that spans the end of one tax year and
25 the commencement of a new tax year that, in combination, meets
26 the criteria set forth in this definition making it a long-run

1 production eligible for a theater tax credit award in each tax
2 year or portion thereof.

3 "Accredited ~~theater~~ production certificate" means a
4 certificate issued by the Department certifying that the
5 production is an accredited ~~theater~~ production that meets the
6 guidelines of this Act.

7 "Applicant" means a taxpayer that is a theater producer,
8 owner, licensee, operator, or presenter that is presenting or
9 has presented a live stage presentation located within the
10 State of Illinois who:

11 (1) owns or licenses the theatrical rights of the
12 stage presentation for the Illinois production period; or

13 (2) has contracted or will contract directly with the
14 owner or licensee of the theatrical rights or a person
15 acting on behalf of the owner or licensee to provide live
16 performances of the production.

17 An applicant that directly or indirectly owns, controls,
18 or operates multiple qualified production facilities shall be
19 presumed to be and considered for the purposes of this Act to
20 be a single applicant; provided, however, that as to each of
21 the applicant's qualified production facilities, the applicant
22 shall be eligible to separately and contemporaneously (i)
23 apply for and obtain accredited ~~theater~~ production
24 certificates, (ii) stage accredited ~~theater~~ productions, and
25 (iii) apply for and receive a tax credit award certificate for
26 each of the applicant's accredited ~~theater~~ productions

1 performed at each of the applicant's qualified production
2 facilities.

3 "Department" means the Department of Commerce and Economic
4 Opportunity.

5 "Director" means the Director of the Department.

6 "Illinois labor expenditure" means gross salary or wages
7 including, but not limited to, taxes, benefits, and any other
8 consideration incurred or paid to non-talent employees of the
9 applicant for services rendered to and on behalf of the
10 accredited ~~theater~~ production. To qualify as an Illinois labor
11 expenditure, the expenditure must be:

12 (1) incurred or paid by the applicant on or after the
13 effective date of the Act for services related to any
14 portion of an accredited ~~theater~~ production from its
15 pre-production stages, including, but not limited to, the
16 writing of the script, casting, hiring of service
17 providers, purchases from vendors, marketing, advertising,
18 public relations, load in, rehearsals, performances, other
19 accredited ~~theater~~ production related activities, and load
20 out;

21 (2) directly attributable to the accredited theater
22 production;

23 (3) limited to the first \$100,000 of wages incurred or
24 paid to each employee of an accredited ~~theater~~ production
25 in each tax year;

26 (4) included in the federal income tax basis of the

1 property;

2 (5) paid in the tax year for which the applicant is
3 claiming the tax credit award, or no later than 60 days
4 after the end of the tax year;

5 (6) paid to persons residing in Illinois at the time
6 payments were made; and

7 (7) reasonable in the circumstances.

8 "Illinois production spending" means any and all expenses
9 directly or indirectly incurred relating to an accredited
10 ~~theater~~ production presented in any qualified production
11 facility of the applicant, including, but not limited to,
12 expenditures for:

13 (1) national marketing, public relations, and the
14 creation and placement of print, electronic, television,
15 billboard, and other forms of advertising; and

16 (2) the construction and fabrication of scenic
17 materials and elements; provided, however, that the
18 maximum amount of expenditures attributable to the
19 construction and fabrication of scenic materials and
20 elements eligible for a tax credit award shall not exceed
21 \$500,000 per applicant per production in any single tax
22 year.

23 "Musical production" means a live musical performance that
24 occurs in the State in front of a live audience, whether or not
25 there is a charge for admission, and includes the producing,
26 rehearsing, marketing, administration, recording, performing,

1 or filming of that performance. "Musical production" includes,
2 but is not limited to, drama, comedy, comedy revue, opera,
3 ballet, jazz, cabaret, and variety entertainment.

4 "Qualified production facility" means a facility located
5 in the State in which live theatrical or musical productions
6 are, or are intended to be, exclusively presented that
7 contains at least one stage, a seating capacity of 1,200 or
8 more seats, and dressing rooms, storage areas, and other
9 ancillary amenities necessary for the accredited ~~theater~~
10 production.

11 "Tax credit award" means the issuance to a taxpayer by the
12 Department of a tax credit award in conformance with Sections
13 10-40 and 10-45 of this Act.

14 "Tax year" means a calendar year for the period January 1
15 to and including December 31.

16 (Source: P.A. 102-1112, eff. 12-21-22.)

17 (35 ILCS 17/10-15)

18 Sec. 10-15. Powers of the Department. The Department, in
19 addition to those powers granted under the Civil
20 Administrative Code of Illinois, is granted and has all the
21 powers necessary or convenient to carry out and effectuate the
22 purposes and provisions of this Act, including, but not
23 limited to, the power and authority to:

24 (1) adopt rules deemed necessary and appropriate for
25 the administration of the Tax Credit Award program;

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

4 (2) assist applicants pursuant to the provisions of
5 this Act to promote, foster, and support live theater
6 development and production and its related job creation or
7 retention within the State;

8 (3) gather information and conduct inquiries, in the
9 manner and by the methods set forth in this Act, required
10 for the Department to comply with Section 10-40 and,
11 without limitation, obtain information with respect to
12 applicants for the purpose of making any designations or
13 certifications necessary or desirable to assist the
14 Department with any recommendation or guidance in the
15 furtherance of the purposes of this Act and relating to
16 applicants' participation in training, education, and
17 recruitment programs that are organized in cooperation
18 with Illinois colleges and universities or labor
19 organizations designed to promote and encourage the
20 training and hiring of Illinois residents who represent
21 the diversity of the Illinois population;

22 (4) provide for sufficient personnel to permit
23 administrative, staffing, operating, and related support
24 required to adequately discharge its duties and
25 responsibilities described in this Act from funds as may
26 be appropriated by the General Assembly for the

1 administration of this Act; and

2 (5) require that the applicant at all times keep
3 proper books and records of accounts relating to the tax
4 credit award, in accordance with generally accepted
5 accounting principles consistently applied, and make, upon
6 reasonable written request by the Department, those books
7 and records available for reasonable Department inspection
8 and audit during the applicant's normal business hours.
9 Any documents or data made available to or received from
10 the applicant by any agent, employee, officer, or service
11 provider to the Department shall be deemed confidential
12 and shall not constitute public records to the extent that
13 the documents or data consist of commercial or financial
14 information regarding the operation by the applicant of
15 any theater or any accredited ~~theater~~ production, or any
16 recipient of any tax credit award under this Act.

17 (Source: P.A. 97-636, eff. 6-1-12.)

18 (35 ILCS 17/10-20)

19 Sec. 10-20. Tax credit award. Subject to the conditions
20 set forth in this Act, an applicant is entitled to a tax credit
21 award as approved by the Department for qualifying Illinois
22 labor expenditures and Illinois production spending for each
23 tax year in which the applicant is awarded an accredited
24 ~~theater~~ production certificate issued by the Department. The
25 amount of tax credits awarded pursuant to this Act shall not

1 exceed \$2,000,000 in any State fiscal year, except that the
2 amount of tax credits awarded pursuant to this Act for the
3 State fiscal year ending on June 30, 2023 shall not exceed
4 \$4,000,000. For the State fiscal year ending on June 30, 2023,
5 no more than \$2,000,000 in credits may be awarded to
6 accredited ~~theater~~ productions that are not commercial
7 Broadway touring shows, and no more than \$2,000,000 in credits
8 may be awarded to commercial Broadway touring shows. Credits
9 shall be awarded on a first-come, first-served basis.
10 Notwithstanding the foregoing, if the amount of credits
11 applied for in any fiscal year exceeds the amount authorized
12 to be awarded under this Section, the excess credit amount
13 shall be awarded in the next fiscal year in which credits
14 remain available for award and shall be treated as having been
15 applied for on the first day of that fiscal year.

16 (Source: P.A. 102-700, eff. 4-19-22; 102-1112, eff. 12-21-22.)

17 (35 ILCS 17/10-25)

18 Sec. 10-25. Application for certification of accredited
19 ~~theater~~ production. Any applicant proposing an accredited
20 ~~theater~~ production located or planned to be located in
21 Illinois may request an accredited ~~theater~~ production
22 certificate by application to the Department.

23 (Source: P.A. 97-636, eff. 6-1-12.)

24 (35 ILCS 17/10-30)

1 Sec. 10-30. Review of application for accredited ~~theater~~
2 production certificate.

3 (a) The Department shall issue an accredited ~~theater~~
4 production certificate to an applicant if it finds that by a
5 preponderance the following conditions exist:

6 (1) the applicant intends to make the expenditure in
7 the State required for certification of the accredited
8 ~~theater~~ production;

9 (2) the applicant's accredited ~~theater~~ production is
10 economically sound and will benefit the people of the
11 State of Illinois by increasing opportunities for
12 employment and will strengthen the economy of Illinois;

13 (3) the following requirements related to the
14 implementation of a diversity plan have been met: (i) the
15 applicant has filed with the Department a diversity plan
16 outlining specific goals for hiring Illinois labor
17 expenditure eligible minority persons and women, as
18 defined in the Business Enterprise for Minorities, Women,
19 and Persons with Disabilities Act, and for using vendors
20 receiving certification under the Business Enterprise for
21 Minorities, Women, and Persons with Disabilities Act; (ii)
22 the Department has approved the plan as meeting the
23 requirements established by the Department and verified
24 that the applicant has met or made good faith efforts in
25 achieving those goals; and (iii) the Department has
26 adopted any rules that are necessary to ensure compliance

1 with the provisions set forth in this paragraph and
2 necessary to require that the applicant's plan reflects
3 the diversity of the population of this State;

4 (4) the applicant's accredited ~~theater~~ production
5 application indicates whether the applicant intends to
6 participate in training, education, and recruitment
7 programs that are organized in cooperation with Illinois
8 colleges and universities, labor organizations, and the
9 holders of accredited ~~theater~~ production certificates and
10 are designed to promote and encourage the training and
11 hiring of Illinois residents who represent the diversity
12 of Illinois;

13 (5) except for commercial Broadway touring shows
14 qualifying in the State fiscal year ending June 30, 2023,
15 if not for the tax credit award, the applicant's
16 accredited ~~theater~~ production would not occur in Illinois,
17 which may be demonstrated by any means, including, but not
18 limited to, evidence that: (i) the applicant, presenter,
19 owner, or licensee of the production rights has other
20 state or international location options at which to
21 present the production and could reasonably and
22 efficiently locate outside of the State, (ii) at least one
23 other state or nation could be considered for the
24 production, (iii) the receipt of the tax award credit is a
25 major factor in the decision of the applicant, presenter,
26 production owner or licensee as to where the production

1 will be presented and that without the tax credit award
2 the applicant likely would not create or retain jobs in
3 Illinois, or (iv) receipt of the tax credit award is
4 essential to the applicant's decision to create or retain
5 new jobs in the State; ~~and~~

6 (6) the production will contribute to establishing the
7 State as a leader in the live performance industry;

8 (7) the production will increase the availability and
9 utilization of federal and State incentives in the
10 financing or operation of the production; and

11 (8) ~~(6)~~ the tax credit award will result in an overall
12 positive impact to the State, as determined by the
13 Department using the best available data.

14 (b) If any of the provisions in this Section conflict with
15 any existing collective bargaining agreements, the terms and
16 conditions of those collective bargaining agreements shall
17 control.

18 (c) The Department shall act expeditiously regarding
19 approval of applications for accredited ~~theater~~ production
20 certificates so as to accommodate the pre-production work,
21 booking, commencement of ticket sales, determination of
22 performance dates, load in, and other matters relating to the
23 live theater productions for which approval is sought.

24 (Source: P.A. 102-1112, eff. 12-21-22.)

1 Sec. 10-40. Issuance of Tax Credit Award Certificate.

2 (a) In order to qualify for a tax credit award under this
3 Act, an applicant must file an application for each accredited
4 ~~theater~~ production at each of the applicant's qualified
5 production facilities, on forms prescribed by the Department,
6 providing information necessary to calculate the tax credit
7 award and any additional information as reasonably required by
8 the Department.

9 (b) Upon satisfactory review of the application, the
10 Department shall issue a tax credit award certificate stating
11 the amount of the tax credit award to which the applicant is
12 entitled for that tax year and shall contemporaneously notify
13 the applicant and Illinois Department of Revenue in accordance
14 with Section 222 of the Illinois Income Tax Act.

15 (Source: P.A. 97-636, eff. 6-1-12.)

16 (35 ILCS 17/10-50)

17 Sec. 10-50. Live theater and music tax credit award
18 program evaluation and reports.

19 (a) The Department's live theater and music tax credit
20 award evaluation must include:

21 (i) an assessment of the effectiveness of the program
22 in creating and retaining new jobs in Illinois;

23 (ii) an assessment of the revenue impact of the
24 program;

25 (iii) in the discretion of the Department, a review of

1 the practices and experiences of other states or nations
2 with similar programs; and

3 (iv) an assessment of the overall success of the
4 program. The Department may make a recommendation to
5 extend, modify, or not extend the program based on the
6 evaluation.

7 (b) At the end of each fiscal quarter, the Department
8 shall submit to the General Assembly a report that includes,
9 without limitation:

10 (i) an assessment of the economic impact of the
11 program, including the number of jobs created and
12 retained, and whether the job positions are entry level,
13 management, vendor, or production related;

14 (ii) the amount of accredited ~~theater~~ production
15 spending brought to Illinois, including the amount of
16 spending and type of Illinois vendors hired in connection
17 with an accredited ~~theater~~ production; and

18 (iii) a determination of whether those receiving
19 qualifying Illinois labor expenditure salaries or wages
20 reflect the geographical, racial and ethnic, gender, and
21 income level diversity of the State of Illinois.

22 (c) At the end of each fiscal year, the Department shall
23 submit to the General Assembly a report that includes, without
24 limitation:

25 (i) the identification of each vendor that provided
26 goods or services that were included in an accredited

1 ~~theater~~ production's Illinois production spending;

2 (ii) a statement of the amount paid to each identified
3 vendor by the accredited ~~theater~~ production and whether
4 the vendor is a minority-owned or women-owned business as
5 defined in Section 2 of the Business Enterprise for
6 Minorities, Women, and Persons with Disabilities Act; and

7 (iii) a description of the steps taken by the
8 Department to encourage accredited ~~theater~~ productions to
9 use vendors who are minority-owned or women-owned
10 businesses.

11 (Source: P.A. 100-391, eff. 8-25-17.)

12 ARTICLE 95. NON-ACCELERATION

13 Section 95-95. No acceleration or delay. Where this Act
14 makes changes in a statute that is represented in this Act by
15 text that is not yet or no longer in effect (for example, a
16 Section represented by multiple versions), the use of that
17 text does not accelerate or delay the taking effect of (i) the
18 changes made by this Act or (ii) provisions derived from any
19 other Public Act.