



Rep. Curtis J. Tarver, II

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1 AMENDMENT TO SENATE BILL 1963

2 AMENDMENT NO. _____. Amend Senate Bill 1963 by replacing
3 everything after the enacting clause with the following:

4 "ARTICLE 5. AIRCRAFT ENGINES

5 Section 5-5. The Use Tax Act is amended by changing
6 Section 3-5 as follows:

7 (35 ILCS 105/3-5)

8 Sec. 3-5. Exemptions. Use of the following tangible
9 personal property is exempt from the tax imposed by this Act:

10 (1) Personal property purchased from a corporation,
11 society, association, foundation, institution, or
12 organization, other than a limited liability company, that is
13 organized and operated as a not-for-profit service enterprise
14 for the benefit of persons 65 years of age or older if the
15 personal property was not purchased by the enterprise for the

1 purpose of resale by the enterprise.

2 (2) Personal property purchased by a not-for-profit
3 Illinois county fair association for use in conducting,
4 operating, or promoting the county fair.

5 (3) Personal property purchased by a not-for-profit arts
6 or cultural organization that establishes, by proof required
7 by the Department by rule, that it has received an exemption
8 under Section 501(c)(3) of the Internal Revenue Code and that
9 is organized and operated primarily for the presentation or
10 support of arts or cultural programming, activities, or
11 services. These organizations include, but are not limited to,
12 music and dramatic arts organizations such as symphony
13 orchestras and theatrical groups, arts and cultural service
14 organizations, local arts councils, visual arts organizations,
15 and media arts organizations. On and after July 1, 2001 (the
16 effective date of Public Act 92-35), however, an entity
17 otherwise eligible for this exemption shall not make tax-free
18 purchases unless it has an active identification number issued
19 by the Department.

20 (4) Personal property purchased by a governmental body, by
21 a corporation, society, association, foundation, or
22 institution organized and operated exclusively for charitable,
23 religious, or educational purposes, or by a not-for-profit
24 corporation, society, association, foundation, institution, or
25 organization that has no compensated officers or employees and
26 that is organized and operated primarily for the recreation of

1 persons 55 years of age or older. A limited liability company
2 may qualify for the exemption under this paragraph only if the
3 limited liability company is organized and operated
4 exclusively for educational purposes. On and after July 1,
5 1987, however, no entity otherwise eligible for this exemption
6 shall make tax-free purchases unless it has an active
7 exemption identification number issued by the Department.

8 (5) Until July 1, 2003, a passenger car that is a
9 replacement vehicle to the extent that the purchase price of
10 the car is subject to the Replacement Vehicle Tax.

11 (6) Until July 1, 2003 and beginning again on September 1,
12 2004 through August 30, 2014, graphic arts machinery and
13 equipment, including repair and replacement parts, both new
14 and used, and including that manufactured on special order,
15 certified by the purchaser to be used primarily for graphic
16 arts production, and including machinery and equipment
17 purchased for lease. Equipment includes chemicals or chemicals
18 acting as catalysts but only if the chemicals or chemicals
19 acting as catalysts effect a direct and immediate change upon
20 a graphic arts product. Beginning on July 1, 2017, graphic
21 arts machinery and equipment is included in the manufacturing
22 and assembling machinery and equipment exemption under
23 paragraph (18).

24 (7) Farm chemicals.

25 (8) Legal tender, currency, medallions, or gold or silver
26 coinage issued by the State of Illinois, the government of the

1 United States of America, or the government of any foreign
2 country, and bullion.

3 (9) Personal property purchased from a teacher-sponsored
4 student organization affiliated with an elementary or
5 secondary school located in Illinois.

6 (10) A motor vehicle that is used for automobile renting,
7 as defined in the Automobile Renting Occupation and Use Tax
8 Act.

9 (11) Farm machinery and equipment, both new and used,
10 including that manufactured on special order, certified by the
11 purchaser to be used primarily for production agriculture or
12 State or federal agricultural programs, including individual
13 replacement parts for the machinery and equipment, including
14 machinery and equipment purchased for lease, and including
15 implements of husbandry defined in Section 1-130 of the
16 Illinois Vehicle Code, farm machinery and agricultural
17 chemical and fertilizer spreaders, and nurse wagons required
18 to be registered under Section 3-809 of the Illinois Vehicle
19 Code, but excluding other motor vehicles required to be
20 registered under the Illinois Vehicle Code. Horticultural
21 polyhouses or hoop houses used for propagating, growing, or
22 overwintering plants shall be considered farm machinery and
23 equipment under this item (11). Agricultural chemical tender
24 tanks and dry boxes shall include units sold separately from a
25 motor vehicle required to be licensed and units sold mounted
26 on a motor vehicle required to be licensed if the selling price

1 of the tender is separately stated.

2 Farm machinery and equipment shall include precision
3 farming equipment that is installed or purchased to be
4 installed on farm machinery and equipment including, but not
5 limited to, tractors, harvesters, sprayers, planters, seeders,
6 or spreaders. Precision farming equipment includes, but is not
7 limited to, soil testing sensors, computers, monitors,
8 software, global positioning and mapping systems, and other
9 such equipment.

10 Farm machinery and equipment also includes computers,
11 sensors, software, and related equipment used primarily in the
12 computer-assisted operation of production agriculture
13 facilities, equipment, and activities such as, but not limited
14 to, the collection, monitoring, and correlation of animal and
15 crop data for the purpose of formulating animal diets and
16 agricultural chemicals. This item (11) is exempt from the
17 provisions of Section 3-90.

18 (12) Until June 30, 2013, fuel and petroleum products sold
19 to or used by an air common carrier, certified by the carrier
20 to be used for consumption, shipment, or storage in the
21 conduct of its business as an air common carrier, for a flight
22 destined for or returning from a location or locations outside
23 the United States without regard to previous or subsequent
24 domestic stopovers.

25 Beginning July 1, 2013, fuel and petroleum products sold
26 to or used by an air carrier, certified by the carrier to be

1 used for consumption, shipment, or storage in the conduct of
2 its business as an air common carrier, for a flight that (i) is
3 engaged in foreign trade or is engaged in trade between the
4 United States and any of its possessions and (ii) transports
5 at least one individual or package for hire from the city of
6 origination to the city of final destination on the same
7 aircraft, without regard to a change in the flight number of
8 that aircraft.

9 (13) Proceeds of mandatory service charges separately
10 stated on customers' bills for the purchase and consumption of
11 food and beverages purchased at retail from a retailer, to the
12 extent that the proceeds of the service charge are in fact
13 turned over as tips or as a substitute for tips to the
14 employees who participate directly in preparing, serving,
15 hosting or cleaning up the food or beverage function with
16 respect to which the service charge is imposed.

17 (14) Until July 1, 2003, oil field exploration, drilling,
18 and production equipment, including (i) rigs and parts of
19 rigs, rotary rigs, cable tool rigs, and workover rigs, (ii)
20 pipe and tubular goods, including casing and drill strings,
21 (iii) pumps and pump-jack units, (iv) storage tanks and flow
22 lines, (v) any individual replacement part for oil field
23 exploration, drilling, and production equipment, and (vi)
24 machinery and equipment purchased for lease; but excluding
25 motor vehicles required to be registered under the Illinois
26 Vehicle Code.

1 (15) Photoprocessing machinery and equipment, including
2 repair and replacement parts, both new and used, including
3 that manufactured on special order, certified by the purchaser
4 to be used primarily for photoprocessing, and including
5 photoprocessing machinery and equipment purchased for lease.

6 (16) Until July 1, 2028, coal and aggregate exploration,
7 mining, off-highway hauling, processing, maintenance, and
8 reclamation equipment, including replacement parts and
9 equipment, and including equipment purchased for lease, but
10 excluding motor vehicles required to be registered under the
11 Illinois Vehicle Code. The changes made to this Section by
12 Public Act 97-767 apply on and after July 1, 2003, but no claim
13 for credit or refund is allowed on or after August 16, 2013
14 (the effective date of Public Act 98-456) for such taxes paid
15 during the period beginning July 1, 2003 and ending on August
16 16, 2013 (the effective date of Public Act 98-456).

17 (17) Until July 1, 2003, distillation machinery and
18 equipment, sold as a unit or kit, assembled or installed by the
19 retailer, certified by the user to be used only for the
20 production of ethyl alcohol that will be used for consumption
21 as motor fuel or as a component of motor fuel for the personal
22 use of the user, and not subject to sale or resale.

23 (18) Manufacturing and assembling machinery and equipment
24 used primarily in the process of manufacturing or assembling
25 tangible personal property for wholesale or retail sale or
26 lease, whether that sale or lease is made directly by the

1 manufacturer or by some other person, whether the materials
2 used in the process are owned by the manufacturer or some other
3 person, or whether that sale or lease is made apart from or as
4 an incident to the seller's engaging in the service occupation
5 of producing machines, tools, dies, jigs, patterns, gauges, or
6 other similar items of no commercial value on special order
7 for a particular purchaser. The exemption provided by this
8 paragraph (18) includes production related tangible personal
9 property, as defined in Section 3-50, purchased on or after
10 July 1, 2019. The exemption provided by this paragraph (18)
11 does not include machinery and equipment used in (i) the
12 generation of electricity for wholesale or retail sale; (ii)
13 the generation or treatment of natural or artificial gas for
14 wholesale or retail sale that is delivered to customers
15 through pipes, pipelines, or mains; or (iii) the treatment of
16 water for wholesale or retail sale that is delivered to
17 customers through pipes, pipelines, or mains. The provisions
18 of Public Act 98-583 are declaratory of existing law as to the
19 meaning and scope of this exemption. Beginning on July 1,
20 2017, the exemption provided by this paragraph (18) includes,
21 but is not limited to, graphic arts machinery and equipment,
22 as defined in paragraph (6) of this Section.

23 (19) Personal property delivered to a purchaser or
24 purchaser's donee inside Illinois when the purchase order for
25 that personal property was received by a florist located
26 outside Illinois who has a florist located inside Illinois

1 deliver the personal property.

2 (20) Semen used for artificial insemination of livestock
3 for direct agricultural production.

4 (21) Horses, or interests in horses, registered with and
5 meeting the requirements of any of the Arabian Horse Club
6 Registry of America, Appaloosa Horse Club, American Quarter
7 Horse Association, United States Trotting Association, or
8 Jockey Club, as appropriate, used for purposes of breeding or
9 racing for prizes. This item (21) is exempt from the
10 provisions of Section 3-90, and the exemption provided for
11 under this item (21) applies for all periods beginning May 30,
12 1995, but no claim for credit or refund is allowed on or after
13 January 1, 2008 for such taxes paid during the period
14 beginning May 30, 2000 and ending on January 1, 2008.

15 (22) Computers and communications equipment utilized for
16 any hospital purpose and equipment used in the diagnosis,
17 analysis, or treatment of hospital patients purchased by a
18 lessor who leases the equipment, under a lease of one year or
19 longer executed or in effect at the time the lessor would
20 otherwise be subject to the tax imposed by this Act, to a
21 hospital that has been issued an active tax exemption
22 identification number by the Department under Section 1g of
23 the Retailers' Occupation Tax Act. If the equipment is leased
24 in a manner that does not qualify for this exemption or is used
25 in any other non-exempt manner, the lessor shall be liable for
26 the tax imposed under this Act or the Service Use Tax Act, as

1 the case may be, based on the fair market value of the property
2 at the time the non-qualifying use occurs. No lessor shall
3 collect or attempt to collect an amount (however designated)
4 that purports to reimburse that lessor for the tax imposed by
5 this Act or the Service Use Tax Act, as the case may be, if the
6 tax has not been paid by the lessor. If a lessor improperly
7 collects any such amount from the lessee, the lessee shall
8 have a legal right to claim a refund of that amount from the
9 lessor. If, however, that amount is not refunded to the lessee
10 for any reason, the lessor is liable to pay that amount to the
11 Department.

12 (23) Personal property purchased by a lessor who leases
13 the property, under a lease of one year or longer executed or
14 in effect at the time the lessor would otherwise be subject to
15 the tax imposed by this Act, to a governmental body that has
16 been issued an active sales tax exemption identification
17 number by the Department under Section 1g of the Retailers'
18 Occupation Tax Act. If the property is leased in a manner that
19 does not qualify for this exemption or used in any other
20 non-exempt manner, the lessor shall be liable for the tax
21 imposed under this Act or the Service Use Tax Act, as the case
22 may be, based on the fair market value of the property at the
23 time the non-qualifying use occurs. No lessor shall collect or
24 attempt to collect an amount (however designated) that
25 purports to reimburse that lessor for the tax imposed by this
26 Act or the Service Use Tax Act, as the case may be, if the tax

1 has not been paid by the lessor. If a lessor improperly
2 collects any such amount from the lessee, the lessee shall
3 have a legal right to claim a refund of that amount from the
4 lessor. If, however, that amount is not refunded to the lessee
5 for any reason, the lessor is liable to pay that amount to the
6 Department.

7 (24) Beginning with taxable years ending on or after
8 December 31, 1995 and ending with taxable years ending on or
9 before December 31, 2004, personal property that is donated
10 for disaster relief to be used in a State or federally declared
11 disaster area in Illinois or bordering Illinois by a
12 manufacturer or retailer that is registered in this State to a
13 corporation, society, association, foundation, or institution
14 that has been issued a sales tax exemption identification
15 number by the Department that assists victims of the disaster
16 who reside within the declared disaster area.

17 (25) Beginning with taxable years ending on or after
18 December 31, 1995 and ending with taxable years ending on or
19 before December 31, 2004, personal property that is used in
20 the performance of infrastructure repairs in this State,
21 including but not limited to municipal roads and streets,
22 access roads, bridges, sidewalks, waste disposal systems,
23 water and sewer line extensions, water distribution and
24 purification facilities, storm water drainage and retention
25 facilities, and sewage treatment facilities, resulting from a
26 State or federally declared disaster in Illinois or bordering

1 Illinois when such repairs are initiated on facilities located
2 in the declared disaster area within 6 months after the
3 disaster.

4 (26) Beginning July 1, 1999, game or game birds purchased
5 at a "game breeding and hunting preserve area" as that term is
6 used in the Wildlife Code. This paragraph is exempt from the
7 provisions of Section 3-90.

8 (27) A motor vehicle, as that term is defined in Section
9 1-146 of the Illinois Vehicle Code, that is donated to a
10 corporation, limited liability company, society, association,
11 foundation, or institution that is determined by the
12 Department to be organized and operated exclusively for
13 educational purposes. For purposes of this exemption, "a
14 corporation, limited liability company, society, association,
15 foundation, or institution organized and operated exclusively
16 for educational purposes" means all tax-supported public
17 schools, private schools that offer systematic instruction in
18 useful branches of learning by methods common to public
19 schools and that compare favorably in their scope and
20 intensity with the course of study presented in tax-supported
21 schools, and vocational or technical schools or institutes
22 organized and operated exclusively to provide a course of
23 study of not less than 6 weeks duration and designed to prepare
24 individuals to follow a trade or to pursue a manual,
25 technical, mechanical, industrial, business, or commercial
26 occupation.

1 (28) Beginning January 1, 2000, personal property,
2 including food, purchased through fundraising events for the
3 benefit of a public or private elementary or secondary school,
4 a group of those schools, or one or more school districts if
5 the events are sponsored by an entity recognized by the school
6 district that consists primarily of volunteers and includes
7 parents and teachers of the school children. This paragraph
8 does not apply to fundraising events (i) for the benefit of
9 private home instruction or (ii) for which the fundraising
10 entity purchases the personal property sold at the events from
11 another individual or entity that sold the property for the
12 purpose of resale by the fundraising entity and that profits
13 from the sale to the fundraising entity. This paragraph is
14 exempt from the provisions of Section 3-90.

15 (29) Beginning January 1, 2000 and through December 31,
16 2001, new or used automatic vending machines that prepare and
17 serve hot food and beverages, including coffee, soup, and
18 other items, and replacement parts for these machines.
19 Beginning January 1, 2002 and through June 30, 2003, machines
20 and parts for machines used in commercial, coin-operated
21 amusement and vending business if a use or occupation tax is
22 paid on the gross receipts derived from the use of the
23 commercial, coin-operated amusement and vending machines. This
24 paragraph is exempt from the provisions of Section 3-90.

25 (30) Beginning January 1, 2001 and through June 30, 2016,
26 food for human consumption that is to be consumed off the

1 premises where it is sold (other than alcoholic beverages,
2 soft drinks, and food that has been prepared for immediate
3 consumption) and prescription and nonprescription medicines,
4 drugs, medical appliances, and insulin, urine testing
5 materials, syringes, and needles used by diabetics, for human
6 use, when purchased for use by a person receiving medical
7 assistance under Article V of the Illinois Public Aid Code who
8 resides in a licensed long-term care facility, as defined in
9 the Nursing Home Care Act, or in a licensed facility as defined
10 in the ID/DD Community Care Act, the MC/DD Act, or the
11 Specialized Mental Health Rehabilitation Act of 2013.

12 (31) Beginning on August 2, 2001 (the effective date of
13 Public Act 92-227), computers and communications equipment
14 utilized for any hospital purpose and equipment used in the
15 diagnosis, analysis, or treatment of hospital patients
16 purchased by a lessor who leases the equipment, under a lease
17 of one year or longer executed or in effect at the time the
18 lessor would otherwise be subject to the tax imposed by this
19 Act, to a hospital that has been issued an active tax exemption
20 identification number by the Department under Section 1g of
21 the Retailers' Occupation Tax Act. If the equipment is leased
22 in a manner that does not qualify for this exemption or is used
23 in any other nonexempt manner, the lessor shall be liable for
24 the tax imposed under this Act or the Service Use Tax Act, as
25 the case may be, based on the fair market value of the property
26 at the time the nonqualifying use occurs. No lessor shall

1 collect or attempt to collect an amount (however designated)
2 that purports to reimburse that lessor for the tax imposed by
3 this Act or the Service Use Tax Act, as the case may be, if the
4 tax has not been paid by the lessor. If a lessor improperly
5 collects any such amount from the lessee, the lessee shall
6 have a legal right to claim a refund of that amount from the
7 lessor. If, however, that amount is not refunded to the lessee
8 for any reason, the lessor is liable to pay that amount to the
9 Department. This paragraph is exempt from the provisions of
10 Section 3-90.

11 (32) Beginning on August 2, 2001 (the effective date of
12 Public Act 92-227), personal property purchased by a lessor
13 who leases the property, under a lease of one year or longer
14 executed or in effect at the time the lessor would otherwise be
15 subject to the tax imposed by this Act, to a governmental body
16 that has been issued an active sales tax exemption
17 identification number by the Department under Section 1g of
18 the Retailers' Occupation Tax Act. If the property is leased
19 in a manner that does not qualify for this exemption or used in
20 any other nonexempt manner, the lessor shall be liable for the
21 tax imposed under this Act or the Service Use Tax Act, as the
22 case may be, based on the fair market value of the property at
23 the time the nonqualifying use occurs. No lessor shall collect
24 or attempt to collect an amount (however designated) that
25 purports to reimburse that lessor for the tax imposed by this
26 Act or the Service Use Tax Act, as the case may be, if the tax

1 has not been paid by the lessor. If a lessor improperly
2 collects any such amount from the lessee, the lessee shall
3 have a legal right to claim a refund of that amount from the
4 lessor. If, however, that amount is not refunded to the lessee
5 for any reason, the lessor is liable to pay that amount to the
6 Department. This paragraph is exempt from the provisions of
7 Section 3-90.

8 (33) On and after July 1, 2003 and through June 30, 2004,
9 the use in this State of motor vehicles of the second division
10 with a gross vehicle weight in excess of 8,000 pounds and that
11 are subject to the commercial distribution fee imposed under
12 Section 3-815.1 of the Illinois Vehicle Code. Beginning on
13 July 1, 2004 and through June 30, 2005, the use in this State
14 of motor vehicles of the second division: (i) with a gross
15 vehicle weight rating in excess of 8,000 pounds; (ii) that are
16 subject to the commercial distribution fee imposed under
17 Section 3-815.1 of the Illinois Vehicle Code; and (iii) that
18 are primarily used for commercial purposes. Through June 30,
19 2005, this exemption applies to repair and replacement parts
20 added after the initial purchase of such a motor vehicle if
21 that motor vehicle is used in a manner that would qualify for
22 the rolling stock exemption otherwise provided for in this
23 Act. For purposes of this paragraph, the term "used for
24 commercial purposes" means the transportation of persons or
25 property in furtherance of any commercial or industrial
26 enterprise, whether for-hire or not.

1 (34) Beginning January 1, 2008, tangible personal property
2 used in the construction or maintenance of a community water
3 supply, as defined under Section 3.145 of the Environmental
4 Protection Act, that is operated by a not-for-profit
5 corporation that holds a valid water supply permit issued
6 under Title IV of the Environmental Protection Act. This
7 paragraph is exempt from the provisions of Section 3-90.

8 (35) Beginning January 1, 2010 and continuing through
9 December 31, 2029 ~~December 31, 2024~~, materials, parts,
10 equipment, components, and furnishings incorporated into or
11 upon an aircraft as part of the modification, refurbishment,
12 completion, replacement, repair, or maintenance of the
13 aircraft. This exemption includes consumable supplies used in
14 the modification, refurbishment, completion, replacement,
15 repair, and maintenance of aircraft. However, until January 1,
16 2024, this exemption ~~but~~ excludes any materials, parts,
17 equipment, components, and consumable supplies used in the
18 modification, replacement, repair, and maintenance of aircraft
19 engines or power plants, whether such engines or power plants
20 are installed or uninstalled upon any such aircraft.
21 "Consumable supplies" include, but are not limited to,
22 adhesive, tape, sandpaper, general purpose lubricants,
23 cleaning solution, latex gloves, and protective films.

24 Beginning January 1, 2010 and continuing through December
25 31, 2023, this ~~This~~ exemption applies only to the use of
26 qualifying tangible personal property by persons who modify,

1 refurbish, complete, repair, replace, or maintain aircraft and
2 who (i) hold an Air Agency Certificate and are empowered to
3 operate an approved repair station by the Federal Aviation
4 Administration, (ii) have a Class IV Rating, and (iii) conduct
5 operations in accordance with Part 145 of the Federal Aviation
6 Regulations. From January 1, 2024 through December 31, 2029,
7 this exemption applies only to the use of qualifying tangible
8 personal property by: (A) persons who modify, refurbish,
9 complete, repair, replace, or maintain aircraft and who (i)
10 hold an Air Agency Certificate and are empowered to operate an
11 approved repair station by the Federal Aviation
12 Administration, (ii) have a Class IV Rating, and (iii) conduct
13 operations in accordance with Part 145 of the Federal Aviation
14 Regulations; and (B) persons who engage in the modification,
15 replacement, repair, and maintenance of aircraft engines or
16 power plants without regard to whether or not those persons
17 meet the qualifications of item (A).

18 The exemption does not include aircraft operated by a
19 commercial air carrier providing scheduled passenger air
20 service pursuant to authority issued under Part 121 or Part
21 129 of the Federal Aviation Regulations. The changes made to
22 this paragraph (35) by Public Act 98-534 are declarative of
23 existing law. It is the intent of the General Assembly that the
24 exemption under this paragraph (35) applies continuously from
25 January 1, 2010 through December 31, 2024; however, no claim
26 for credit or refund is allowed for taxes paid as a result of

1 the disallowance of this exemption on or after January 1, 2015
2 and prior to February 5, 2020 (the effective date of Public Act
3 101-629) ~~this amendatory Act of the 101st General Assembly.~~

4 (36) Tangible personal property purchased by a
5 public-facilities corporation, as described in Section
6 11-65-10 of the Illinois Municipal Code, for purposes of
7 constructing or furnishing a municipal convention hall, but
8 only if the legal title to the municipal convention hall is
9 transferred to the municipality without any further
10 consideration by or on behalf of the municipality at the time
11 of the completion of the municipal convention hall or upon the
12 retirement or redemption of any bonds or other debt
13 instruments issued by the public-facilities corporation in
14 connection with the development of the municipal convention
15 hall. This exemption includes existing public-facilities
16 corporations as provided in Section 11-65-25 of the Illinois
17 Municipal Code. This paragraph is exempt from the provisions
18 of Section 3-90.

19 (37) Beginning January 1, 2017 and through December 31,
20 2026, menstrual pads, tampons, and menstrual cups.

21 (38) Merchandise that is subject to the Rental Purchase
22 Agreement Occupation and Use Tax. The purchaser must certify
23 that the item is purchased to be rented subject to a rental
24 purchase agreement, as defined in the Rental Purchase
25 Agreement Act, and provide proof of registration under the
26 Rental Purchase Agreement Occupation and Use Tax Act. This

1 paragraph is exempt from the provisions of Section 3-90.

2 (39) Tangible personal property purchased by a purchaser
3 who is exempt from the tax imposed by this Act by operation of
4 federal law. This paragraph is exempt from the provisions of
5 Section 3-90.

6 (40) Qualified tangible personal property used in the
7 construction or operation of a data center that has been
8 granted a certificate of exemption by the Department of
9 Commerce and Economic Opportunity, whether that tangible
10 personal property is purchased by the owner, operator, or
11 tenant of the data center or by a contractor or subcontractor
12 of the owner, operator, or tenant. Data centers that would
13 have qualified for a certificate of exemption prior to January
14 1, 2020 had Public Act 101-31 been in effect may apply for and
15 obtain an exemption for subsequent purchases of computer
16 equipment or enabling software purchased or leased to upgrade,
17 supplement, or replace computer equipment or enabling software
18 purchased or leased in the original investment that would have
19 qualified.

20 The Department of Commerce and Economic Opportunity shall
21 grant a certificate of exemption under this item (40) to
22 qualified data centers as defined by Section 605-1025 of the
23 Department of Commerce and Economic Opportunity Law of the
24 Civil Administrative Code of Illinois.

25 For the purposes of this item (40):

26 "Data center" means a building or a series of

1 buildings rehabilitated or constructed to house working
2 servers in one physical location or multiple sites within
3 the State of Illinois.

4 "Qualified tangible personal property" means:
5 electrical systems and equipment; climate control and
6 chilling equipment and systems; mechanical systems and
7 equipment; monitoring and secure systems; emergency
8 generators; hardware; computers; servers; data storage
9 devices; network connectivity equipment; racks; cabinets;
10 telecommunications cabling infrastructure; raised floor
11 systems; peripheral components or systems; software;
12 mechanical, electrical, or plumbing systems; battery
13 systems; cooling systems and towers; temperature control
14 systems; other cabling; and other data center
15 infrastructure equipment and systems necessary to operate
16 qualified tangible personal property, including fixtures;
17 and component parts of any of the foregoing, including
18 installation, maintenance, repair, refurbishment, and
19 replacement of qualified tangible personal property to
20 generate, transform, transmit, distribute, or manage
21 electricity necessary to operate qualified tangible
22 personal property; and all other tangible personal
23 property that is essential to the operations of a computer
24 data center. The term "qualified tangible personal
25 property" also includes building materials physically
26 incorporated in to the qualifying data center. To document

1 the exemption allowed under this Section, the retailer
2 must obtain from the purchaser a copy of the certificate
3 of eligibility issued by the Department of Commerce and
4 Economic Opportunity.

5 This item (40) is exempt from the provisions of Section
6 3-90.

7 (41) Beginning July 1, 2022, breast pumps, breast pump
8 collection and storage supplies, and breast pump kits. This
9 item (41) is exempt from the provisions of Section 3-90. As
10 used in this item (41):

11 "Breast pump" means an electrically controlled or
12 manually controlled pump device designed or marketed to be
13 used to express milk from a human breast during lactation,
14 including the pump device and any battery, AC adapter, or
15 other power supply unit that is used to power the pump
16 device and is packaged and sold with the pump device at the
17 time of sale.

18 "Breast pump collection and storage supplies" means
19 items of tangible personal property designed or marketed
20 to be used in conjunction with a breast pump to collect
21 milk expressed from a human breast and to store collected
22 milk until it is ready for consumption.

23 "Breast pump collection and storage supplies"
24 includes, but is not limited to: breast shields and breast
25 shield connectors; breast pump tubes and tubing adapters;
26 breast pump valves and membranes; backflow protectors and

1 backflow protector adaptors; bottles and bottle caps
2 specific to the operation of the breast pump; and breast
3 milk storage bags.

4 "Breast pump collection and storage supplies" does not
5 include: (1) bottles and bottle caps not specific to the
6 operation of the breast pump; (2) breast pump travel bags
7 and other similar carrying accessories, including ice
8 packs, labels, and other similar products; (3) breast pump
9 cleaning supplies; (4) nursing bras, bra pads, breast
10 shells, and other similar products; and (5) creams,
11 ointments, and other similar products that relieve
12 breastfeeding-related symptoms or conditions of the
13 breasts or nipples, unless sold as part of a breast pump
14 kit that is pre-packaged by the breast pump manufacturer
15 or distributor.

16 "Breast pump kit" means a kit that: (1) contains no
17 more than a breast pump, breast pump collection and
18 storage supplies, a rechargeable battery for operating the
19 breast pump, a breastmilk cooler, bottle stands, ice
20 packs, and a breast pump carrying case; and (2) is
21 pre-packaged as a breast pump kit by the breast pump
22 manufacturer or distributor.

23 (42) ~~(41)~~ Tangible personal property sold by or on behalf
24 of the State Treasurer pursuant to the Revised Uniform
25 Unclaimed Property Act. This item (42) ~~(41)~~ is exempt from the
26 provisions of Section 3-90.

1 (Source: P.A. 101-9, eff. 6-5-19; 101-31, eff. 6-28-19;
2 101-81, eff. 7-12-19; 101-629, eff. 2-5-20; 102-16, eff.
3 6-17-21; 102-700, Article 70, Section 70-5, eff. 4-19-22;
4 102-700, Article 75, Section 75-5, eff. 4-19-22; 102-1026,
5 eff. 5-27-22; revised 8-1-22.)

6 Section 5-10. The Service Use Tax Act is amended by
7 changing Section 3-5 as follows:

8 (35 ILCS 110/3-5)

9 Sec. 3-5. Exemptions. Use of the following tangible
10 personal property is exempt from the tax imposed by this Act:

11 (1) Personal property purchased from a corporation,
12 society, association, foundation, institution, or
13 organization, other than a limited liability company, that is
14 organized and operated as a not-for-profit service enterprise
15 for the benefit of persons 65 years of age or older if the
16 personal property was not purchased by the enterprise for the
17 purpose of resale by the enterprise.

18 (2) Personal property purchased by a non-profit Illinois
19 county fair association for use in conducting, operating, or
20 promoting the county fair.

21 (3) Personal property purchased by a not-for-profit arts
22 or cultural organization that establishes, by proof required
23 by the Department by rule, that it has received an exemption
24 under Section 501(c)(3) of the Internal Revenue Code and that

1 is organized and operated primarily for the presentation or
2 support of arts or cultural programming, activities, or
3 services. These organizations include, but are not limited to,
4 music and dramatic arts organizations such as symphony
5 orchestras and theatrical groups, arts and cultural service
6 organizations, local arts councils, visual arts organizations,
7 and media arts organizations. On and after July 1, 2001 (the
8 effective date of Public Act 92-35), however, an entity
9 otherwise eligible for this exemption shall not make tax-free
10 purchases unless it has an active identification number issued
11 by the Department.

12 (4) Legal tender, currency, medallions, or gold or silver
13 coinage issued by the State of Illinois, the government of the
14 United States of America, or the government of any foreign
15 country, and bullion.

16 (5) Until July 1, 2003 and beginning again on September 1,
17 2004 through August 30, 2014, graphic arts machinery and
18 equipment, including repair and replacement parts, both new
19 and used, and including that manufactured on special order or
20 purchased for lease, certified by the purchaser to be used
21 primarily for graphic arts production. Equipment includes
22 chemicals or chemicals acting as catalysts but only if the
23 chemicals or chemicals acting as catalysts effect a direct and
24 immediate change upon a graphic arts product. Beginning on
25 July 1, 2017, graphic arts machinery and equipment is included
26 in the manufacturing and assembling machinery and equipment

1 exemption under Section 2 of this Act.

2 (6) Personal property purchased from a teacher-sponsored
3 student organization affiliated with an elementary or
4 secondary school located in Illinois.

5 (7) Farm machinery and equipment, both new and used,
6 including that manufactured on special order, certified by the
7 purchaser to be used primarily for production agriculture or
8 State or federal agricultural programs, including individual
9 replacement parts for the machinery and equipment, including
10 machinery and equipment purchased for lease, and including
11 implements of husbandry defined in Section 1-130 of the
12 Illinois Vehicle Code, farm machinery and agricultural
13 chemical and fertilizer spreaders, and nurse wagons required
14 to be registered under Section 3-809 of the Illinois Vehicle
15 Code, but excluding other motor vehicles required to be
16 registered under the Illinois Vehicle Code. Horticultural
17 polyhouses or hoop houses used for propagating, growing, or
18 overwintering plants shall be considered farm machinery and
19 equipment under this item (7). Agricultural chemical tender
20 tanks and dry boxes shall include units sold separately from a
21 motor vehicle required to be licensed and units sold mounted
22 on a motor vehicle required to be licensed if the selling price
23 of the tender is separately stated.

24 Farm machinery and equipment shall include precision
25 farming equipment that is installed or purchased to be
26 installed on farm machinery and equipment including, but not

1 limited to, tractors, harvesters, sprayers, planters, seeders,
2 or spreaders. Precision farming equipment includes, but is not
3 limited to, soil testing sensors, computers, monitors,
4 software, global positioning and mapping systems, and other
5 such equipment.

6 Farm machinery and equipment also includes computers,
7 sensors, software, and related equipment used primarily in the
8 computer-assisted operation of production agriculture
9 facilities, equipment, and activities such as, but not limited
10 to, the collection, monitoring, and correlation of animal and
11 crop data for the purpose of formulating animal diets and
12 agricultural chemicals. This item (7) is exempt from the
13 provisions of Section 3-75.

14 (8) Until June 30, 2013, fuel and petroleum products sold
15 to or used by an air common carrier, certified by the carrier
16 to be used for consumption, shipment, or storage in the
17 conduct of its business as an air common carrier, for a flight
18 destined for or returning from a location or locations outside
19 the United States without regard to previous or subsequent
20 domestic stopovers.

21 Beginning July 1, 2013, fuel and petroleum products sold
22 to or used by an air carrier, certified by the carrier to be
23 used for consumption, shipment, or storage in the conduct of
24 its business as an air common carrier, for a flight that (i) is
25 engaged in foreign trade or is engaged in trade between the
26 United States and any of its possessions and (ii) transports

1 at least one individual or package for hire from the city of
2 origination to the city of final destination on the same
3 aircraft, without regard to a change in the flight number of
4 that aircraft.

5 (9) Proceeds of mandatory service charges separately
6 stated on customers' bills for the purchase and consumption of
7 food and beverages acquired as an incident to the purchase of a
8 service from a serviceman, to the extent that the proceeds of
9 the service charge are in fact turned over as tips or as a
10 substitute for tips to the employees who participate directly
11 in preparing, serving, hosting or cleaning up the food or
12 beverage function with respect to which the service charge is
13 imposed.

14 (10) Until July 1, 2003, oil field exploration, drilling,
15 and production equipment, including (i) rigs and parts of
16 rigs, rotary rigs, cable tool rigs, and workover rigs, (ii)
17 pipe and tubular goods, including casing and drill strings,
18 (iii) pumps and pump-jack units, (iv) storage tanks and flow
19 lines, (v) any individual replacement part for oil field
20 exploration, drilling, and production equipment, and (vi)
21 machinery and equipment purchased for lease; but excluding
22 motor vehicles required to be registered under the Illinois
23 Vehicle Code.

24 (11) Proceeds from the sale of photoprocessing machinery
25 and equipment, including repair and replacement parts, both
26 new and used, including that manufactured on special order,

1 certified by the purchaser to be used primarily for
2 photoprocessing, and including photoprocessing machinery and
3 equipment purchased for lease.

4 (12) Until July 1, 2028, coal and aggregate exploration,
5 mining, off-highway hauling, processing, maintenance, and
6 reclamation equipment, including replacement parts and
7 equipment, and including equipment purchased for lease, but
8 excluding motor vehicles required to be registered under the
9 Illinois Vehicle Code. The changes made to this Section by
10 Public Act 97-767 apply on and after July 1, 2003, but no claim
11 for credit or refund is allowed on or after August 16, 2013
12 (the effective date of Public Act 98-456) for such taxes paid
13 during the period beginning July 1, 2003 and ending on August
14 16, 2013 (the effective date of Public Act 98-456).

15 (13) Semen used for artificial insemination of livestock
16 for direct agricultural production.

17 (14) Horses, or interests in horses, registered with and
18 meeting the requirements of any of the Arabian Horse Club
19 Registry of America, Appaloosa Horse Club, American Quarter
20 Horse Association, United States Trotting Association, or
21 Jockey Club, as appropriate, used for purposes of breeding or
22 racing for prizes. This item (14) is exempt from the
23 provisions of Section 3-75, and the exemption provided for
24 under this item (14) applies for all periods beginning May 30,
25 1995, but no claim for credit or refund is allowed on or after
26 January 1, 2008 (the effective date of Public Act 95-88) for

1 such taxes paid during the period beginning May 30, 2000 and
2 ending on January 1, 2008 (the effective date of Public Act
3 95-88).

4 (15) Computers and communications equipment utilized for
5 any hospital purpose and equipment used in the diagnosis,
6 analysis, or treatment of hospital patients purchased by a
7 lessor who leases the equipment, under a lease of one year or
8 longer executed or in effect at the time the lessor would
9 otherwise be subject to the tax imposed by this Act, to a
10 hospital that has been issued an active tax exemption
11 identification number by the Department under Section 1g of
12 the Retailers' Occupation Tax Act. If the equipment is leased
13 in a manner that does not qualify for this exemption or is used
14 in any other non-exempt manner, the lessor shall be liable for
15 the tax imposed under this Act or the Use Tax Act, as the case
16 may be, based on the fair market value of the property at the
17 time the non-qualifying use occurs. No lessor shall collect or
18 attempt to collect an amount (however designated) that
19 purports to reimburse that lessor for the tax imposed by this
20 Act or the Use Tax Act, as the case may be, if the tax has not
21 been paid by the lessor. If a lessor improperly collects any
22 such amount from the lessee, the lessee shall have a legal
23 right to claim a refund of that amount from the lessor. If,
24 however, that amount is not refunded to the lessee for any
25 reason, the lessor is liable to pay that amount to the
26 Department.

1 (16) Personal property purchased by a lessor who leases
2 the property, under a lease of one year or longer executed or
3 in effect at the time the lessor would otherwise be subject to
4 the tax imposed by this Act, to a governmental body that has
5 been issued an active tax exemption identification number by
6 the Department under Section 1g of the Retailers' Occupation
7 Tax Act. If the property is leased in a manner that does not
8 qualify for this exemption or is used in any other non-exempt
9 manner, the lessor shall be liable for the tax imposed under
10 this Act or the Use Tax Act, as the case may be, based on the
11 fair market value of the property at the time the
12 non-qualifying use occurs. No lessor shall collect or attempt
13 to collect an amount (however designated) that purports to
14 reimburse that lessor for the tax imposed by this Act or the
15 Use Tax Act, as the case may be, if the tax has not been paid
16 by the lessor. If a lessor improperly collects any such amount
17 from the lessee, the lessee shall have a legal right to claim a
18 refund of that amount from the lessor. If, however, that
19 amount is not refunded to the lessee for any reason, the lessor
20 is liable to pay that amount to the Department.

21 (17) Beginning with taxable years ending on or after
22 December 31, 1995 and ending with taxable years ending on or
23 before December 31, 2004, personal property that is donated
24 for disaster relief to be used in a State or federally declared
25 disaster area in Illinois or bordering Illinois by a
26 manufacturer or retailer that is registered in this State to a

1 corporation, society, association, foundation, or institution
2 that has been issued a sales tax exemption identification
3 number by the Department that assists victims of the disaster
4 who reside within the declared disaster area.

5 (18) Beginning with taxable years ending on or after
6 December 31, 1995 and ending with taxable years ending on or
7 before December 31, 2004, personal property that is used in
8 the performance of infrastructure repairs in this State,
9 including but not limited to municipal roads and streets,
10 access roads, bridges, sidewalks, waste disposal systems,
11 water and sewer line extensions, water distribution and
12 purification facilities, storm water drainage and retention
13 facilities, and sewage treatment facilities, resulting from a
14 State or federally declared disaster in Illinois or bordering
15 Illinois when such repairs are initiated on facilities located
16 in the declared disaster area within 6 months after the
17 disaster.

18 (19) Beginning July 1, 1999, game or game birds purchased
19 at a "game breeding and hunting preserve area" as that term is
20 used in the Wildlife Code. This paragraph is exempt from the
21 provisions of Section 3-75.

22 (20) A motor vehicle, as that term is defined in Section
23 1-146 of the Illinois Vehicle Code, that is donated to a
24 corporation, limited liability company, society, association,
25 foundation, or institution that is determined by the
26 Department to be organized and operated exclusively for

1 educational purposes. For purposes of this exemption, "a
2 corporation, limited liability company, society, association,
3 foundation, or institution organized and operated exclusively
4 for educational purposes" means all tax-supported public
5 schools, private schools that offer systematic instruction in
6 useful branches of learning by methods common to public
7 schools and that compare favorably in their scope and
8 intensity with the course of study presented in tax-supported
9 schools, and vocational or technical schools or institutes
10 organized and operated exclusively to provide a course of
11 study of not less than 6 weeks duration and designed to prepare
12 individuals to follow a trade or to pursue a manual,
13 technical, mechanical, industrial, business, or commercial
14 occupation.

15 (21) Beginning January 1, 2000, personal property,
16 including food, purchased through fundraising events for the
17 benefit of a public or private elementary or secondary school,
18 a group of those schools, or one or more school districts if
19 the events are sponsored by an entity recognized by the school
20 district that consists primarily of volunteers and includes
21 parents and teachers of the school children. This paragraph
22 does not apply to fundraising events (i) for the benefit of
23 private home instruction or (ii) for which the fundraising
24 entity purchases the personal property sold at the events from
25 another individual or entity that sold the property for the
26 purpose of resale by the fundraising entity and that profits

1 from the sale to the fundraising entity. This paragraph is
2 exempt from the provisions of Section 3-75.

3 (22) Beginning January 1, 2000 and through December 31,
4 2001, new or used automatic vending machines that prepare and
5 serve hot food and beverages, including coffee, soup, and
6 other items, and replacement parts for these machines.
7 Beginning January 1, 2002 and through June 30, 2003, machines
8 and parts for machines used in commercial, coin-operated
9 amusement and vending business if a use or occupation tax is
10 paid on the gross receipts derived from the use of the
11 commercial, coin-operated amusement and vending machines. This
12 paragraph is exempt from the provisions of Section 3-75.

13 (23) Beginning August 23, 2001 and through June 30, 2016,
14 food for human consumption that is to be consumed off the
15 premises where it is sold (other than alcoholic beverages,
16 soft drinks, and food that has been prepared for immediate
17 consumption) and prescription and nonprescription medicines,
18 drugs, medical appliances, and insulin, urine testing
19 materials, syringes, and needles used by diabetics, for human
20 use, when purchased for use by a person receiving medical
21 assistance under Article V of the Illinois Public Aid Code who
22 resides in a licensed long-term care facility, as defined in
23 the Nursing Home Care Act, or in a licensed facility as defined
24 in the ID/DD Community Care Act, the MC/DD Act, or the
25 Specialized Mental Health Rehabilitation Act of 2013.

26 (24) Beginning on August 2, 2001 (the effective date of

1 Public Act 92-227), computers and communications equipment
2 utilized for any hospital purpose and equipment used in the
3 diagnosis, analysis, or treatment of hospital patients
4 purchased by a lessor who leases the equipment, under a lease
5 of one year or longer executed or in effect at the time the
6 lessor would otherwise be subject to the tax imposed by this
7 Act, to a hospital that has been issued an active tax exemption
8 identification number by the Department under Section 1g of
9 the Retailers' Occupation Tax Act. If the equipment is leased
10 in a manner that does not qualify for this exemption or is used
11 in any other nonexempt manner, the lessor shall be liable for
12 the tax imposed under this Act or the Use Tax Act, as the case
13 may be, based on the fair market value of the property at the
14 time the nonqualifying use occurs. No lessor shall collect or
15 attempt to collect an amount (however designated) that
16 purports to reimburse that lessor for the tax imposed by this
17 Act or the Use Tax Act, as the case may be, if the tax has not
18 been paid by the lessor. If a lessor improperly collects any
19 such amount from the lessee, the lessee shall have a legal
20 right to claim a refund of that amount from the lessor. If,
21 however, that amount is not refunded to the lessee for any
22 reason, the lessor is liable to pay that amount to the
23 Department. This paragraph is exempt from the provisions of
24 Section 3-75.

25 (25) Beginning on August 2, 2001 (the effective date of
26 Public Act 92-227), personal property purchased by a lessor

1 who leases the property, under a lease of one year or longer
2 executed or in effect at the time the lessor would otherwise be
3 subject to the tax imposed by this Act, to a governmental body
4 that has been issued an active tax exemption identification
5 number by the Department under Section 1g of the Retailers'
6 Occupation Tax Act. If the property is leased in a manner that
7 does not qualify for this exemption or is used in any other
8 nonexempt manner, the lessor shall be liable for the tax
9 imposed under this Act or the Use Tax Act, as the case may be,
10 based on the fair market value of the property at the time the
11 nonqualifying use occurs. No lessor shall collect or attempt
12 to collect an amount (however designated) that purports to
13 reimburse that lessor for the tax imposed by this Act or the
14 Use Tax Act, as the case may be, if the tax has not been paid
15 by the lessor. If a lessor improperly collects any such amount
16 from the lessee, the lessee shall have a legal right to claim a
17 refund of that amount from the lessor. If, however, that
18 amount is not refunded to the lessee for any reason, the lessor
19 is liable to pay that amount to the Department. This paragraph
20 is exempt from the provisions of Section 3-75.

21 (26) Beginning January 1, 2008, tangible personal property
22 used in the construction or maintenance of a community water
23 supply, as defined under Section 3.145 of the Environmental
24 Protection Act, that is operated by a not-for-profit
25 corporation that holds a valid water supply permit issued
26 under Title IV of the Environmental Protection Act. This

1 paragraph is exempt from the provisions of Section 3-75.

2 (27) Beginning January 1, 2010 and continuing through
3 December 31, 2029 ~~December 31, 2024~~, materials, parts,
4 equipment, components, and furnishings incorporated into or
5 upon an aircraft as part of the modification, refurbishment,
6 completion, replacement, repair, or maintenance of the
7 aircraft. This exemption includes consumable supplies used in
8 the modification, refurbishment, completion, replacement,
9 repair, and maintenance of aircraft. However, until January 1,
10 2024, this exemption ~~, but~~ excludes any materials, parts,
11 equipment, components, and consumable supplies used in the
12 modification, replacement, repair, and maintenance of aircraft
13 engines or power plants, whether such engines or power plants
14 are installed or uninstalled upon any such aircraft.
15 "Consumable supplies" include, but are not limited to,
16 adhesive, tape, sandpaper, general purpose lubricants,
17 cleaning solution, latex gloves, and protective films.

18 Beginning January 1, 2010 and continuing through December
19 31, 2023, this ~~This~~ exemption applies only to the use of
20 qualifying tangible personal property transferred incident to
21 the modification, refurbishment, completion, replacement,
22 repair, or maintenance of aircraft by persons who (i) hold an
23 Air Agency Certificate and are empowered to operate an
24 approved repair station by the Federal Aviation
25 Administration, (ii) have a Class IV Rating, and (iii) conduct
26 operations in accordance with Part 145 of the Federal Aviation

1 Regulations. From January 1, 2024 through December 31, 2029,
2 this exemption applies only to the use of qualifying tangible
3 personal property by: (A) persons who modify, refurbish,
4 complete, repair, replace, or maintain aircraft and who (i)
5 hold an Air Agency Certificate and are empowered to operate an
6 approved repair station by the Federal Aviation
7 Administration, (ii) have a Class IV Rating, and (iii) conduct
8 operations in accordance with Part 145 of the Federal Aviation
9 Regulations; and (B) persons who engage in the modification,
10 replacement, repair, and maintenance of aircraft engines or
11 power plants without regard to whether or not those persons
12 meet the qualifications of item (A).

13 The exemption does not include aircraft operated by a
14 commercial air carrier providing scheduled passenger air
15 service pursuant to authority issued under Part 121 or Part
16 129 of the Federal Aviation Regulations. The changes made to
17 this paragraph (27) by Public Act 98-534 are declarative of
18 existing law. It is the intent of the General Assembly that the
19 exemption under this paragraph (27) applies continuously from
20 January 1, 2010 through December 31, 2024; however, no claim
21 for credit or refund is allowed for taxes paid as a result of
22 the disallowance of this exemption on or after January 1, 2015
23 and prior to February 5, 2020 (the effective date of Public Act
24 101-629) ~~this amendatory Act of the 101st General Assembly.~~

25 (28) Tangible personal property purchased by a
26 public-facilities corporation, as described in Section

1 11-65-10 of the Illinois Municipal Code, for purposes of
2 constructing or furnishing a municipal convention hall, but
3 only if the legal title to the municipal convention hall is
4 transferred to the municipality without any further
5 consideration by or on behalf of the municipality at the time
6 of the completion of the municipal convention hall or upon the
7 retirement or redemption of any bonds or other debt
8 instruments issued by the public-facilities corporation in
9 connection with the development of the municipal convention
10 hall. This exemption includes existing public-facilities
11 corporations as provided in Section 11-65-25 of the Illinois
12 Municipal Code. This paragraph is exempt from the provisions
13 of Section 3-75.

14 (29) Beginning January 1, 2017 and through December 31,
15 2026, menstrual pads, tampons, and menstrual cups.

16 (30) Tangible personal property transferred to a purchaser
17 who is exempt from the tax imposed by this Act by operation of
18 federal law. This paragraph is exempt from the provisions of
19 Section 3-75.

20 (31) Qualified tangible personal property used in the
21 construction or operation of a data center that has been
22 granted a certificate of exemption by the Department of
23 Commerce and Economic Opportunity, whether that tangible
24 personal property is purchased by the owner, operator, or
25 tenant of the data center or by a contractor or subcontractor
26 of the owner, operator, or tenant. Data centers that would

1 have qualified for a certificate of exemption prior to January
2 1, 2020 had Public Act 101-31 ~~this amendatory Act of the 101st~~
3 ~~General Assembly~~ been in effect, may apply for and obtain an
4 exemption for subsequent purchases of computer equipment or
5 enabling software purchased or leased to upgrade, supplement,
6 or replace computer equipment or enabling software purchased
7 or leased in the original investment that would have
8 qualified.

9 The Department of Commerce and Economic Opportunity shall
10 grant a certificate of exemption under this item (31) to
11 qualified data centers as defined by Section 605-1025 of the
12 Department of Commerce and Economic Opportunity Law of the
13 Civil Administrative Code of Illinois.

14 For the purposes of this item (31):

15 "Data center" means a building or a series of
16 buildings rehabilitated or constructed to house working
17 servers in one physical location or multiple sites within
18 the State of Illinois.

19 "Qualified tangible personal property" means:
20 electrical systems and equipment; climate control and
21 chilling equipment and systems; mechanical systems and
22 equipment; monitoring and secure systems; emergency
23 generators; hardware; computers; servers; data storage
24 devices; network connectivity equipment; racks; cabinets;
25 telecommunications cabling infrastructure; raised floor
26 systems; peripheral components or systems; software;

1 mechanical, electrical, or plumbing systems; battery
2 systems; cooling systems and towers; temperature control
3 systems; other cabling; and other data center
4 infrastructure equipment and systems necessary to operate
5 qualified tangible personal property, including fixtures;
6 and component parts of any of the foregoing, including
7 installation, maintenance, repair, refurbishment, and
8 replacement of qualified tangible personal property to
9 generate, transform, transmit, distribute, or manage
10 electricity necessary to operate qualified tangible
11 personal property; and all other tangible personal
12 property that is essential to the operations of a computer
13 data center. The term "qualified tangible personal
14 property" also includes building materials physically
15 incorporated in to the qualifying data center. To document
16 the exemption allowed under this Section, the retailer
17 must obtain from the purchaser a copy of the certificate
18 of eligibility issued by the Department of Commerce and
19 Economic Opportunity.

20 This item (31) is exempt from the provisions of Section
21 3-75.

22 (32) Beginning July 1, 2022, breast pumps, breast pump
23 collection and storage supplies, and breast pump kits. This
24 item (32) is exempt from the provisions of Section 3-75. As
25 used in this item (32):

26 "Breast pump" means an electrically controlled or

1 manually controlled pump device designed or marketed to be
2 used to express milk from a human breast during lactation,
3 including the pump device and any battery, AC adapter, or
4 other power supply unit that is used to power the pump
5 device and is packaged and sold with the pump device at the
6 time of sale.

7 "Breast pump collection and storage supplies" means
8 items of tangible personal property designed or marketed
9 to be used in conjunction with a breast pump to collect
10 milk expressed from a human breast and to store collected
11 milk until it is ready for consumption.

12 "Breast pump collection and storage supplies"
13 includes, but is not limited to: breast shields and breast
14 shield connectors; breast pump tubes and tubing adapters;
15 breast pump valves and membranes; backflow protectors and
16 backflow protector adaptors; bottles and bottle caps
17 specific to the operation of the breast pump; and breast
18 milk storage bags.

19 "Breast pump collection and storage supplies" does not
20 include: (1) bottles and bottle caps not specific to the
21 operation of the breast pump; (2) breast pump travel bags
22 and other similar carrying accessories, including ice
23 packs, labels, and other similar products; (3) breast pump
24 cleaning supplies; (4) nursing bras, bra pads, breast
25 shells, and other similar products; and (5) creams,
26 ointments, and other similar products that relieve

1 breastfeeding-related symptoms or conditions of the
2 breasts or nipples, unless sold as part of a breast pump
3 kit that is pre-packaged by the breast pump manufacturer
4 or distributor.

5 "Breast pump kit" means a kit that: (1) contains no
6 more than a breast pump, breast pump collection and
7 storage supplies, a rechargeable battery for operating the
8 breast pump, a breastmilk cooler, bottle stands, ice
9 packs, and a breast pump carrying case; and (2) is
10 pre-packaged as a breast pump kit by the breast pump
11 manufacturer or distributor.

12 (33) ~~(32)~~ Tangible personal property sold by or on behalf
13 of the State Treasurer pursuant to the Revised Uniform
14 Unclaimed Property Act. This item (33) ~~(32)~~ is exempt from the
15 provisions of Section 3-75.

16 (Source: P.A. 101-31, eff. 6-28-19; 101-81, eff. 7-12-19;
17 101-629, eff. 2-5-20; 102-16, eff. 6-17-21; 102-700, Article
18 70, Section 70-10, eff. 4-19-22; 102-700, Article 75, Section
19 75-10, eff. 4-19-22; 102-1026, eff. 5-27-22; revised 8-3-22.)

20 Section 5-15. The Service Occupation Tax Act is amended by
21 changing Section 3-5 as follows:

22 (35 ILCS 115/3-5)

23 Sec. 3-5. Exemptions. The following tangible personal
24 property is exempt from the tax imposed by this Act:

1 (1) Personal property sold by a corporation, society,
2 association, foundation, institution, or organization, other
3 than a limited liability company, that is organized and
4 operated as a not-for-profit service enterprise for the
5 benefit of persons 65 years of age or older if the personal
6 property was not purchased by the enterprise for the purpose
7 of resale by the enterprise.

8 (2) Personal property purchased by a not-for-profit
9 Illinois county fair association for use in conducting,
10 operating, or promoting the county fair.

11 (3) Personal property purchased by any not-for-profit arts
12 or cultural organization that establishes, by proof required
13 by the Department by rule, that it has received an exemption
14 under Section 501(c)(3) of the Internal Revenue Code and that
15 is organized and operated primarily for the presentation or
16 support of arts or cultural programming, activities, or
17 services. These organizations include, but are not limited to,
18 music and dramatic arts organizations such as symphony
19 orchestras and theatrical groups, arts and cultural service
20 organizations, local arts councils, visual arts organizations,
21 and media arts organizations. On and after July 1, 2001 (the
22 effective date of Public Act 92-35), however, an entity
23 otherwise eligible for this exemption shall not make tax-free
24 purchases unless it has an active identification number issued
25 by the Department.

26 (4) Legal tender, currency, medallions, or gold or silver

1 coinage issued by the State of Illinois, the government of the
2 United States of America, or the government of any foreign
3 country, and bullion.

4 (5) Until July 1, 2003 and beginning again on September 1,
5 2004 through August 30, 2014, graphic arts machinery and
6 equipment, including repair and replacement parts, both new
7 and used, and including that manufactured on special order or
8 purchased for lease, certified by the purchaser to be used
9 primarily for graphic arts production. Equipment includes
10 chemicals or chemicals acting as catalysts but only if the
11 chemicals or chemicals acting as catalysts effect a direct and
12 immediate change upon a graphic arts product. Beginning on
13 July 1, 2017, graphic arts machinery and equipment is included
14 in the manufacturing and assembling machinery and equipment
15 exemption under Section 2 of this Act.

16 (6) Personal property sold by a teacher-sponsored student
17 organization affiliated with an elementary or secondary school
18 located in Illinois.

19 (7) Farm machinery and equipment, both new and used,
20 including that manufactured on special order, certified by the
21 purchaser to be used primarily for production agriculture or
22 State or federal agricultural programs, including individual
23 replacement parts for the machinery and equipment, including
24 machinery and equipment purchased for lease, and including
25 implements of husbandry defined in Section 1-130 of the
26 Illinois Vehicle Code, farm machinery and agricultural

1 chemical and fertilizer spreaders, and nurse wagons required
2 to be registered under Section 3-809 of the Illinois Vehicle
3 Code, but excluding other motor vehicles required to be
4 registered under the Illinois Vehicle Code. Horticultural
5 polyhouses or hoop houses used for propagating, growing, or
6 overwintering plants shall be considered farm machinery and
7 equipment under this item (7). Agricultural chemical tender
8 tanks and dry boxes shall include units sold separately from a
9 motor vehicle required to be licensed and units sold mounted
10 on a motor vehicle required to be licensed if the selling price
11 of the tender is separately stated.

12 Farm machinery and equipment shall include precision
13 farming equipment that is installed or purchased to be
14 installed on farm machinery and equipment including, but not
15 limited to, tractors, harvesters, sprayers, planters, seeders,
16 or spreaders. Precision farming equipment includes, but is not
17 limited to, soil testing sensors, computers, monitors,
18 software, global positioning and mapping systems, and other
19 such equipment.

20 Farm machinery and equipment also includes computers,
21 sensors, software, and related equipment used primarily in the
22 computer-assisted operation of production agriculture
23 facilities, equipment, and activities such as, but not limited
24 to, the collection, monitoring, and correlation of animal and
25 crop data for the purpose of formulating animal diets and
26 agricultural chemicals. This item (7) is exempt from the

1 provisions of Section 3-55.

2 (8) Until June 30, 2013, fuel and petroleum products sold
3 to or used by an air common carrier, certified by the carrier
4 to be used for consumption, shipment, or storage in the
5 conduct of its business as an air common carrier, for a flight
6 destined for or returning from a location or locations outside
7 the United States without regard to previous or subsequent
8 domestic stopovers.

9 Beginning July 1, 2013, fuel and petroleum products sold
10 to or used by an air carrier, certified by the carrier to be
11 used for consumption, shipment, or storage in the conduct of
12 its business as an air common carrier, for a flight that (i) is
13 engaged in foreign trade or is engaged in trade between the
14 United States and any of its possessions and (ii) transports
15 at least one individual or package for hire from the city of
16 origination to the city of final destination on the same
17 aircraft, without regard to a change in the flight number of
18 that aircraft.

19 (9) Proceeds of mandatory service charges separately
20 stated on customers' bills for the purchase and consumption of
21 food and beverages, to the extent that the proceeds of the
22 service charge are in fact turned over as tips or as a
23 substitute for tips to the employees who participate directly
24 in preparing, serving, hosting or cleaning up the food or
25 beverage function with respect to which the service charge is
26 imposed.

1 (10) Until July 1, 2003, oil field exploration, drilling,
2 and production equipment, including (i) rigs and parts of
3 rigs, rotary rigs, cable tool rigs, and workover rigs, (ii)
4 pipe and tubular goods, including casing and drill strings,
5 (iii) pumps and pump-jack units, (iv) storage tanks and flow
6 lines, (v) any individual replacement part for oil field
7 exploration, drilling, and production equipment, and (vi)
8 machinery and equipment purchased for lease; but excluding
9 motor vehicles required to be registered under the Illinois
10 Vehicle Code.

11 (11) Photoprocessing machinery and equipment, including
12 repair and replacement parts, both new and used, including
13 that manufactured on special order, certified by the purchaser
14 to be used primarily for photoprocessing, and including
15 photoprocessing machinery and equipment purchased for lease.

16 (12) Until July 1, 2028, coal and aggregate exploration,
17 mining, off-highway hauling, processing, maintenance, and
18 reclamation equipment, including replacement parts and
19 equipment, and including equipment purchased for lease, but
20 excluding motor vehicles required to be registered under the
21 Illinois Vehicle Code. The changes made to this Section by
22 Public Act 97-767 apply on and after July 1, 2003, but no claim
23 for credit or refund is allowed on or after August 16, 2013
24 (the effective date of Public Act 98-456) for such taxes paid
25 during the period beginning July 1, 2003 and ending on August
26 16, 2013 (the effective date of Public Act 98-456).

1 (13) Beginning January 1, 1992 and through June 30, 2016,
2 food for human consumption that is to be consumed off the
3 premises where it is sold (other than alcoholic beverages,
4 soft drinks and food that has been prepared for immediate
5 consumption) and prescription and non-prescription medicines,
6 drugs, medical appliances, and insulin, urine testing
7 materials, syringes, and needles used by diabetics, for human
8 use, when purchased for use by a person receiving medical
9 assistance under Article V of the Illinois Public Aid Code who
10 resides in a licensed long-term care facility, as defined in
11 the Nursing Home Care Act, or in a licensed facility as defined
12 in the ID/DD Community Care Act, the MC/DD Act, or the
13 Specialized Mental Health Rehabilitation Act of 2013.

14 (14) Semen used for artificial insemination of livestock
15 for direct agricultural production.

16 (15) Horses, or interests in horses, registered with and
17 meeting the requirements of any of the Arabian Horse Club
18 Registry of America, Appaloosa Horse Club, American Quarter
19 Horse Association, United States Trotting Association, or
20 Jockey Club, as appropriate, used for purposes of breeding or
21 racing for prizes. This item (15) is exempt from the
22 provisions of Section 3-55, and the exemption provided for
23 under this item (15) applies for all periods beginning May 30,
24 1995, but no claim for credit or refund is allowed on or after
25 January 1, 2008 (the effective date of Public Act 95-88) for
26 such taxes paid during the period beginning May 30, 2000 and

1 ending on January 1, 2008 (the effective date of Public Act
2 95-88).

3 (16) Computers and communications equipment utilized for
4 any hospital purpose and equipment used in the diagnosis,
5 analysis, or treatment of hospital patients sold to a lessor
6 who leases the equipment, under a lease of one year or longer
7 executed or in effect at the time of the purchase, to a
8 hospital that has been issued an active tax exemption
9 identification number by the Department under Section 1g of
10 the Retailers' Occupation Tax Act.

11 (17) Personal property sold to a lessor who leases the
12 property, under a lease of one year or longer executed or in
13 effect at the time of the purchase, to a governmental body that
14 has been issued an active tax exemption identification number
15 by the Department under Section 1g of the Retailers'
16 Occupation Tax Act.

17 (18) Beginning with taxable years ending on or after
18 December 31, 1995 and ending with taxable years ending on or
19 before December 31, 2004, personal property that is donated
20 for disaster relief to be used in a State or federally declared
21 disaster area in Illinois or bordering Illinois by a
22 manufacturer or retailer that is registered in this State to a
23 corporation, society, association, foundation, or institution
24 that has been issued a sales tax exemption identification
25 number by the Department that assists victims of the disaster
26 who reside within the declared disaster area.

1 (19) Beginning with taxable years ending on or after
2 December 31, 1995 and ending with taxable years ending on or
3 before December 31, 2004, personal property that is used in
4 the performance of infrastructure repairs in this State,
5 including but not limited to municipal roads and streets,
6 access roads, bridges, sidewalks, waste disposal systems,
7 water and sewer line extensions, water distribution and
8 purification facilities, storm water drainage and retention
9 facilities, and sewage treatment facilities, resulting from a
10 State or federally declared disaster in Illinois or bordering
11 Illinois when such repairs are initiated on facilities located
12 in the declared disaster area within 6 months after the
13 disaster.

14 (20) Beginning July 1, 1999, game or game birds sold at a
15 "game breeding and hunting preserve area" as that term is used
16 in the Wildlife Code. This paragraph is exempt from the
17 provisions of Section 3-55.

18 (21) A motor vehicle, as that term is defined in Section
19 1-146 of the Illinois Vehicle Code, that is donated to a
20 corporation, limited liability company, society, association,
21 foundation, or institution that is determined by the
22 Department to be organized and operated exclusively for
23 educational purposes. For purposes of this exemption, "a
24 corporation, limited liability company, society, association,
25 foundation, or institution organized and operated exclusively
26 for educational purposes" means all tax-supported public

1 schools, private schools that offer systematic instruction in
2 useful branches of learning by methods common to public
3 schools and that compare favorably in their scope and
4 intensity with the course of study presented in tax-supported
5 schools, and vocational or technical schools or institutes
6 organized and operated exclusively to provide a course of
7 study of not less than 6 weeks duration and designed to prepare
8 individuals to follow a trade or to pursue a manual,
9 technical, mechanical, industrial, business, or commercial
10 occupation.

11 (22) Beginning January 1, 2000, personal property,
12 including food, purchased through fundraising events for the
13 benefit of a public or private elementary or secondary school,
14 a group of those schools, or one or more school districts if
15 the events are sponsored by an entity recognized by the school
16 district that consists primarily of volunteers and includes
17 parents and teachers of the school children. This paragraph
18 does not apply to fundraising events (i) for the benefit of
19 private home instruction or (ii) for which the fundraising
20 entity purchases the personal property sold at the events from
21 another individual or entity that sold the property for the
22 purpose of resale by the fundraising entity and that profits
23 from the sale to the fundraising entity. This paragraph is
24 exempt from the provisions of Section 3-55.

25 (23) Beginning January 1, 2000 and through December 31,
26 2001, new or used automatic vending machines that prepare and

1 serve hot food and beverages, including coffee, soup, and
2 other items, and replacement parts for these machines.
3 Beginning January 1, 2002 and through June 30, 2003, machines
4 and parts for machines used in commercial, coin-operated
5 amusement and vending business if a use or occupation tax is
6 paid on the gross receipts derived from the use of the
7 commercial, coin-operated amusement and vending machines. This
8 paragraph is exempt from the provisions of Section 3-55.

9 (24) Beginning on August 2, 2001 (the effective date of
10 Public Act 92-227), computers and communications equipment
11 utilized for any hospital purpose and equipment used in the
12 diagnosis, analysis, or treatment of hospital patients sold to
13 a lessor who leases the equipment, under a lease of one year or
14 longer executed or in effect at the time of the purchase, to a
15 hospital that has been issued an active tax exemption
16 identification number by the Department under Section 1g of
17 the Retailers' Occupation Tax Act. This paragraph is exempt
18 from the provisions of Section 3-55.

19 (25) Beginning on August 2, 2001 (the effective date of
20 Public Act 92-227), personal property sold to a lessor who
21 leases the property, under a lease of one year or longer
22 executed or in effect at the time of the purchase, to a
23 governmental body that has been issued an active tax exemption
24 identification number by the Department under Section 1g of
25 the Retailers' Occupation Tax Act. This paragraph is exempt
26 from the provisions of Section 3-55.

1 (26) Beginning on January 1, 2002 and through June 30,
2 2016, tangible personal property purchased from an Illinois
3 retailer by a taxpayer engaged in centralized purchasing
4 activities in Illinois who will, upon receipt of the property
5 in Illinois, temporarily store the property in Illinois (i)
6 for the purpose of subsequently transporting it outside this
7 State for use or consumption thereafter solely outside this
8 State or (ii) for the purpose of being processed, fabricated,
9 or manufactured into, attached to, or incorporated into other
10 tangible personal property to be transported outside this
11 State and thereafter used or consumed solely outside this
12 State. The Director of Revenue shall, pursuant to rules
13 adopted in accordance with the Illinois Administrative
14 Procedure Act, issue a permit to any taxpayer in good standing
15 with the Department who is eligible for the exemption under
16 this paragraph (26). The permit issued under this paragraph
17 (26) shall authorize the holder, to the extent and in the
18 manner specified in the rules adopted under this Act, to
19 purchase tangible personal property from a retailer exempt
20 from the taxes imposed by this Act. Taxpayers shall maintain
21 all necessary books and records to substantiate the use and
22 consumption of all such tangible personal property outside of
23 the State of Illinois.

24 (27) Beginning January 1, 2008, tangible personal property
25 used in the construction or maintenance of a community water
26 supply, as defined under Section 3.145 of the Environmental

1 Protection Act, that is operated by a not-for-profit
2 corporation that holds a valid water supply permit issued
3 under Title IV of the Environmental Protection Act. This
4 paragraph is exempt from the provisions of Section 3-55.

5 (28) Tangible personal property sold to a
6 public-facilities corporation, as described in Section
7 11-65-10 of the Illinois Municipal Code, for purposes of
8 constructing or furnishing a municipal convention hall, but
9 only if the legal title to the municipal convention hall is
10 transferred to the municipality without any further
11 consideration by or on behalf of the municipality at the time
12 of the completion of the municipal convention hall or upon the
13 retirement or redemption of any bonds or other debt
14 instruments issued by the public-facilities corporation in
15 connection with the development of the municipal convention
16 hall. This exemption includes existing public-facilities
17 corporations as provided in Section 11-65-25 of the Illinois
18 Municipal Code. This paragraph is exempt from the provisions
19 of Section 3-55.

20 (29) Beginning January 1, 2010 and continuing through
21 December 31, 2029 ~~December 31, 2024~~, materials, parts,
22 equipment, components, and furnishings incorporated into or
23 upon an aircraft as part of the modification, refurbishment,
24 completion, replacement, repair, or maintenance of the
25 aircraft. This exemption includes consumable supplies used in
26 the modification, refurbishment, completion, replacement,

1 repair, and maintenance of aircraft. However, until January 1,
2 2024, this exemption ~~, but~~ excludes any materials, parts,
3 equipment, components, and consumable supplies used in the
4 modification, replacement, repair, and maintenance of aircraft
5 engines or power plants, whether such engines or power plants
6 are installed or uninstalled upon any such aircraft.
7 "Consumable supplies" include, but are not limited to,
8 adhesive, tape, sandpaper, general purpose lubricants,
9 cleaning solution, latex gloves, and protective films.

10 Beginning January 1, 2010 and continuing through December
11 31, 2023, this ~~This~~ exemption applies only to the transfer of
12 qualifying tangible personal property incident to the
13 modification, refurbishment, completion, replacement, repair,
14 or maintenance of an aircraft by persons who (i) hold an Air
15 Agency Certificate and are empowered to operate an approved
16 repair station by the Federal Aviation Administration, (ii)
17 have a Class IV Rating, and (iii) conduct operations in
18 accordance with Part 145 of the Federal Aviation Regulations.
19 The exemption does not include aircraft operated by a
20 commercial air carrier providing scheduled passenger air
21 service pursuant to authority issued under Part 121 or Part
22 129 of the Federal Aviation Regulations. From January 1, 2024
23 through December 31, 2029, this exemption applies only to the
24 use of qualifying tangible personal property by: (A) persons
25 who modify, refurbish, complete, repair, replace, or maintain
26 aircraft and who (i) hold an Air Agency Certificate and are

1 empowered to operate an approved repair station by the Federal
2 Aviation Administration, (ii) have a Class IV Rating, and
3 (iii) conduct operations in accordance with Part 145 of the
4 Federal Aviation Regulations; and (B) persons who engage in
5 the modification, replacement, repair, and maintenance of
6 aircraft engines or power plants without regard to whether or
7 not those persons meet the qualifications of item (A).

8 The changes made to this paragraph (29) by Public Act
9 98-534 are declarative of existing law. It is the intent of the
10 General Assembly that the exemption under this paragraph (29)
11 applies continuously from January 1, 2010 through December 31,
12 2024; however, no claim for credit or refund is allowed for
13 taxes paid as a result of the disallowance of this exemption on
14 or after January 1, 2015 and prior to February 5, 2020 (the
15 effective date of Public Act 101-629) ~~this amendatory Act of~~
16 ~~the 101st General Assembly.~~

17 (30) Beginning January 1, 2017 and through December 31,
18 2026, menstrual pads, tampons, and menstrual cups.

19 (31) Tangible personal property transferred to a purchaser
20 who is exempt from tax by operation of federal law. This
21 paragraph is exempt from the provisions of Section 3-55.

22 (32) Qualified tangible personal property used in the
23 construction or operation of a data center that has been
24 granted a certificate of exemption by the Department of
25 Commerce and Economic Opportunity, whether that tangible
26 personal property is purchased by the owner, operator, or

1 tenant of the data center or by a contractor or subcontractor
2 of the owner, operator, or tenant. Data centers that would
3 have qualified for a certificate of exemption prior to January
4 1, 2020 had Public Act 101-31 ~~this amendatory Act of the 101st~~
5 ~~General Assembly~~ been in effect, may apply for and obtain an
6 exemption for subsequent purchases of computer equipment or
7 enabling software purchased or leased to upgrade, supplement,
8 or replace computer equipment or enabling software purchased
9 or leased in the original investment that would have
10 qualified.

11 The Department of Commerce and Economic Opportunity shall
12 grant a certificate of exemption under this item (32) to
13 qualified data centers as defined by Section 605-1025 of the
14 Department of Commerce and Economic Opportunity Law of the
15 Civil Administrative Code of Illinois.

16 For the purposes of this item (32):

17 "Data center" means a building or a series of
18 buildings rehabilitated or constructed to house working
19 servers in one physical location or multiple sites within
20 the State of Illinois.

21 "Qualified tangible personal property" means:
22 electrical systems and equipment; climate control and
23 chilling equipment and systems; mechanical systems and
24 equipment; monitoring and secure systems; emergency
25 generators; hardware; computers; servers; data storage
26 devices; network connectivity equipment; racks; cabinets;

1 telecommunications cabling infrastructure; raised floor
2 systems; peripheral components or systems; software;
3 mechanical, electrical, or plumbing systems; battery
4 systems; cooling systems and towers; temperature control
5 systems; other cabling; and other data center
6 infrastructure equipment and systems necessary to operate
7 qualified tangible personal property, including fixtures;
8 and component parts of any of the foregoing, including
9 installation, maintenance, repair, refurbishment, and
10 replacement of qualified tangible personal property to
11 generate, transform, transmit, distribute, or manage
12 electricity necessary to operate qualified tangible
13 personal property; and all other tangible personal
14 property that is essential to the operations of a computer
15 data center. The term "qualified tangible personal
16 property" also includes building materials physically
17 incorporated in to the qualifying data center. To document
18 the exemption allowed under this Section, the retailer
19 must obtain from the purchaser a copy of the certificate
20 of eligibility issued by the Department of Commerce and
21 Economic Opportunity.

22 This item (32) is exempt from the provisions of Section
23 3-55.

24 (33) Beginning July 1, 2022, breast pumps, breast pump
25 collection and storage supplies, and breast pump kits. This
26 item (33) is exempt from the provisions of Section 3-55. As

1 used in this item (33):

2 "Breast pump" means an electrically controlled or
3 manually controlled pump device designed or marketed to be
4 used to express milk from a human breast during lactation,
5 including the pump device and any battery, AC adapter, or
6 other power supply unit that is used to power the pump
7 device and is packaged and sold with the pump device at the
8 time of sale.

9 "Breast pump collection and storage supplies" means
10 items of tangible personal property designed or marketed
11 to be used in conjunction with a breast pump to collect
12 milk expressed from a human breast and to store collected
13 milk until it is ready for consumption.

14 "Breast pump collection and storage supplies"
15 includes, but is not limited to: breast shields and breast
16 shield connectors; breast pump tubes and tubing adapters;
17 breast pump valves and membranes; backflow protectors and
18 backflow protector adaptors; bottles and bottle caps
19 specific to the operation of the breast pump; and breast
20 milk storage bags.

21 "Breast pump collection and storage supplies" does not
22 include: (1) bottles and bottle caps not specific to the
23 operation of the breast pump; (2) breast pump travel bags
24 and other similar carrying accessories, including ice
25 packs, labels, and other similar products; (3) breast pump
26 cleaning supplies; (4) nursing bras, bra pads, breast

1 shells, and other similar products; and (5) creams,
2 ointments, and other similar products that relieve
3 breastfeeding-related symptoms or conditions of the
4 breasts or nipples, unless sold as part of a breast pump
5 kit that is pre-packaged by the breast pump manufacturer
6 or distributor.

7 "Breast pump kit" means a kit that: (1) contains no
8 more than a breast pump, breast pump collection and
9 storage supplies, a rechargeable battery for operating the
10 breast pump, a breastmilk cooler, bottle stands, ice
11 packs, and a breast pump carrying case; and (2) is
12 pre-packaged as a breast pump kit by the breast pump
13 manufacturer or distributor.

14 (34) ~~(33)~~ Tangible personal property sold by or on behalf
15 of the State Treasurer pursuant to the Revised Uniform
16 Unclaimed Property Act. This item (34) ~~(33)~~ is exempt from the
17 provisions of Section 3-55.

18 (Source: P.A. 101-31, eff. 6-28-19; 101-81, eff. 7-12-19;
19 101-629, eff. 2-5-20; 102-16, eff. 6-17-21; 102-700, Article
20 70, Section 70-15, eff. 4-19-22; 102-700, Article 75, Section
21 75-15, eff. 4-19-22; 102-1026, eff. 5-27-22; revised 8-9-22.)

22 Section 5-20. The Retailers' Occupation Tax Act is amended
23 by changing Section 2-5 as follows:

24 (35 ILCS 120/2-5)

1 Sec. 2-5. Exemptions. Gross receipts from proceeds from
2 the sale of the following tangible personal property are
3 exempt from the tax imposed by this Act:

4 (1) Farm chemicals.

5 (2) Farm machinery and equipment, both new and used,
6 including that manufactured on special order, certified by
7 the purchaser to be used primarily for production
8 agriculture or State or federal agricultural programs,
9 including individual replacement parts for the machinery
10 and equipment, including machinery and equipment purchased
11 for lease, and including implements of husbandry defined
12 in Section 1-130 of the Illinois Vehicle Code, farm
13 machinery and agricultural chemical and fertilizer
14 spreaders, and nurse wagons required to be registered
15 under Section 3-809 of the Illinois Vehicle Code, but
16 excluding other motor vehicles required to be registered
17 under the Illinois Vehicle Code. Horticultural polyhouses
18 or hoop houses used for propagating, growing, or
19 overwintering plants shall be considered farm machinery
20 and equipment under this item (2). Agricultural chemical
21 tender tanks and dry boxes shall include units sold
22 separately from a motor vehicle required to be licensed
23 and units sold mounted on a motor vehicle required to be
24 licensed, if the selling price of the tender is separately
25 stated.

26 Farm machinery and equipment shall include precision

1 farming equipment that is installed or purchased to be
2 installed on farm machinery and equipment including, but
3 not limited to, tractors, harvesters, sprayers, planters,
4 seeders, or spreaders. Precision farming equipment
5 includes, but is not limited to, soil testing sensors,
6 computers, monitors, software, global positioning and
7 mapping systems, and other such equipment.

8 Farm machinery and equipment also includes computers,
9 sensors, software, and related equipment used primarily in
10 the computer-assisted operation of production agriculture
11 facilities, equipment, and activities such as, but not
12 limited to, the collection, monitoring, and correlation of
13 animal and crop data for the purpose of formulating animal
14 diets and agricultural chemicals. This item (2) is exempt
15 from the provisions of Section 2-70.

16 (3) Until July 1, 2003, distillation machinery and
17 equipment, sold as a unit or kit, assembled or installed
18 by the retailer, certified by the user to be used only for
19 the production of ethyl alcohol that will be used for
20 consumption as motor fuel or as a component of motor fuel
21 for the personal use of the user, and not subject to sale
22 or resale.

23 (4) Until July 1, 2003 and beginning again September
24 1, 2004 through August 30, 2014, graphic arts machinery
25 and equipment, including repair and replacement parts,
26 both new and used, and including that manufactured on

1 special order or purchased for lease, certified by the
2 purchaser to be used primarily for graphic arts
3 production. Equipment includes chemicals or chemicals
4 acting as catalysts but only if the chemicals or chemicals
5 acting as catalysts effect a direct and immediate change
6 upon a graphic arts product. Beginning on July 1, 2017,
7 graphic arts machinery and equipment is included in the
8 manufacturing and assembling machinery and equipment
9 exemption under paragraph (14).

10 (5) A motor vehicle that is used for automobile
11 renting, as defined in the Automobile Renting Occupation
12 and Use Tax Act. This paragraph is exempt from the
13 provisions of Section 2-70.

14 (6) Personal property sold by a teacher-sponsored
15 student organization affiliated with an elementary or
16 secondary school located in Illinois.

17 (7) Until July 1, 2003, proceeds of that portion of
18 the selling price of a passenger car the sale of which is
19 subject to the Replacement Vehicle Tax.

20 (8) Personal property sold to an Illinois county fair
21 association for use in conducting, operating, or promoting
22 the county fair.

23 (9) Personal property sold to a not-for-profit arts or
24 cultural organization that establishes, by proof required
25 by the Department by rule, that it has received an
26 exemption under Section 501(c)(3) of the Internal Revenue

1 Code and that is organized and operated primarily for the
2 presentation or support of arts or cultural programming,
3 activities, or services. These organizations include, but
4 are not limited to, music and dramatic arts organizations
5 such as symphony orchestras and theatrical groups, arts
6 and cultural service organizations, local arts councils,
7 visual arts organizations, and media arts organizations.
8 On and after July 1, 2001 (the effective date of Public Act
9 92-35), however, an entity otherwise eligible for this
10 exemption shall not make tax-free purchases unless it has
11 an active identification number issued by the Department.

12 (10) Personal property sold by a corporation, society,
13 association, foundation, institution, or organization,
14 other than a limited liability company, that is organized
15 and operated as a not-for-profit service enterprise for
16 the benefit of persons 65 years of age or older if the
17 personal property was not purchased by the enterprise for
18 the purpose of resale by the enterprise.

19 (11) Personal property sold to a governmental body, to
20 a corporation, society, association, foundation, or
21 institution organized and operated exclusively for
22 charitable, religious, or educational purposes, or to a
23 not-for-profit corporation, society, association,
24 foundation, institution, or organization that has no
25 compensated officers or employees and that is organized
26 and operated primarily for the recreation of persons 55

1 years of age or older. A limited liability company may
2 qualify for the exemption under this paragraph only if the
3 limited liability company is organized and operated
4 exclusively for educational purposes. On and after July 1,
5 1987, however, no entity otherwise eligible for this
6 exemption shall make tax-free purchases unless it has an
7 active identification number issued by the Department.

8 (12) (Blank).

9 (12-5) On and after July 1, 2003 and through June 30,
10 2004, motor vehicles of the second division with a gross
11 vehicle weight in excess of 8,000 pounds that are subject
12 to the commercial distribution fee imposed under Section
13 3-815.1 of the Illinois Vehicle Code. Beginning on July 1,
14 2004 and through June 30, 2005, the use in this State of
15 motor vehicles of the second division: (i) with a gross
16 vehicle weight rating in excess of 8,000 pounds; (ii) that
17 are subject to the commercial distribution fee imposed
18 under Section 3-815.1 of the Illinois Vehicle Code; and
19 (iii) that are primarily used for commercial purposes.
20 Through June 30, 2005, this exemption applies to repair
21 and replacement parts added after the initial purchase of
22 such a motor vehicle if that motor vehicle is used in a
23 manner that would qualify for the rolling stock exemption
24 otherwise provided for in this Act. For purposes of this
25 paragraph, "used for commercial purposes" means the
26 transportation of persons or property in furtherance of

1 any commercial or industrial enterprise whether for-hire
2 or not.

3 (13) Proceeds from sales to owners, lessors, or
4 shippers of tangible personal property that is utilized by
5 interstate carriers for hire for use as rolling stock
6 moving in interstate commerce and equipment operated by a
7 telecommunications provider, licensed as a common carrier
8 by the Federal Communications Commission, which is
9 permanently installed in or affixed to aircraft moving in
10 interstate commerce.

11 (14) Machinery and equipment that will be used by the
12 purchaser, or a lessee of the purchaser, primarily in the
13 process of manufacturing or assembling tangible personal
14 property for wholesale or retail sale or lease, whether
15 the sale or lease is made directly by the manufacturer or
16 by some other person, whether the materials used in the
17 process are owned by the manufacturer or some other
18 person, or whether the sale or lease is made apart from or
19 as an incident to the seller's engaging in the service
20 occupation of producing machines, tools, dies, jigs,
21 patterns, gauges, or other similar items of no commercial
22 value on special order for a particular purchaser. The
23 exemption provided by this paragraph (14) does not include
24 machinery and equipment used in (i) the generation of
25 electricity for wholesale or retail sale; (ii) the
26 generation or treatment of natural or artificial gas for

1 wholesale or retail sale that is delivered to customers
2 through pipes, pipelines, or mains; or (iii) the treatment
3 of water for wholesale or retail sale that is delivered to
4 customers through pipes, pipelines, or mains. The
5 provisions of Public Act 98-583 are declaratory of
6 existing law as to the meaning and scope of this
7 exemption. Beginning on July 1, 2017, the exemption
8 provided by this paragraph (14) includes, but is not
9 limited to, graphic arts machinery and equipment, as
10 defined in paragraph (4) of this Section.

11 (15) Proceeds of mandatory service charges separately
12 stated on customers' bills for purchase and consumption of
13 food and beverages, to the extent that the proceeds of the
14 service charge are in fact turned over as tips or as a
15 substitute for tips to the employees who participate
16 directly in preparing, serving, hosting or cleaning up the
17 food or beverage function with respect to which the
18 service charge is imposed.

19 (16) Tangible personal property sold to a purchaser if
20 the purchaser is exempt from use tax by operation of
21 federal law. This paragraph is exempt from the provisions
22 of Section 2-70.

23 (17) Tangible personal property sold to a common
24 carrier by rail or motor that receives the physical
25 possession of the property in Illinois and that transports
26 the property, or shares with another common carrier in the

1 transportation of the property, out of Illinois on a
2 standard uniform bill of lading showing the seller of the
3 property as the shipper or consignor of the property to a
4 destination outside Illinois, for use outside Illinois.

5 (18) Legal tender, currency, medallions, or gold or
6 silver coinage issued by the State of Illinois, the
7 government of the United States of America, or the
8 government of any foreign country, and bullion.

9 (19) Until July 1, 2003, oil field exploration,
10 drilling, and production equipment, including (i) rigs and
11 parts of rigs, rotary rigs, cable tool rigs, and workover
12 rigs, (ii) pipe and tubular goods, including casing and
13 drill strings, (iii) pumps and pump-jack units, (iv)
14 storage tanks and flow lines, (v) any individual
15 replacement part for oil field exploration, drilling, and
16 production equipment, and (vi) machinery and equipment
17 purchased for lease; but excluding motor vehicles required
18 to be registered under the Illinois Vehicle Code.

19 (20) Photoprocessing machinery and equipment,
20 including repair and replacement parts, both new and used,
21 including that manufactured on special order, certified by
22 the purchaser to be used primarily for photoprocessing,
23 and including photoprocessing machinery and equipment
24 purchased for lease.

25 (21) Until July 1, 2028, coal and aggregate
26 exploration, mining, off-highway hauling, processing,

1 maintenance, and reclamation equipment, including
2 replacement parts and equipment, and including equipment
3 purchased for lease, but excluding motor vehicles required
4 to be registered under the Illinois Vehicle Code. The
5 changes made to this Section by Public Act 97-767 apply on
6 and after July 1, 2003, but no claim for credit or refund
7 is allowed on or after August 16, 2013 (the effective date
8 of Public Act 98-456) for such taxes paid during the
9 period beginning July 1, 2003 and ending on August 16,
10 2013 (the effective date of Public Act 98-456).

11 (22) Until June 30, 2013, fuel and petroleum products
12 sold to or used by an air carrier, certified by the carrier
13 to be used for consumption, shipment, or storage in the
14 conduct of its business as an air common carrier, for a
15 flight destined for or returning from a location or
16 locations outside the United States without regard to
17 previous or subsequent domestic stopovers.

18 Beginning July 1, 2013, fuel and petroleum products
19 sold to or used by an air carrier, certified by the carrier
20 to be used for consumption, shipment, or storage in the
21 conduct of its business as an air common carrier, for a
22 flight that (i) is engaged in foreign trade or is engaged
23 in trade between the United States and any of its
24 possessions and (ii) transports at least one individual or
25 package for hire from the city of origination to the city
26 of final destination on the same aircraft, without regard

1 to a change in the flight number of that aircraft.

2 (23) A transaction in which the purchase order is
3 received by a florist who is located outside Illinois, but
4 who has a florist located in Illinois deliver the property
5 to the purchaser or the purchaser's donee in Illinois.

6 (24) Fuel consumed or used in the operation of ships,
7 barges, or vessels that are used primarily in or for the
8 transportation of property or the conveyance of persons
9 for hire on rivers bordering on this State if the fuel is
10 delivered by the seller to the purchaser's barge, ship, or
11 vessel while it is afloat upon that bordering river.

12 (25) Except as provided in item (25-5) of this
13 Section, a motor vehicle sold in this State to a
14 nonresident even though the motor vehicle is delivered to
15 the nonresident in this State, if the motor vehicle is not
16 to be titled in this State, and if a drive-away permit is
17 issued to the motor vehicle as provided in Section 3-603
18 of the Illinois Vehicle Code or if the nonresident
19 purchaser has vehicle registration plates to transfer to
20 the motor vehicle upon returning to his or her home state.
21 The issuance of the drive-away permit or having the
22 out-of-state registration plates to be transferred is
23 prima facie evidence that the motor vehicle will not be
24 titled in this State.

25 (25-5) The exemption under item (25) does not apply if
26 the state in which the motor vehicle will be titled does

1 not allow a reciprocal exemption for a motor vehicle sold
2 and delivered in that state to an Illinois resident but
3 titled in Illinois. The tax collected under this Act on
4 the sale of a motor vehicle in this State to a resident of
5 another state that does not allow a reciprocal exemption
6 shall be imposed at a rate equal to the state's rate of tax
7 on taxable property in the state in which the purchaser is
8 a resident, except that the tax shall not exceed the tax
9 that would otherwise be imposed under this Act. At the
10 time of the sale, the purchaser shall execute a statement,
11 signed under penalty of perjury, of his or her intent to
12 title the vehicle in the state in which the purchaser is a
13 resident within 30 days after the sale and of the fact of
14 the payment to the State of Illinois of tax in an amount
15 equivalent to the state's rate of tax on taxable property
16 in his or her state of residence and shall submit the
17 statement to the appropriate tax collection agency in his
18 or her state of residence. In addition, the retailer must
19 retain a signed copy of the statement in his or her
20 records. Nothing in this item shall be construed to
21 require the removal of the vehicle from this state
22 following the filing of an intent to title the vehicle in
23 the purchaser's state of residence if the purchaser titles
24 the vehicle in his or her state of residence within 30 days
25 after the date of sale. The tax collected under this Act in
26 accordance with this item (25-5) shall be proportionately

1 distributed as if the tax were collected at the 6.25%
2 general rate imposed under this Act.

3 (25-7) Beginning on July 1, 2007, no tax is imposed
4 under this Act on the sale of an aircraft, as defined in
5 Section 3 of the Illinois Aeronautics Act, if all of the
6 following conditions are met:

7 (1) the aircraft leaves this State within 15 days
8 after the later of either the issuance of the final
9 billing for the sale of the aircraft, or the
10 authorized approval for return to service, completion
11 of the maintenance record entry, and completion of the
12 test flight and ground test for inspection, as
13 required by 14 CFR ~~C.F.R.~~ 91.407;

14 (2) the aircraft is not based or registered in
15 this State after the sale of the aircraft; and

16 (3) the seller retains in his or her books and
17 records and provides to the Department a signed and
18 dated certification from the purchaser, on a form
19 prescribed by the Department, certifying that the
20 requirements of this item (25-7) are met. The
21 certificate must also include the name and address of
22 the purchaser, the address of the location where the
23 aircraft is to be titled or registered, the address of
24 the primary physical location of the aircraft, and
25 other information that the Department may reasonably
26 require.

1 For purposes of this item (25-7):

2 "Based in this State" means hangared, stored, or
3 otherwise used, excluding post-sale customizations as
4 defined in this Section, for 10 or more days in each
5 12-month period immediately following the date of the sale
6 of the aircraft.

7 "Registered in this State" means an aircraft
8 registered with the Department of Transportation,
9 Aeronautics Division, or titled or registered with the
10 Federal Aviation Administration to an address located in
11 this State.

12 This paragraph (25-7) is exempt from the provisions of
13 Section 2-70.

14 (26) Semen used for artificial insemination of
15 livestock for direct agricultural production.

16 (27) Horses, or interests in horses, registered with
17 and meeting the requirements of any of the Arabian Horse
18 Club Registry of America, Appaloosa Horse Club, American
19 Quarter Horse Association, United States Trotting
20 Association, or Jockey Club, as appropriate, used for
21 purposes of breeding or racing for prizes. This item (27)
22 is exempt from the provisions of Section 2-70, and the
23 exemption provided for under this item (27) applies for
24 all periods beginning May 30, 1995, but no claim for
25 credit or refund is allowed on or after January 1, 2008
26 (the effective date of Public Act 95-88) for such taxes

1 paid during the period beginning May 30, 2000 and ending
2 on January 1, 2008 (the effective date of Public Act
3 95-88).

4 (28) Computers and communications equipment utilized
5 for any hospital purpose and equipment used in the
6 diagnosis, analysis, or treatment of hospital patients
7 sold to a lessor who leases the equipment, under a lease of
8 one year or longer executed or in effect at the time of the
9 purchase, to a hospital that has been issued an active tax
10 exemption identification number by the Department under
11 Section 1g of this Act.

12 (29) Personal property sold to a lessor who leases the
13 property, under a lease of one year or longer executed or
14 in effect at the time of the purchase, to a governmental
15 body that has been issued an active tax exemption
16 identification number by the Department under Section 1g
17 of this Act.

18 (30) Beginning with taxable years ending on or after
19 December 31, 1995 and ending with taxable years ending on
20 or before December 31, 2004, personal property that is
21 donated for disaster relief to be used in a State or
22 federally declared disaster area in Illinois or bordering
23 Illinois by a manufacturer or retailer that is registered
24 in this State to a corporation, society, association,
25 foundation, or institution that has been issued a sales
26 tax exemption identification number by the Department that

1 assists victims of the disaster who reside within the
2 declared disaster area.

3 (31) Beginning with taxable years ending on or after
4 December 31, 1995 and ending with taxable years ending on
5 or before December 31, 2004, personal property that is
6 used in the performance of infrastructure repairs in this
7 State, including but not limited to municipal roads and
8 streets, access roads, bridges, sidewalks, waste disposal
9 systems, water and sewer line extensions, water
10 distribution and purification facilities, storm water
11 drainage and retention facilities, and sewage treatment
12 facilities, resulting from a State or federally declared
13 disaster in Illinois or bordering Illinois when such
14 repairs are initiated on facilities located in the
15 declared disaster area within 6 months after the disaster.

16 (32) Beginning July 1, 1999, game or game birds sold
17 at a "game breeding and hunting preserve area" as that
18 term is used in the Wildlife Code. This paragraph is
19 exempt from the provisions of Section 2-70.

20 (33) A motor vehicle, as that term is defined in
21 Section 1-146 of the Illinois Vehicle Code, that is
22 donated to a corporation, limited liability company,
23 society, association, foundation, or institution that is
24 determined by the Department to be organized and operated
25 exclusively for educational purposes. For purposes of this
26 exemption, "a corporation, limited liability company,

1 society, association, foundation, or institution organized
2 and operated exclusively for educational purposes" means
3 all tax-supported public schools, private schools that
4 offer systematic instruction in useful branches of
5 learning by methods common to public schools and that
6 compare favorably in their scope and intensity with the
7 course of study presented in tax-supported schools, and
8 vocational or technical schools or institutes organized
9 and operated exclusively to provide a course of study of
10 not less than 6 weeks duration and designed to prepare
11 individuals to follow a trade or to pursue a manual,
12 technical, mechanical, industrial, business, or commercial
13 occupation.

14 (34) Beginning January 1, 2000, personal property,
15 including food, purchased through fundraising events for
16 the benefit of a public or private elementary or secondary
17 school, a group of those schools, or one or more school
18 districts if the events are sponsored by an entity
19 recognized by the school district that consists primarily
20 of volunteers and includes parents and teachers of the
21 school children. This paragraph does not apply to
22 fundraising events (i) for the benefit of private home
23 instruction or (ii) for which the fundraising entity
24 purchases the personal property sold at the events from
25 another individual or entity that sold the property for
26 the purpose of resale by the fundraising entity and that

1 profits from the sale to the fundraising entity. This
2 paragraph is exempt from the provisions of Section 2-70.

3 (35) Beginning January 1, 2000 and through December
4 31, 2001, new or used automatic vending machines that
5 prepare and serve hot food and beverages, including
6 coffee, soup, and other items, and replacement parts for
7 these machines. Beginning January 1, 2002 and through June
8 30, 2003, machines and parts for machines used in
9 commercial, coin-operated amusement and vending business
10 if a use or occupation tax is paid on the gross receipts
11 derived from the use of the commercial, coin-operated
12 amusement and vending machines. This paragraph is exempt
13 from the provisions of Section 2-70.

14 (35-5) Beginning August 23, 2001 and through June 30,
15 2016, food for human consumption that is to be consumed
16 off the premises where it is sold (other than alcoholic
17 beverages, soft drinks, and food that has been prepared
18 for immediate consumption) and prescription and
19 nonprescription medicines, drugs, medical appliances, and
20 insulin, urine testing materials, syringes, and needles
21 used by diabetics, for human use, when purchased for use
22 by a person receiving medical assistance under Article V
23 of the Illinois Public Aid Code who resides in a licensed
24 long-term care facility, as defined in the Nursing Home
25 Care Act, or a licensed facility as defined in the ID/DD
26 Community Care Act, the MC/DD Act, or the Specialized

1 Mental Health Rehabilitation Act of 2013.

2 (36) Beginning August 2, 2001, computers and
3 communications equipment utilized for any hospital purpose
4 and equipment used in the diagnosis, analysis, or
5 treatment of hospital patients sold to a lessor who leases
6 the equipment, under a lease of one year or longer
7 executed or in effect at the time of the purchase, to a
8 hospital that has been issued an active tax exemption
9 identification number by the Department under Section 1g
10 of this Act. This paragraph is exempt from the provisions
11 of Section 2-70.

12 (37) Beginning August 2, 2001, personal property sold
13 to a lessor who leases the property, under a lease of one
14 year or longer executed or in effect at the time of the
15 purchase, to a governmental body that has been issued an
16 active tax exemption identification number by the
17 Department under Section 1g of this Act. This paragraph is
18 exempt from the provisions of Section 2-70.

19 (38) Beginning on January 1, 2002 and through June 30,
20 2016, tangible personal property purchased from an
21 Illinois retailer by a taxpayer engaged in centralized
22 purchasing activities in Illinois who will, upon receipt
23 of the property in Illinois, temporarily store the
24 property in Illinois (i) for the purpose of subsequently
25 transporting it outside this State for use or consumption
26 thereafter solely outside this State or (ii) for the

1 purpose of being processed, fabricated, or manufactured
2 into, attached to, or incorporated into other tangible
3 personal property to be transported outside this State and
4 thereafter used or consumed solely outside this State. The
5 Director of Revenue shall, pursuant to rules adopted in
6 accordance with the Illinois Administrative Procedure Act,
7 issue a permit to any taxpayer in good standing with the
8 Department who is eligible for the exemption under this
9 paragraph (38). The permit issued under this paragraph
10 (38) shall authorize the holder, to the extent and in the
11 manner specified in the rules adopted under this Act, to
12 purchase tangible personal property from a retailer exempt
13 from the taxes imposed by this Act. Taxpayers shall
14 maintain all necessary books and records to substantiate
15 the use and consumption of all such tangible personal
16 property outside of the State of Illinois.

17 (39) Beginning January 1, 2008, tangible personal
18 property used in the construction or maintenance of a
19 community water supply, as defined under Section 3.145 of
20 the Environmental Protection Act, that is operated by a
21 not-for-profit corporation that holds a valid water supply
22 permit issued under Title IV of the Environmental
23 Protection Act. This paragraph is exempt from the
24 provisions of Section 2-70.

25 (40) Beginning January 1, 2010 and continuing through
26 December 31, 2029 ~~December 31, 2024~~, materials, parts,

1 equipment, components, and furnishings incorporated into
2 or upon an aircraft as part of the modification,
3 refurbishment, completion, replacement, repair, or
4 maintenance of the aircraft. This exemption includes
5 consumable supplies used in the modification,
6 refurbishment, completion, replacement, repair, and
7 maintenance of aircraft. However, until January 1, 2024,
8 this exemption ~~, but~~ excludes any materials, parts,
9 equipment, components, and consumable supplies used in the
10 modification, replacement, repair, and maintenance of
11 aircraft engines or power plants, whether such engines or
12 power plants are installed or uninstalled upon any such
13 aircraft. "Consumable supplies" include, but are not
14 limited to, adhesive, tape, sandpaper, general purpose
15 lubricants, cleaning solution, latex gloves, and
16 protective films.

17 Beginning January 1, 2010 and continuing through
18 December 31, 2023, this ~~This~~ exemption applies only to the
19 sale of qualifying tangible personal property to persons
20 who modify, refurbish, complete, replace, or maintain an
21 aircraft and who (i) hold an Air Agency Certificate and
22 are empowered to operate an approved repair station by the
23 Federal Aviation Administration, (ii) have a Class IV
24 Rating, and (iii) conduct operations in accordance with
25 Part 145 of the Federal Aviation Regulations. The
26 exemption does not include aircraft operated by a

1 commercial air carrier providing scheduled passenger air
2 service pursuant to authority issued under Part 121 or
3 Part 129 of the Federal Aviation Regulations. From January
4 1, 2024 through December 31, 2029, this exemption applies
5 only to the use of qualifying tangible personal property
6 by: (A) persons who modify, refurbish, complete, repair,
7 replace, or maintain aircraft and who (i) hold an Air
8 Agency Certificate and are empowered to operate an
9 approved repair station by the Federal Aviation
10 Administration, (ii) have a Class IV Rating, and (iii)
11 conduct operations in accordance with Part 145 of the
12 Federal Aviation Regulations; and (B) persons who engage
13 in the modification, replacement, repair, and maintenance
14 of aircraft engines or power plants without regard to
15 whether or not those persons meet the qualifications of
16 item (A).

17 The changes made to this paragraph (40) by Public Act
18 98-534 are declarative of existing law. It is the intent
19 of the General Assembly that the exemption under this
20 paragraph (40) applies continuously from January 1, 2010
21 through December 31, 2024; however, no claim for credit or
22 refund is allowed for taxes paid as a result of the
23 disallowance of this exemption on or after January 1, 2015
24 and prior to February 5, 2020 (the effective date of
25 Public Act 101-629) ~~this amendatory Act of the 101st~~
26 ~~General Assembly.~~

1 (41) Tangible personal property sold to a
2 public-facilities corporation, as described in Section
3 11-65-10 of the Illinois Municipal Code, for purposes of
4 constructing or furnishing a municipal convention hall,
5 but only if the legal title to the municipal convention
6 hall is transferred to the municipality without any
7 further consideration by or on behalf of the municipality
8 at the time of the completion of the municipal convention
9 hall or upon the retirement or redemption of any bonds or
10 other debt instruments issued by the public-facilities
11 corporation in connection with the development of the
12 municipal convention hall. This exemption includes
13 existing public-facilities corporations as provided in
14 Section 11-65-25 of the Illinois Municipal Code. This
15 paragraph is exempt from the provisions of Section 2-70.

16 (42) Beginning January 1, 2017 and through December
17 31, 2026, menstrual pads, tampons, and menstrual cups.

18 (43) Merchandise that is subject to the Rental
19 Purchase Agreement Occupation and Use Tax. The purchaser
20 must certify that the item is purchased to be rented
21 subject to a rental purchase agreement, as defined in the
22 Rental Purchase Agreement Act, and provide proof of
23 registration under the Rental Purchase Agreement
24 Occupation and Use Tax Act. This paragraph is exempt from
25 the provisions of Section 2-70.

26 (44) Qualified tangible personal property used in the

1 construction or operation of a data center that has been
2 granted a certificate of exemption by the Department of
3 Commerce and Economic Opportunity, whether that tangible
4 personal property is purchased by the owner, operator, or
5 tenant of the data center or by a contractor or
6 subcontractor of the owner, operator, or tenant. Data
7 centers that would have qualified for a certificate of
8 exemption prior to January 1, 2020 had Public Act 101-31
9 ~~this amendatory Act of the 101st General Assembly~~ been in
10 effect, may apply for and obtain an exemption for
11 subsequent purchases of computer equipment or enabling
12 software purchased or leased to upgrade, supplement, or
13 replace computer equipment or enabling software purchased
14 or leased in the original investment that would have
15 qualified.

16 The Department of Commerce and Economic Opportunity
17 shall grant a certificate of exemption under this item
18 (44) to qualified data centers as defined by Section
19 605-1025 of the Department of Commerce and Economic
20 Opportunity Law of the Civil Administrative Code of
21 Illinois.

22 For the purposes of this item (44):

23 "Data center" means a building or a series of
24 buildings rehabilitated or constructed to house
25 working servers in one physical location or multiple
26 sites within the State of Illinois.

1 "Qualified tangible personal property" means:
2 electrical systems and equipment; climate control and
3 chilling equipment and systems; mechanical systems and
4 equipment; monitoring and secure systems; emergency
5 generators; hardware; computers; servers; data storage
6 devices; network connectivity equipment; racks;
7 cabinets; telecommunications cabling infrastructure;
8 raised floor systems; peripheral components or
9 systems; software; mechanical, electrical, or plumbing
10 systems; battery systems; cooling systems and towers;
11 temperature control systems; other cabling; and other
12 data center infrastructure equipment and systems
13 necessary to operate qualified tangible personal
14 property, including fixtures; and component parts of
15 any of the foregoing, including installation,
16 maintenance, repair, refurbishment, and replacement of
17 qualified tangible personal property to generate,
18 transform, transmit, distribute, or manage electricity
19 necessary to operate qualified tangible personal
20 property; and all other tangible personal property
21 that is essential to the operations of a computer data
22 center. The term "qualified tangible personal
23 property" also includes building materials physically
24 incorporated into the qualifying data center. To
25 document the exemption allowed under this Section, the
26 retailer must obtain from the purchaser a copy of the

1 certificate of eligibility issued by the Department of
2 Commerce and Economic Opportunity.

3 This item (44) is exempt from the provisions of
4 Section 2-70.

5 (45) Beginning January 1, 2020 and through December
6 31, 2020, sales of tangible personal property made by a
7 marketplace seller over a marketplace for which tax is due
8 under this Act but for which use tax has been collected and
9 remitted to the Department by a marketplace facilitator
10 under Section 2d of the Use Tax Act are exempt from tax
11 under this Act. A marketplace seller claiming this
12 exemption shall maintain books and records demonstrating
13 that the use tax on such sales has been collected and
14 remitted by a marketplace facilitator. Marketplace sellers
15 that have properly remitted tax under this Act on such
16 sales may file a claim for credit as provided in Section 6
17 of this Act. No claim is allowed, however, for such taxes
18 for which a credit or refund has been issued to the
19 marketplace facilitator under the Use Tax Act, or for
20 which the marketplace facilitator has filed a claim for
21 credit or refund under the Use Tax Act.

22 (46) Beginning July 1, 2022, breast pumps, breast pump
23 collection and storage supplies, and breast pump kits.
24 This item (46) is exempt from the provisions of Section
25 2-70. As used in this item (46):

26 "Breast pump" means an electrically controlled or

1 manually controlled pump device designed or marketed to be
2 used to express milk from a human breast during lactation,
3 including the pump device and any battery, AC adapter, or
4 other power supply unit that is used to power the pump
5 device and is packaged and sold with the pump device at the
6 time of sale.

7 "Breast pump collection and storage supplies" means
8 items of tangible personal property designed or marketed
9 to be used in conjunction with a breast pump to collect
10 milk expressed from a human breast and to store collected
11 milk until it is ready for consumption.

12 "Breast pump collection and storage supplies"
13 includes, but is not limited to: breast shields and breast
14 shield connectors; breast pump tubes and tubing adapters;
15 breast pump valves and membranes; backflow protectors and
16 backflow protector adaptors; bottles and bottle caps
17 specific to the operation of the breast pump; and breast
18 milk storage bags.

19 "Breast pump collection and storage supplies" does not
20 include: (1) bottles and bottle caps not specific to the
21 operation of the breast pump; (2) breast pump travel bags
22 and other similar carrying accessories, including ice
23 packs, labels, and other similar products; (3) breast pump
24 cleaning supplies; (4) nursing bras, bra pads, breast
25 shells, and other similar products; and (5) creams,
26 ointments, and other similar products that relieve

1 breastfeeding-related symptoms or conditions of the
2 breasts or nipples, unless sold as part of a breast pump
3 kit that is pre-packaged by the breast pump manufacturer
4 or distributor.

5 "Breast pump kit" means a kit that: (1) contains no
6 more than a breast pump, breast pump collection and
7 storage supplies, a rechargeable battery for operating the
8 breast pump, a breastmilk cooler, bottle stands, ice
9 packs, and a breast pump carrying case; and (2) is
10 pre-packaged as a breast pump kit by the breast pump
11 manufacturer or distributor.

12 (47) ~~(46)~~ Tangible personal property sold by or on
13 behalf of the State Treasurer pursuant to the Revised
14 Uniform Unclaimed Property Act. This item (47) ~~(46)~~ is
15 exempt from the provisions of Section 2-70.

16 (Source: P.A. 101-31, eff. 6-28-19; 101-81, eff. 7-12-19;
17 101-629, eff. 2-5-20; 102-16, eff. 6-17-21; 102-634, eff.
18 8-27-21; 102-700, Article 70, Section 70-20, eff. 4-19-22;
19 102-700, Article 75, Section 75-20, eff. 4-19-22; 102-813,
20 eff. 5-13-22; 102-1026, eff. 5-27-22; revised 8-15-22.)

21 ARTICLE 10. ETHANOL BLENDED FUEL

22 Section 10-5. The Use Tax Act is amended by changing
23 Sections 3-10, 3-40, and 3-44 and by adding Section 3-44.3 as
24 follows:

1 (35 ILCS 105/3-10)

2 Sec. 3-10. Rate of tax. Unless otherwise provided in this
3 Section, the tax imposed by this Act is at the rate of 6.25% of
4 either the selling price or the fair market value, if any, of
5 the tangible personal property. In all cases where property
6 functionally used or consumed is the same as the property that
7 was purchased at retail, then the tax is imposed on the selling
8 price of the property. In all cases where property
9 functionally used or consumed is a by-product or waste product
10 that has been refined, manufactured, or produced from property
11 purchased at retail, then the tax is imposed on the lower of
12 the fair market value, if any, of the specific property so used
13 in this State or on the selling price of the property purchased
14 at retail. For purposes of this Section "fair market value"
15 means the price at which property would change hands between a
16 willing buyer and a willing seller, neither being under any
17 compulsion to buy or sell and both having reasonable knowledge
18 of the relevant facts. The fair market value shall be
19 established by Illinois sales by the taxpayer of the same
20 property as that functionally used or consumed, or if there
21 are no such sales by the taxpayer, then comparable sales or
22 purchases of property of like kind and character in Illinois.

23 Beginning on July 1, 2000 and through December 31, 2000,
24 with respect to motor fuel, as defined in Section 1.1 of the
25 Motor Fuel Tax Law, and gasohol, as defined in Section 3-40 of

1 the Use Tax Act, the tax is imposed at the rate of 1.25%.

2 Beginning on August 6, 2010 through August 15, 2010, and
3 beginning again on August 5, 2022 through August 14, 2022,
4 with respect to sales tax holiday items as defined in Section
5 3-6 of this Act, the tax is imposed at the rate of 1.25%.

6 With respect to gasohol, the tax imposed by this Act
7 applies to (i) 70% of the proceeds of sales made on or after
8 January 1, 1990, and before July 1, 2003, (ii) 80% of the
9 proceeds of sales made on or after July 1, 2003 and on or
10 before July 1, 2017, ~~and~~ (iii) 100% of the proceeds of sales
11 made after July 1, 2017 and prior to January 1, 2024, (iv) 90%
12 of the proceeds of sales made on or after January 1, 2024 and
13 on or before December 31, 2030, and (v) 100% of the proceeds of
14 sales made after December 31, 2030 thereafter. If, at any
15 time, however, the tax under this Act on sales of gasohol is
16 imposed at the rate of 1.25%, then the tax imposed by this Act
17 applies to 100% of the proceeds of sales of gasohol made during
18 that time.

19 With respect to mid-range ethanol blends, the tax imposed
20 by this Act applies to (i) 80% of the proceeds of sales made on
21 or after January 1, 2024 and on or before December 31, 2030 and
22 (ii) 100% of the proceeds of sales made thereafter. If, at any
23 time, however, the tax under this Act on sales of mid-range
24 ethanol blends is imposed at the rate of 1.25%, then the tax
25 imposed by this Act applies to 100% of the proceeds of sales of
26 mid-range ethanol blends made during that time.

1 With respect to majority blended ethanol fuel, the tax
2 imposed by this Act does not apply to the proceeds of sales
3 made on or after July 1, 2003 and on or before December 31,
4 2030 ~~December 31, 2023~~ but applies to 100% of the proceeds of
5 sales made thereafter.

6 With respect to biodiesel blends with no less than 1% and
7 no more than 10% biodiesel, the tax imposed by this Act applies
8 to (i) 80% of the proceeds of sales made on or after July 1,
9 2003 and on or before December 31, 2018 and (ii) 100% of the
10 proceeds of sales made after December 31, 2018 and before
11 January 1, 2024. On and after January 1, 2024 and on or before
12 December 31, 2030, the taxation of biodiesel, renewable
13 diesel, and biodiesel blends shall be as provided in Section
14 3-5.1. If, at any time, however, the tax under this Act on
15 sales of biodiesel blends with no less than 1% and no more than
16 10% biodiesel is imposed at the rate of 1.25%, then the tax
17 imposed by this Act applies to 100% of the proceeds of sales of
18 biodiesel blends with no less than 1% and no more than 10%
19 biodiesel made during that time.

20 With respect to biodiesel and biodiesel blends with more
21 than 10% but no more than 99% biodiesel, the tax imposed by
22 this Act does not apply to the proceeds of sales made on or
23 after July 1, 2003 and on or before December 31, 2023. On and
24 after January 1, 2024 and on or before December 31, 2030, the
25 taxation of biodiesel, renewable diesel, and biodiesel blends
26 shall be as provided in Section 3-5.1.

1 Until July 1, 2022 and beginning again on July 1, 2023,
2 with respect to food for human consumption that is to be
3 consumed off the premises where it is sold (other than
4 alcoholic beverages, food consisting of or infused with adult
5 use cannabis, soft drinks, and food that has been prepared for
6 immediate consumption), the tax is imposed at the rate of 1%.
7 Beginning on July 1, 2022 and until July 1, 2023, with respect
8 to food for human consumption that is to be consumed off the
9 premises where it is sold (other than alcoholic beverages,
10 food consisting of or infused with adult use cannabis, soft
11 drinks, and food that has been prepared for immediate
12 consumption), the tax is imposed at the rate of 0%.

13 With respect to prescription and nonprescription
14 medicines, drugs, medical appliances, products classified as
15 Class III medical devices by the United States Food and Drug
16 Administration that are used for cancer treatment pursuant to
17 a prescription, as well as any accessories and components
18 related to those devices, modifications to a motor vehicle for
19 the purpose of rendering it usable by a person with a
20 disability, and insulin, blood sugar testing materials,
21 syringes, and needles used by human diabetics, the tax is
22 imposed at the rate of 1%. For the purposes of this Section,
23 until September 1, 2009: the term "soft drinks" means any
24 complete, finished, ready-to-use, non-alcoholic drink, whether
25 carbonated or not, including, but not limited to, soda water,
26 cola, fruit juice, vegetable juice, carbonated water, and all

1 other preparations commonly known as soft drinks of whatever
2 kind or description that are contained in any closed or sealed
3 bottle, can, carton, or container, regardless of size; but
4 "soft drinks" does not include coffee, tea, non-carbonated
5 water, infant formula, milk or milk products as defined in the
6 Grade A Pasteurized Milk and Milk Products Act, or drinks
7 containing 50% or more natural fruit or vegetable juice.

8 Notwithstanding any other provisions of this Act,
9 beginning September 1, 2009, "soft drinks" means non-alcoholic
10 beverages that contain natural or artificial sweeteners. "Soft
11 drinks" does ~~do~~ not include beverages that contain milk or
12 milk products, soy, rice or similar milk substitutes, or
13 greater than 50% of vegetable or fruit juice by volume.

14 Until August 1, 2009, and notwithstanding any other
15 provisions of this Act, "food for human consumption that is to
16 be consumed off the premises where it is sold" includes all
17 food sold through a vending machine, except soft drinks and
18 food products that are dispensed hot from a vending machine,
19 regardless of the location of the vending machine. Beginning
20 August 1, 2009, and notwithstanding any other provisions of
21 this Act, "food for human consumption that is to be consumed
22 off the premises where it is sold" includes all food sold
23 through a vending machine, except soft drinks, candy, and food
24 products that are dispensed hot from a vending machine,
25 regardless of the location of the vending machine.

26 Notwithstanding any other provisions of this Act,

1 beginning September 1, 2009, "food for human consumption that
2 is to be consumed off the premises where it is sold" does not
3 include candy. For purposes of this Section, "candy" means a
4 preparation of sugar, honey, or other natural or artificial
5 sweeteners in combination with chocolate, fruits, nuts or
6 other ingredients or flavorings in the form of bars, drops, or
7 pieces. "Candy" does not include any preparation that contains
8 flour or requires refrigeration.

9 Notwithstanding any other provisions of this Act,
10 beginning September 1, 2009, "nonprescription medicines and
11 drugs" does not include grooming and hygiene products. For
12 purposes of this Section, "grooming and hygiene products"
13 includes, but is not limited to, soaps and cleaning solutions,
14 shampoo, toothpaste, mouthwash, antiperspirants, and sun tan
15 lotions and screens, unless those products are available by
16 prescription only, regardless of whether the products meet the
17 definition of "over-the-counter-drugs". For the purposes of
18 this paragraph, "over-the-counter-drug" means a drug for human
19 use that contains a label that identifies the product as a drug
20 as required by 21 CFR ~~C.F.R.~~ § 201.66. The
21 "over-the-counter-drug" label includes:

22 (A) a ~~A~~ "Drug Facts" panel; or

23 (B) a ~~A~~ statement of the "active ingredient(s)" with a
24 list of those ingredients contained in the compound,
25 substance or preparation.

26 Beginning on January 1, 2014 (the effective date of Public

1 Act 98-122) ~~this amendatory Act of the 98th General Assembly,~~
2 "prescription and nonprescription medicines and drugs"
3 includes medical cannabis purchased from a registered
4 dispensing organization under the Compassionate Use of Medical
5 Cannabis Program Act.

6 As used in this Section, "adult use cannabis" means
7 cannabis subject to tax under the Cannabis Cultivation
8 Privilege Tax Law and the Cannabis Purchaser Excise Tax Law
9 and does not include cannabis subject to tax under the
10 Compassionate Use of Medical Cannabis Program Act.

11 If the property that is purchased at retail from a
12 retailer is acquired outside Illinois and used outside
13 Illinois before being brought to Illinois for use here and is
14 taxable under this Act, the "selling price" on which the tax is
15 computed shall be reduced by an amount that represents a
16 reasonable allowance for depreciation for the period of prior
17 out-of-state use.

18 (Source: P.A. 101-363, eff. 8-9-19; 101-593, eff. 12-4-19;
19 102-4, eff. 4-27-21; 102-700, Article 20, Section 20-5, eff.
20 4-19-22; 102-700, Article 60, Section 60-15, eff. 4-19-22;
21 102-700, Article 65, Section 65-5, eff. 4-19-22; revised
22 5-27-22.)

23 (35 ILCS 105/3-40) (from Ch. 120, par. 439.3-40)

24 Sec. 3-40. Gasohol. As used in this Act, "gasohol" means
25 motor fuel that is a blend of denatured ethanol and gasoline

1 that contains no more than 1.25% water by weight. Prior to
2 January 1, 2024, the ~~The~~ blend must contain 90% gasoline and
3 10% denatured ethanol. On and after January 1, 2024, the blend
4 must contain at least 81% and not more than 85% gasoline and at
5 least 15% and not more than 19% denatured ethanol. A maximum of
6 one percent error factor in the amount of denatured ethanol
7 used in the blend is allowable to compensate for blending
8 equipment variations. Any person who knowingly sells or
9 represents as gasohol any fuel that does not qualify as
10 gasohol under this Act is guilty of a business offense and
11 shall be fined not more than \$100 for each day that the sale or
12 representation takes place after notification from the
13 Department of Agriculture that the fuel in question does not
14 qualify as gasohol.

15 (Source: P.A. 93-724, eff. 7-13-04.)

16 (35 ILCS 105/3-44)

17 Sec. 3-44. Majority blended ethanol fuel. Prior to January
18 1, 2024, "majority ~~"Majority~~ blended ethanol fuel" means motor
19 fuel that contains not less than 70% and no more than 90%
20 denatured ethanol and no less than 10% and no more than 30%
21 gasoline. On and after January 1, 2024, "majority blended
22 ethanol fuel" means motor fuel that is capable of being used in
23 the operation of flexible fuel vehicles and contains at least
24 51% and not more than 83% ethanol, by volume, as specified in
25 ASTM Standard D5798-11, and no less than 17% and no more than

1 49% gasoline.

2 (Source: P.A. 93-17, eff. 6-11-03.)

3 (35 ILCS 105/3-44.3 new)

4 Sec. 3-44.3. Mid-range ethanol blend. "Mid-range ethanol
5 blend" means a blend of gasoline and denatured ethanol that
6 contains at least 20% but less than 51% denatured ethanol.

7 Section 10-10. The Service Use Tax Act is amended by
8 changing Section 3-10 as follows:

9 (35 ILCS 110/3-10) (from Ch. 120, par. 439.33-10)

10 Sec. 3-10. Rate of tax. Unless otherwise provided in this
11 Section, the tax imposed by this Act is at the rate of 6.25% of
12 the selling price of tangible personal property transferred as
13 an incident to the sale of service, but, for the purpose of
14 computing this tax, in no event shall the selling price be less
15 than the cost price of the property to the serviceman.

16 Beginning on July 1, 2000 and through December 31, 2000,
17 with respect to motor fuel, as defined in Section 1.1 of the
18 Motor Fuel Tax Law, and gasohol, as defined in Section 3-40 of
19 the Use Tax Act, the tax is imposed at the rate of 1.25%.

20 With respect to gasohol, as defined in the Use Tax Act, the
21 tax imposed by this Act applies to (i) 70% of the selling price
22 of property transferred as an incident to the sale of service
23 on or after January 1, 1990, and before July 1, 2003, (ii) 80%

1 of the selling price of property transferred as an incident to
2 the sale of service on or after July 1, 2003 and on or before
3 July 1, 2017, ~~and~~ (iii) 100% of the selling price of property
4 transferred as an incident to the sale of service after July 1,
5 2017 and before January 1, 2024, (iv) 90% of the selling price
6 of property transferred as an incident to the sale of service
7 on or after January 1, 2024 and on or before December 31, 2030,
8 and (v) 100% of the selling price of property transferred as an
9 incident to the sale of service after December 31, 2030
10 thereafter. If, at any time, however, the tax under this Act on
11 sales of gasohol, as defined in the Use Tax Act, is imposed at
12 the rate of 1.25%, then the tax imposed by this Act applies to
13 100% of the proceeds of sales of gasohol made during that time.

14 With respect to mid-range ethanol blends, as defined in
15 Section 3-44.3 of the Use Tax Act, the tax imposed by this Act
16 applies to (i) 80% of the selling price of property
17 transferred as an incident to the sale of service on or after
18 January 1, 2024 and on or before December 31, 2030 and (ii)
19 100% of the selling price of property transferred as an
20 incident to the sale of service after December 31, 2030. If, at
21 any time, however, the tax under this Act on sales of mid-range
22 ethanol blends is imposed at the rate of 1.25%, then the tax
23 imposed by this Act applies to 100% of the selling price of
24 mid-range ethanol blends transferred as an incident to the
25 sale of service during that time.

26 With respect to majority blended ethanol fuel, as defined

1 in the Use Tax Act, the tax imposed by this Act does not apply
2 to the selling price of property transferred as an incident to
3 the sale of service on or after July 1, 2003 and on or before
4 December 31, 2030 ~~December 31, 2023~~ but applies to 100% of the
5 selling price thereafter.

6 With respect to biodiesel blends, as defined in the Use
7 Tax Act, with no less than 1% and no more than 10% biodiesel,
8 the tax imposed by this Act applies to (i) 80% of the selling
9 price of property transferred as an incident to the sale of
10 service on or after July 1, 2003 and on or before December 31,
11 2018 and (ii) 100% of the proceeds of the selling price after
12 December 31, 2018 and before January 1, 2024. On and after
13 January 1, 2024 and on or before December 31, 2030, the
14 taxation of biodiesel, renewable diesel, and biodiesel blends
15 shall be as provided in Section 3-5.1 of the Use Tax Act. If,
16 at any time, however, the tax under this Act on sales of
17 biodiesel blends, as defined in the Use Tax Act, with no less
18 than 1% and no more than 10% biodiesel is imposed at the rate
19 of 1.25%, then the tax imposed by this Act applies to 100% of
20 the proceeds of sales of biodiesel blends with no less than 1%
21 and no more than 10% biodiesel made during that time.

22 With respect to biodiesel, as defined in the Use Tax Act,
23 and biodiesel blends, as defined in the Use Tax Act, with more
24 than 10% but no more than 99% biodiesel, the tax imposed by
25 this Act does not apply to the proceeds of the selling price of
26 property transferred as an incident to the sale of service on

1 or after July 1, 2003 and on or before December 31, 2023. On
2 and after January 1, 2024 and on or before December 31, 2030,
3 the taxation of biodiesel, renewable diesel, and biodiesel
4 blends shall be as provided in Section 3-5.1 of the Use Tax
5 Act.

6 At the election of any registered serviceman made for each
7 fiscal year, sales of service in which the aggregate annual
8 cost price of tangible personal property transferred as an
9 incident to the sales of service is less than 35%, or 75% in
10 the case of servicemen transferring prescription drugs or
11 servicemen engaged in graphic arts production, of the
12 aggregate annual total gross receipts from all sales of
13 service, the tax imposed by this Act shall be based on the
14 serviceman's cost price of the tangible personal property
15 transferred as an incident to the sale of those services.

16 Until July 1, 2022 and beginning again on July 1, 2023, the
17 tax shall be imposed at the rate of 1% on food prepared for
18 immediate consumption and transferred incident to a sale of
19 service subject to this Act or the Service Occupation Tax Act
20 by an entity licensed under the Hospital Licensing Act, the
21 Nursing Home Care Act, the Assisted Living and Shared Housing
22 Act, the ID/DD Community Care Act, the MC/DD Act, the
23 Specialized Mental Health Rehabilitation Act of 2013, or the
24 Child Care Act of 1969, or an entity that holds a permit issued
25 pursuant to the Life Care Facilities Act. Until July 1, 2022
26 and beginning again on July 1, 2023, the tax shall also be

1 imposed at the rate of 1% on food for human consumption that is
2 to be consumed off the premises where it is sold (other than
3 alcoholic beverages, food consisting of or infused with adult
4 use cannabis, soft drinks, and food that has been prepared for
5 immediate consumption and is not otherwise included in this
6 paragraph).

7 Beginning on July 1, 2022 and until July 1, 2023, the tax
8 shall be imposed at the rate of 0% on food prepared for
9 immediate consumption and transferred incident to a sale of
10 service subject to this Act or the Service Occupation Tax Act
11 by an entity licensed under the Hospital Licensing Act, the
12 Nursing Home Care Act, the Assisted Living and Shared Housing
13 Act, the ID/DD Community Care Act, the MC/DD Act, the
14 Specialized Mental Health Rehabilitation Act of 2013, or the
15 Child Care Act of 1969, or an entity that holds a permit issued
16 pursuant to the Life Care Facilities Act. Beginning on July 1,
17 2022 and until July 1, 2023, the tax shall also be imposed at
18 the rate of 0% on food for human consumption that is to be
19 consumed off the premises where it is sold (other than
20 alcoholic beverages, food consisting of or infused with adult
21 use cannabis, soft drinks, and food that has been prepared for
22 immediate consumption and is not otherwise included in this
23 paragraph).

24 The tax shall also be imposed at the rate of 1% on
25 prescription and nonprescription medicines, drugs, medical
26 appliances, products classified as Class III medical devices

1 by the United States Food and Drug Administration that are
2 used for cancer treatment pursuant to a prescription, as well
3 as any accessories and components related to those devices,
4 modifications to a motor vehicle for the purpose of rendering
5 it usable by a person with a disability, and insulin, blood
6 sugar testing materials, syringes, and needles used by human
7 diabetics. For the purposes of this Section, until September
8 1, 2009: the term "soft drinks" means any complete, finished,
9 ready-to-use, non-alcoholic drink, whether carbonated or not,
10 including, but not limited to, soda water, cola, fruit juice,
11 vegetable juice, carbonated water, and all other preparations
12 commonly known as soft drinks of whatever kind or description
13 that are contained in any closed or sealed bottle, can,
14 carton, or container, regardless of size; but "soft drinks"
15 does not include coffee, tea, non-carbonated water, infant
16 formula, milk or milk products as defined in the Grade A
17 Pasteurized Milk and Milk Products Act, or drinks containing
18 50% or more natural fruit or vegetable juice.

19 Notwithstanding any other provisions of this Act,
20 beginning September 1, 2009, "soft drinks" means non-alcoholic
21 beverages that contain natural or artificial sweeteners. "Soft
22 drinks" does ~~do~~ not include beverages that contain milk or
23 milk products, soy, rice or similar milk substitutes, or
24 greater than 50% of vegetable or fruit juice by volume.

25 Until August 1, 2009, and notwithstanding any other
26 provisions of this Act, "food for human consumption that is to

1 be consumed off the premises where it is sold" includes all
2 food sold through a vending machine, except soft drinks and
3 food products that are dispensed hot from a vending machine,
4 regardless of the location of the vending machine. Beginning
5 August 1, 2009, and notwithstanding any other provisions of
6 this Act, "food for human consumption that is to be consumed
7 off the premises where it is sold" includes all food sold
8 through a vending machine, except soft drinks, candy, and food
9 products that are dispensed hot from a vending machine,
10 regardless of the location of the vending machine.

11 Notwithstanding any other provisions of this Act,
12 beginning September 1, 2009, "food for human consumption that
13 is to be consumed off the premises where it is sold" does not
14 include candy. For purposes of this Section, "candy" means a
15 preparation of sugar, honey, or other natural or artificial
16 sweeteners in combination with chocolate, fruits, nuts or
17 other ingredients or flavorings in the form of bars, drops, or
18 pieces. "Candy" does not include any preparation that contains
19 flour or requires refrigeration.

20 Notwithstanding any other provisions of this Act,
21 beginning September 1, 2009, "nonprescription medicines and
22 drugs" does not include grooming and hygiene products. For
23 purposes of this Section, "grooming and hygiene products"
24 includes, but is not limited to, soaps and cleaning solutions,
25 shampoo, toothpaste, mouthwash, antiperspirants, and sun tan
26 lotions and screens, unless those products are available by

1 prescription only, regardless of whether the products meet the
2 definition of "over-the-counter-drugs". For the purposes of
3 this paragraph, "over-the-counter-drug" means a drug for human
4 use that contains a label that identifies the product as a drug
5 as required by 21 CFR ~~C.F.R.~~ § 201.66. The
6 "over-the-counter-drug" label includes:

7 (A) a ~~A~~ "Drug Facts" panel; or

8 (B) a ~~A~~ statement of the "active ingredient(s)" with a
9 list of those ingredients contained in the compound,
10 substance or preparation.

11 Beginning on January 1, 2014 (the effective date of Public
12 Act 98-122), "prescription and nonprescription medicines and
13 drugs" includes medical cannabis purchased from a registered
14 dispensing organization under the Compassionate Use of Medical
15 Cannabis Program Act.

16 As used in this Section, "adult use cannabis" means
17 cannabis subject to tax under the Cannabis Cultivation
18 Privilege Tax Law and the Cannabis Purchaser Excise Tax Law
19 and does not include cannabis subject to tax under the
20 Compassionate Use of Medical Cannabis Program Act.

21 If the property that is acquired from a serviceman is
22 acquired outside Illinois and used outside Illinois before
23 being brought to Illinois for use here and is taxable under
24 this Act, the "selling price" on which the tax is computed
25 shall be reduced by an amount that represents a reasonable
26 allowance for depreciation for the period of prior

1 out-of-state use.

2 (Source: P.A. 101-363, eff. 8-9-19; 101-593, eff. 12-4-19;
3 102-4, eff. 4-27-21; 102-16, eff. 6-17-21; 102-700, Article
4 20, Section 20-10, eff. 4-19-22; 102-700, Article 60, Section
5 60-20, eff. 4-19-22; revised 6-1-22.)

6 Section 10-15. The Service Occupation Tax Act is amended
7 by changing Section 3-10 as follows:

8 (35 ILCS 115/3-10) (from Ch. 120, par. 439.103-10)

9 Sec. 3-10. Rate of tax. Unless otherwise provided in this
10 Section, the tax imposed by this Act is at the rate of 6.25% of
11 the "selling price", as defined in Section 2 of the Service Use
12 Tax Act, of the tangible personal property. For the purpose of
13 computing this tax, in no event shall the "selling price" be
14 less than the cost price to the serviceman of the tangible
15 personal property transferred. The selling price of each item
16 of tangible personal property transferred as an incident of a
17 sale of service may be shown as a distinct and separate item on
18 the serviceman's billing to the service customer. If the
19 selling price is not so shown, the selling price of the
20 tangible personal property is deemed to be 50% of the
21 serviceman's entire billing to the service customer. When,
22 however, a serviceman contracts to design, develop, and
23 produce special order machinery or equipment, the tax imposed
24 by this Act shall be based on the serviceman's cost price of

1 the tangible personal property transferred incident to the
2 completion of the contract.

3 Beginning on July 1, 2000 and through December 31, 2000,
4 with respect to motor fuel, as defined in Section 1.1 of the
5 Motor Fuel Tax Law, and gasohol, as defined in Section 3-40 of
6 the Use Tax Act, the tax is imposed at the rate of 1.25%.

7 With respect to gasohol, as defined in the Use Tax Act, the
8 tax imposed by this Act shall apply to (i) 70% of the cost
9 price of property transferred as an incident to the sale of
10 service on or after January 1, 1990, and before July 1, 2003,
11 (ii) 80% of the selling price of property transferred as an
12 incident to the sale of service on or after July 1, 2003 and on
13 or before July 1, 2017, ~~and~~ (iii) 100% of the selling price of
14 property transferred as an incident to the sale of service
15 after July 1, 2017 and prior to January 1, 2024, (iv) 90% of
16 the selling price of property transferred as an incident to
17 the sale of service on or after January 1, 2024 and on or
18 before December 31, 2030, and (v) 100% of the selling price of
19 property transferred as an incident to the sale of service
20 after December 31, 2030 ~~cost price thereafter~~. If, at any
21 time, however, the tax under this Act on sales of gasohol, as
22 defined in the Use Tax Act, is imposed at the rate of 1.25%,
23 then the tax imposed by this Act applies to 100% of the
24 proceeds of sales of gasohol made during that time.

25 With respect to mid-range ethanol blends, as defined in
26 Section 3-44.3 of the Use Tax Act, the tax imposed by this Act

1 applies to (i) 80% of the selling price of property
2 transferred as an incident to the sale of service on or after
3 January 1, 2024 and on or before December 31, 2030 and (ii)
4 100% of the selling price of property transferred as an
5 incident to the sale of service after December 31, 2030. If, at
6 any time, however, the tax under this Act on sales of mid-range
7 ethanol blends is imposed at the rate of 1.25%, then the tax
8 imposed by this Act applies to 100% of the selling price of
9 mid-range ethanol blends transferred as an incident to the
10 sale of service during that time.

11 With respect to majority blended ethanol fuel, as defined
12 in the Use Tax Act, the tax imposed by this Act does not apply
13 to the selling price of property transferred as an incident to
14 the sale of service on or after July 1, 2003 and on or before
15 December 31, 2030 ~~December 31, 2023~~ but applies to 100% of the
16 selling price thereafter.

17 With respect to biodiesel blends, as defined in the Use
18 Tax Act, with no less than 1% and no more than 10% biodiesel,
19 the tax imposed by this Act applies to (i) 80% of the selling
20 price of property transferred as an incident to the sale of
21 service on or after July 1, 2003 and on or before December 31,
22 2018 and (ii) 100% of the proceeds of the selling price after
23 December 31, 2018 and before January 1, 2024. On and after
24 January 1, 2024 and on or before December 31, 2030, the
25 taxation of biodiesel, renewable diesel, and biodiesel blends
26 shall be as provided in Section 3-5.1 of the Use Tax Act. If,

1 at any time, however, the tax under this Act on sales of
2 biodiesel blends, as defined in the Use Tax Act, with no less
3 than 1% and no more than 10% biodiesel is imposed at the rate
4 of 1.25%, then the tax imposed by this Act applies to 100% of
5 the proceeds of sales of biodiesel blends with no less than 1%
6 and no more than 10% biodiesel made during that time.

7 With respect to biodiesel, as defined in the Use Tax Act,
8 and biodiesel blends, as defined in the Use Tax Act, with more
9 than 10% but no more than 99% biodiesel material, the tax
10 imposed by this Act does not apply to the proceeds of the
11 selling price of property transferred as an incident to the
12 sale of service on or after July 1, 2003 and on or before
13 December 31, 2023. On and after January 1, 2024 and on or
14 before December 31, 2030, the taxation of biodiesel, renewable
15 diesel, and biodiesel blends shall be as provided in Section
16 3-5.1 of the Use Tax Act.

17 At the election of any registered serviceman made for each
18 fiscal year, sales of service in which the aggregate annual
19 cost price of tangible personal property transferred as an
20 incident to the sales of service is less than 35%, or 75% in
21 the case of servicemen transferring prescription drugs or
22 servicemen engaged in graphic arts production, of the
23 aggregate annual total gross receipts from all sales of
24 service, the tax imposed by this Act shall be based on the
25 serviceman's cost price of the tangible personal property
26 transferred incident to the sale of those services.

1 Until July 1, 2022 and beginning again on July 1, 2023, the
2 tax shall be imposed at the rate of 1% on food prepared for
3 immediate consumption and transferred incident to a sale of
4 service subject to this Act or the Service Use Tax Act by an
5 entity licensed under the Hospital Licensing Act, the Nursing
6 Home Care Act, the Assisted Living and Shared Housing Act, the
7 ID/DD Community Care Act, the MC/DD Act, the Specialized
8 Mental Health Rehabilitation Act of 2013, or the Child Care
9 Act of 1969, or an entity that holds a permit issued pursuant
10 to the Life Care Facilities Act. Until July 1, 2022 and
11 beginning again on July 1, 2023, the tax shall also be imposed
12 at the rate of 1% on food for human consumption that is to be
13 consumed off the premises where it is sold (other than
14 alcoholic beverages, food consisting of or infused with adult
15 use cannabis, soft drinks, and food that has been prepared for
16 immediate consumption and is not otherwise included in this
17 paragraph).

18 Beginning on July 1, 2022 and until July 1, 2023, the tax
19 shall be imposed at the rate of 0% on food prepared for
20 immediate consumption and transferred incident to a sale of
21 service subject to this Act or the Service Use Tax Act by an
22 entity licensed under the Hospital Licensing Act, the Nursing
23 Home Care Act, the Assisted Living and Shared Housing Act, the
24 ID/DD Community Care Act, the MC/DD Act, the Specialized
25 Mental Health Rehabilitation Act of 2013, or the Child Care
26 Act of 1969, or an entity that holds a permit issued pursuant

1 to the Life Care Facilities Act. Beginning July 1, 2022 and
2 until July 1, 2023, the tax shall also be imposed at the rate
3 of 0% on food for human consumption that is to be consumed off
4 the premises where it is sold (other than alcoholic beverages,
5 food consisting of or infused with adult use cannabis, soft
6 drinks, and food that has been prepared for immediate
7 consumption and is not otherwise included in this paragraph).

8 The tax shall also be imposed at the rate of 1% on
9 prescription and nonprescription medicines, drugs, medical
10 appliances, products classified as Class III medical devices
11 by the United States Food and Drug Administration that are
12 used for cancer treatment pursuant to a prescription, as well
13 as any accessories and components related to those devices,
14 modifications to a motor vehicle for the purpose of rendering
15 it usable by a person with a disability, and insulin, blood
16 sugar testing materials, syringes, and needles used by human
17 diabetics. For the purposes of this Section, until September
18 1, 2009: the term "soft drinks" means any complete, finished,
19 ready-to-use, non-alcoholic drink, whether carbonated or not,
20 including, but not limited to, soda water, cola, fruit juice,
21 vegetable juice, carbonated water, and all other preparations
22 commonly known as soft drinks of whatever kind or description
23 that are contained in any closed or sealed can, carton, or
24 container, regardless of size; but "soft drinks" does not
25 include coffee, tea, non-carbonated water, infant formula,
26 milk or milk products as defined in the Grade A Pasteurized

1 Milk and Milk Products Act, or drinks containing 50% or more
2 natural fruit or vegetable juice.

3 Notwithstanding any other provisions of this Act,
4 beginning September 1, 2009, "soft drinks" means non-alcoholic
5 beverages that contain natural or artificial sweeteners. "Soft
6 drinks" does ~~do~~ not include beverages that contain milk or
7 milk products, soy, rice or similar milk substitutes, or
8 greater than 50% of vegetable or fruit juice by volume.

9 Until August 1, 2009, and notwithstanding any other
10 provisions of this Act, "food for human consumption that is to
11 be consumed off the premises where it is sold" includes all
12 food sold through a vending machine, except soft drinks and
13 food products that are dispensed hot from a vending machine,
14 regardless of the location of the vending machine. Beginning
15 August 1, 2009, and notwithstanding any other provisions of
16 this Act, "food for human consumption that is to be consumed
17 off the premises where it is sold" includes all food sold
18 through a vending machine, except soft drinks, candy, and food
19 products that are dispensed hot from a vending machine,
20 regardless of the location of the vending machine.

21 Notwithstanding any other provisions of this Act,
22 beginning September 1, 2009, "food for human consumption that
23 is to be consumed off the premises where it is sold" does not
24 include candy. For purposes of this Section, "candy" means a
25 preparation of sugar, honey, or other natural or artificial
26 sweeteners in combination with chocolate, fruits, nuts or

1 other ingredients or flavorings in the form of bars, drops, or
2 pieces. "Candy" does not include any preparation that contains
3 flour or requires refrigeration.

4 Notwithstanding any other provisions of this Act,
5 beginning September 1, 2009, "nonprescription medicines and
6 drugs" does not include grooming and hygiene products. For
7 purposes of this Section, "grooming and hygiene products"
8 includes, but is not limited to, soaps and cleaning solutions,
9 shampoo, toothpaste, mouthwash, antiperspirants, and sun tan
10 lotions and screens, unless those products are available by
11 prescription only, regardless of whether the products meet the
12 definition of "over-the-counter-drugs". For the purposes of
13 this paragraph, "over-the-counter-drug" means a drug for human
14 use that contains a label that identifies the product as a drug
15 as required by 21 CFR ~~C.F.R. — §~~ 201.66. The
16 "over-the-counter-drug" label includes:

17 (A) a ~~A~~ "Drug Facts" panel; or

18 (B) a ~~A~~ statement of the "active ingredient(s)" with a
19 list of those ingredients contained in the compound,
20 substance or preparation.

21 Beginning on January 1, 2014 (the effective date of Public
22 Act 98-122), "prescription and nonprescription medicines and
23 drugs" includes medical cannabis purchased from a registered
24 dispensing organization under the Compassionate Use of Medical
25 Cannabis Program Act.

26 As used in this Section, "adult use cannabis" means

1 cannabis subject to tax under the Cannabis Cultivation
2 Privilege Tax Law and the Cannabis Purchaser Excise Tax Law
3 and does not include cannabis subject to tax under the
4 Compassionate Use of Medical Cannabis Program Act.

5 (Source: P.A. 101-363, eff. 8-9-19; 101-593, eff. 12-4-19;
6 102-4, eff. 4-27-21; 102-16, eff. 6-17-21; 102-700, Article
7 20, Section 20-15, eff. 4-19-22; 102-700, Article 60, Section
8 60-25, eff. 4-19-22; revised 6-1-22.)

9 Section 10-20. The Retailers' Occupation Tax Act is
10 amended by changing Sections 2-10 and 2d as follows:

11 (35 ILCS 120/2-10)

12 Sec. 2-10. Rate of tax. Unless otherwise provided in this
13 Section, the tax imposed by this Act is at the rate of 6.25% of
14 gross receipts from sales of tangible personal property made
15 in the course of business.

16 Beginning on July 1, 2000 and through December 31, 2000,
17 with respect to motor fuel, as defined in Section 1.1 of the
18 Motor Fuel Tax Law, and gasohol, as defined in Section 3-40 of
19 the Use Tax Act, the tax is imposed at the rate of 1.25%.

20 Beginning on August 6, 2010 through August 15, 2010, and
21 beginning again on August 5, 2022 through August 14, 2022,
22 with respect to sales tax holiday items as defined in Section
23 2-8 of this Act, the tax is imposed at the rate of 1.25%.

24 Within 14 days after July 1, 2000 (the effective date of

1 ~~Public Act 91-872) this amendatory Act of the 91st General~~
2 ~~Assembly,~~ each retailer of motor fuel and gasohol shall cause
3 the following notice to be posted in a prominently visible
4 place on each retail dispensing device that is used to
5 dispense motor fuel or gasohol in the State of Illinois: "As of
6 July 1, 2000, the State of Illinois has eliminated the State's
7 share of sales tax on motor fuel and gasohol through December
8 31, 2000. The price on this pump should reflect the
9 elimination of the tax." The notice shall be printed in bold
10 print on a sign that is no smaller than 4 inches by 8 inches.
11 The sign shall be clearly visible to customers. Any retailer
12 who fails to post or maintain a required sign through December
13 31, 2000 is guilty of a petty offense for which the fine shall
14 be \$500 per day per each retail premises where a violation
15 occurs.

16 With respect to gasohol, as defined in the Use Tax Act, the
17 tax imposed by this Act applies to (i) 70% of the proceeds of
18 sales made on or after January 1, 1990, and before July 1,
19 2003, (ii) 80% of the proceeds of sales made on or after July
20 1, 2003 and on or before July 1, 2017, ~~and~~ (iii) 100% of the
21 proceeds of sales made after July 1, 2017 and prior to January
22 1, 2024, (iv) 90% of the proceeds of sales made on or after
23 January 1, 2024 and on or before December 31, 2030, and (v)
24 100% of the proceeds of sales made after December 31, 2030
25 ~~thereafter~~. If, at any time, however, the tax under this Act on
26 sales of gasohol, as defined in the Use Tax Act, is imposed at

1 the rate of 1.25%, then the tax imposed by this Act applies to
2 100% of the proceeds of sales of gasohol made during that time.

3 With respect to mid-range ethanol blends, as defined in
4 Section 3-44.3 of the Use Tax Act, the tax imposed by this Act
5 applies to (i) 80% of the proceeds of sales made on or after
6 January 1, 2024 and on or before December 31, 2030 and (ii)
7 100% of the proceeds of sales made after December 31, 2030. If,
8 at any time, however, the tax under this Act on sales of
9 mid-range ethanol blends is imposed at the rate of 1.25%, then
10 the tax imposed by this Act applies to 100% of the proceeds of
11 sales of mid-range ethanol blends made during that time.

12 With respect to majority blended ethanol fuel, as defined
13 in the Use Tax Act, the tax imposed by this Act does not apply
14 to the proceeds of sales made on or after July 1, 2003 and on
15 or before December 31, 2030 ~~December 31, 2023~~ but applies to
16 100% of the proceeds of sales made thereafter.

17 With respect to biodiesel blends, as defined in the Use
18 Tax Act, with no less than 1% and no more than 10% biodiesel,
19 the tax imposed by this Act applies to (i) 80% of the proceeds
20 of sales made on or after July 1, 2003 and on or before
21 December 31, 2018 and (ii) 100% of the proceeds of sales made
22 after December 31, 2018 and before January 1, 2024. On and
23 after January 1, 2024 and on or before December 31, 2030, the
24 taxation of biodiesel, renewable diesel, and biodiesel blends
25 shall be as provided in Section 3-5.1 of the Use Tax Act. If,
26 at any time, however, the tax under this Act on sales of

1 biodiesel blends, as defined in the Use Tax Act, with no less
2 than 1% and no more than 10% biodiesel is imposed at the rate
3 of 1.25%, then the tax imposed by this Act applies to 100% of
4 the proceeds of sales of biodiesel blends with no less than 1%
5 and no more than 10% biodiesel made during that time.

6 With respect to biodiesel, as defined in the Use Tax Act,
7 and biodiesel blends, as defined in the Use Tax Act, with more
8 than 10% but no more than 99% biodiesel, the tax imposed by
9 this Act does not apply to the proceeds of sales made on or
10 after July 1, 2003 and on or before December 31, 2023. On and
11 after January 1, 2024 and on or before December 31, 2030, the
12 taxation of biodiesel, renewable diesel, and biodiesel blends
13 shall be as provided in Section 3-5.1 of the Use Tax Act.

14 Until July 1, 2022 and beginning again on July 1, 2023,
15 with respect to food for human consumption that is to be
16 consumed off the premises where it is sold (other than
17 alcoholic beverages, food consisting of or infused with adult
18 use cannabis, soft drinks, and food that has been prepared for
19 immediate consumption), the tax is imposed at the rate of 1%.
20 Beginning July 1, 2022 and until July 1, 2023, with respect to
21 food for human consumption that is to be consumed off the
22 premises where it is sold (other than alcoholic beverages,
23 food consisting of or infused with adult use cannabis, soft
24 drinks, and food that has been prepared for immediate
25 consumption), the tax is imposed at the rate of 0%.

26 With respect to prescription and nonprescription

1 medicines, drugs, medical appliances, products classified as
2 Class III medical devices by the United States Food and Drug
3 Administration that are used for cancer treatment pursuant to
4 a prescription, as well as any accessories and components
5 related to those devices, modifications to a motor vehicle for
6 the purpose of rendering it usable by a person with a
7 disability, and insulin, blood sugar testing materials,
8 syringes, and needles used by human diabetics, the tax is
9 imposed at the rate of 1%. For the purposes of this Section,
10 until September 1, 2009: the term "soft drinks" means any
11 complete, finished, ready-to-use, non-alcoholic drink, whether
12 carbonated or not, including, but not limited to, soda water,
13 cola, fruit juice, vegetable juice, carbonated water, and all
14 other preparations commonly known as soft drinks of whatever
15 kind or description that are contained in any closed or sealed
16 bottle, can, carton, or container, regardless of size; but
17 "soft drinks" does not include coffee, tea, non-carbonated
18 water, infant formula, milk or milk products as defined in the
19 Grade A Pasteurized Milk and Milk Products Act, or drinks
20 containing 50% or more natural fruit or vegetable juice.

21 Notwithstanding any other provisions of this Act,
22 beginning September 1, 2009, "soft drinks" means non-alcoholic
23 beverages that contain natural or artificial sweeteners. "Soft
24 drinks" does ~~do~~ not include beverages that contain milk or
25 milk products, soy, rice or similar milk substitutes, or
26 greater than 50% of vegetable or fruit juice by volume.

1 Until August 1, 2009, and notwithstanding any other
2 provisions of this Act, "food for human consumption that is to
3 be consumed off the premises where it is sold" includes all
4 food sold through a vending machine, except soft drinks and
5 food products that are dispensed hot from a vending machine,
6 regardless of the location of the vending machine. Beginning
7 August 1, 2009, and notwithstanding any other provisions of
8 this Act, "food for human consumption that is to be consumed
9 off the premises where it is sold" includes all food sold
10 through a vending machine, except soft drinks, candy, and food
11 products that are dispensed hot from a vending machine,
12 regardless of the location of the vending machine.

13 Notwithstanding any other provisions of this Act,
14 beginning September 1, 2009, "food for human consumption that
15 is to be consumed off the premises where it is sold" does not
16 include candy. For purposes of this Section, "candy" means a
17 preparation of sugar, honey, or other natural or artificial
18 sweeteners in combination with chocolate, fruits, nuts or
19 other ingredients or flavorings in the form of bars, drops, or
20 pieces. "Candy" does not include any preparation that contains
21 flour or requires refrigeration.

22 Notwithstanding any other provisions of this Act,
23 beginning September 1, 2009, "nonprescription medicines and
24 drugs" does not include grooming and hygiene products. For
25 purposes of this Section, "grooming and hygiene products"
26 includes, but is not limited to, soaps and cleaning solutions,

1 shampoo, toothpaste, mouthwash, antiperspirants, and sun tan
2 lotions and screens, unless those products are available by
3 prescription only, regardless of whether the products meet the
4 definition of "over-the-counter-drugs". For the purposes of
5 this paragraph, "over-the-counter-drug" means a drug for human
6 use that contains a label that identifies the product as a drug
7 as required by 21 CFR ~~C.F.R.~~ § 201.66. The
8 "over-the-counter-drug" label includes:

9 (A) a ~~A~~ "Drug Facts" panel; or

10 (B) a ~~A~~ statement of the "active ingredient(s)" with a
11 list of those ingredients contained in the compound,
12 substance or preparation.

13 Beginning on January 1, 2014 (the effective date of Public
14 Act 98-122) ~~this amendatory Act of the 98th General Assembly,~~
15 "prescription and nonprescription medicines and drugs"
16 includes medical cannabis purchased from a registered
17 dispensing organization under the Compassionate Use of Medical
18 Cannabis Program Act.

19 As used in this Section, "adult use cannabis" means
20 cannabis subject to tax under the Cannabis Cultivation
21 Privilege Tax Law and the Cannabis Purchaser Excise Tax Law
22 and does not include cannabis subject to tax under the
23 Compassionate Use of Medical Cannabis Program Act.

24 (Source: P.A. 101-363, eff. 8-9-19; 101-593, eff. 12-4-19;
25 102-4, eff. 4-27-21; 102-700, Article 20, Section 20-20, eff.
26 4-19-22; 102-700, Article 60, Section 60-30, eff. 4-19-22;

1 102-700, Article 65, Section 65-10, eff. 4-19-22; revised
2 6-1-22.)

3 (35 ILCS 120/2d) (from Ch. 120, par. 441d)

4 Sec. 2d. Tax prepayment by motor fuel retailer.

5 (a) Any person engaged in the business of selling motor
6 fuel at retail, as defined in the Motor Fuel Tax Law, and who
7 is not a licensed distributor or supplier, as defined in the
8 Motor Fuel Tax Law, shall prepay to his or her distributor,
9 supplier, or other reseller of motor fuel a portion of the tax
10 imposed by this Act if the distributor, supplier, or other
11 reseller of motor fuel is registered under Section 2a or
12 Section 2c of this Act. The prepayment requirement provided
13 for in this Section does not apply to liquid propane gas.

14 (b) Beginning on July 1, 2000 and through December 31,
15 2000, the Retailers' Occupation Tax paid to the distributor,
16 supplier, or other reseller shall be an amount equal to \$0.01
17 per gallon of the motor fuel, except gasohol as defined in
18 Section 2-10 of this Act which shall be an amount equal to
19 \$0.01 per gallon, purchased from the distributor, supplier, or
20 other reseller.

21 (c) Before July 1, 2000 and then beginning on January 1,
22 2001 and through June 30, 2003, the Retailers' Occupation Tax
23 paid to the distributor, supplier, or other reseller shall be
24 an amount equal to \$0.04 per gallon of the motor fuel, except
25 gasohol as defined in Section 2-10 of this Act which shall be

1 an amount equal to \$0.03 per gallon, purchased from the
2 distributor, supplier, or other reseller.

3 (d) Beginning July 1, 2003 and through December 31, 2010,
4 the Retailers' Occupation Tax paid to the distributor,
5 supplier, or other reseller shall be an amount equal to \$0.06
6 per gallon of the motor fuel, except gasohol as defined in
7 Section 2-10 of this Act which shall be an amount equal to
8 \$0.05 per gallon, purchased from the distributor, supplier, or
9 other reseller.

10 (e) Beginning on January 1, 2011 and thereafter, the
11 Retailers' Occupation Tax paid to the distributor, supplier,
12 or other reseller shall be at the rate established by the
13 Department under this subsection. The rate shall be
14 established by the Department on January 1 and July 1 of each
15 year using the average selling price, as defined in Section 1
16 of this Act, per gallon of motor fuel sold in the State during
17 the previous 6 months and multiplying that amount by 6.25% to
18 determine the cents per gallon rate. Beginning on January 1,
19 2024 and through December 31, 2030, ~~In the case of biodiesel~~
20 ~~blends, as defined in Section 3-42 of the Use Tax Act, with no~~
21 ~~less than 1% and no more than 10% biodiesel, and in the case of~~
22 gasohol, as defined in Section 3-40 of the Use Tax Act, the
23 rate shall be 90% ~~80%~~ of the rate established by the Department
24 under this subsection for motor fuel. Beginning on January 1,
25 2024 and through December 31, 2030, in the case of mid-range
26 ethanol blends, as defined in Section 3-44.3 of the Use Tax

1 Act, the rate shall be 80% of the rate established by the
2 Department under this subsection for motor fuel. The
3 Department shall provide persons subject to this Section
4 notice of the rate established under this subsection at least
5 20 days prior to each January 1 and July 1. Publication of the
6 established rate on the Department's internet website shall
7 constitute sufficient notice under this Section. The
8 Department may use data derived from independent surveys
9 conducted or accumulated by third parties to determine the
10 average selling price per gallon of motor fuel sold in the
11 State.

12 (f) Any person engaged in the business of selling motor
13 fuel at retail shall be entitled to a credit against tax due
14 under this Act in an amount equal to the tax paid to the
15 distributor, supplier, or other reseller.

16 (g) Every distributor, supplier, or other reseller
17 registered as provided in Section 2a or Section 2c of this Act
18 shall remit the prepaid tax on all motor fuel that is due from
19 any person engaged in the business of selling at retail motor
20 fuel with the returns filed under Section 2f or Section 3 of
21 this Act, but the vendors discount provided in Section 3 shall
22 not apply to the amount of prepaid tax that is remitted. Any
23 distributor or supplier who fails to properly collect and
24 remit the tax shall be liable for the tax. For purposes of this
25 Section, the prepaid tax is due on invoiced gallons sold
26 during a month by the 20th day of the following month.

1 (Source: P.A. 96-1384, eff. 7-29-10.)

2 ARTICLE 15. ELECTRIC GENERATION EQUIPMENT

3 Section 15-5. The Use Tax Act is amended by changing
4 Section 3-5 as follows:

5 (35 ILCS 105/3-5)

6 Sec. 3-5. Exemptions. Use of the following tangible
7 personal property is exempt from the tax imposed by this Act:

8 (1) Personal property purchased from a corporation,
9 society, association, foundation, institution, or
10 organization, other than a limited liability company, that is
11 organized and operated as a not-for-profit service enterprise
12 for the benefit of persons 65 years of age or older if the
13 personal property was not purchased by the enterprise for the
14 purpose of resale by the enterprise.

15 (2) Personal property purchased by a not-for-profit
16 Illinois county fair association for use in conducting,
17 operating, or promoting the county fair.

18 (3) Personal property purchased by a not-for-profit arts
19 or cultural organization that establishes, by proof required
20 by the Department by rule, that it has received an exemption
21 under Section 501(c)(3) of the Internal Revenue Code and that
22 is organized and operated primarily for the presentation or
23 support of arts or cultural programming, activities, or

1 services. These organizations include, but are not limited to,
2 music and dramatic arts organizations such as symphony
3 orchestras and theatrical groups, arts and cultural service
4 organizations, local arts councils, visual arts organizations,
5 and media arts organizations. On and after July 1, 2001 (the
6 effective date of Public Act 92-35), however, an entity
7 otherwise eligible for this exemption shall not make tax-free
8 purchases unless it has an active identification number issued
9 by the Department.

10 (4) Personal property purchased by a governmental body, by
11 a corporation, society, association, foundation, or
12 institution organized and operated exclusively for charitable,
13 religious, or educational purposes, or by a not-for-profit
14 corporation, society, association, foundation, institution, or
15 organization that has no compensated officers or employees and
16 that is organized and operated primarily for the recreation of
17 persons 55 years of age or older. A limited liability company
18 may qualify for the exemption under this paragraph only if the
19 limited liability company is organized and operated
20 exclusively for educational purposes. On and after July 1,
21 1987, however, no entity otherwise eligible for this exemption
22 shall make tax-free purchases unless it has an active
23 exemption identification number issued by the Department.

24 (5) Until July 1, 2003, a passenger car that is a
25 replacement vehicle to the extent that the purchase price of
26 the car is subject to the Replacement Vehicle Tax.

1 (6) Until July 1, 2003 and beginning again on September 1,
2 2004 through August 30, 2014, graphic arts machinery and
3 equipment, including repair and replacement parts, both new
4 and used, and including that manufactured on special order,
5 certified by the purchaser to be used primarily for graphic
6 arts production, and including machinery and equipment
7 purchased for lease. Equipment includes chemicals or chemicals
8 acting as catalysts but only if the chemicals or chemicals
9 acting as catalysts effect a direct and immediate change upon
10 a graphic arts product. Beginning on July 1, 2017, graphic
11 arts machinery and equipment is included in the manufacturing
12 and assembling machinery and equipment exemption under
13 paragraph (18).

14 (7) Farm chemicals.

15 (8) Legal tender, currency, medallions, or gold or silver
16 coinage issued by the State of Illinois, the government of the
17 United States of America, or the government of any foreign
18 country, and bullion.

19 (9) Personal property purchased from a teacher-sponsored
20 student organization affiliated with an elementary or
21 secondary school located in Illinois.

22 (10) A motor vehicle that is used for automobile renting,
23 as defined in the Automobile Renting Occupation and Use Tax
24 Act.

25 (11) Farm machinery and equipment, both new and used,
26 including that manufactured on special order, certified by the

1 purchaser to be used primarily for production agriculture or
2 State or federal agricultural programs, including individual
3 replacement parts for the machinery and equipment, including
4 machinery and equipment purchased for lease, and including
5 implements of husbandry defined in Section 1-130 of the
6 Illinois Vehicle Code, farm machinery and agricultural
7 chemical and fertilizer spreaders, and nurse wagons required
8 to be registered under Section 3-809 of the Illinois Vehicle
9 Code, but excluding other motor vehicles required to be
10 registered under the Illinois Vehicle Code. Horticultural
11 polyhouses or hoop houses used for propagating, growing, or
12 overwintering plants shall be considered farm machinery and
13 equipment under this item (11). Agricultural chemical tender
14 tanks and dry boxes shall include units sold separately from a
15 motor vehicle required to be licensed and units sold mounted
16 on a motor vehicle required to be licensed if the selling price
17 of the tender is separately stated.

18 Farm machinery and equipment shall include precision
19 farming equipment that is installed or purchased to be
20 installed on farm machinery and equipment including, but not
21 limited to, tractors, harvesters, sprayers, planters, seeders,
22 or spreaders. Precision farming equipment includes, but is not
23 limited to, soil testing sensors, computers, monitors,
24 software, global positioning and mapping systems, and other
25 such equipment.

26 Farm machinery and equipment also includes computers,

1 sensors, software, and related equipment used primarily in the
2 computer-assisted operation of production agriculture
3 facilities, equipment, and activities such as, but not limited
4 to, the collection, monitoring, and correlation of animal and
5 crop data for the purpose of formulating animal diets and
6 agricultural chemicals.

7 Beginning on January 1, 2024, farm machinery and equipment
8 also includes electrical power generation equipment used
9 primarily for production agriculture.

10 This item (11) is exempt from the provisions of Section
11 3-90.

12 (12) Until June 30, 2013, fuel and petroleum products sold
13 to or used by an air common carrier, certified by the carrier
14 to be used for consumption, shipment, or storage in the
15 conduct of its business as an air common carrier, for a flight
16 destined for or returning from a location or locations outside
17 the United States without regard to previous or subsequent
18 domestic stopovers.

19 Beginning July 1, 2013, fuel and petroleum products sold
20 to or used by an air carrier, certified by the carrier to be
21 used for consumption, shipment, or storage in the conduct of
22 its business as an air common carrier, for a flight that (i) is
23 engaged in foreign trade or is engaged in trade between the
24 United States and any of its possessions and (ii) transports
25 at least one individual or package for hire from the city of
26 origination to the city of final destination on the same

1 aircraft, without regard to a change in the flight number of
2 that aircraft.

3 (13) Proceeds of mandatory service charges separately
4 stated on customers' bills for the purchase and consumption of
5 food and beverages purchased at retail from a retailer, to the
6 extent that the proceeds of the service charge are in fact
7 turned over as tips or as a substitute for tips to the
8 employees who participate directly in preparing, serving,
9 hosting or cleaning up the food or beverage function with
10 respect to which the service charge is imposed.

11 (14) Until July 1, 2003, oil field exploration, drilling,
12 and production equipment, including (i) rigs and parts of
13 rigs, rotary rigs, cable tool rigs, and workover rigs, (ii)
14 pipe and tubular goods, including casing and drill strings,
15 (iii) pumps and pump-jack units, (iv) storage tanks and flow
16 lines, (v) any individual replacement part for oil field
17 exploration, drilling, and production equipment, and (vi)
18 machinery and equipment purchased for lease; but excluding
19 motor vehicles required to be registered under the Illinois
20 Vehicle Code.

21 (15) Photoprocessing machinery and equipment, including
22 repair and replacement parts, both new and used, including
23 that manufactured on special order, certified by the purchaser
24 to be used primarily for photoprocessing, and including
25 photoprocessing machinery and equipment purchased for lease.

26 (16) Until July 1, 2028, coal and aggregate exploration,

1 mining, off-highway hauling, processing, maintenance, and
2 reclamation equipment, including replacement parts and
3 equipment, and including equipment purchased for lease, but
4 excluding motor vehicles required to be registered under the
5 Illinois Vehicle Code. The changes made to this Section by
6 Public Act 97-767 apply on and after July 1, 2003, but no claim
7 for credit or refund is allowed on or after August 16, 2013
8 (the effective date of Public Act 98-456) for such taxes paid
9 during the period beginning July 1, 2003 and ending on August
10 16, 2013 (the effective date of Public Act 98-456).

11 (17) Until July 1, 2003, distillation machinery and
12 equipment, sold as a unit or kit, assembled or installed by the
13 retailer, certified by the user to be used only for the
14 production of ethyl alcohol that will be used for consumption
15 as motor fuel or as a component of motor fuel for the personal
16 use of the user, and not subject to sale or resale.

17 (18) Manufacturing and assembling machinery and equipment
18 used primarily in the process of manufacturing or assembling
19 tangible personal property for wholesale or retail sale or
20 lease, whether that sale or lease is made directly by the
21 manufacturer or by some other person, whether the materials
22 used in the process are owned by the manufacturer or some other
23 person, or whether that sale or lease is made apart from or as
24 an incident to the seller's engaging in the service occupation
25 of producing machines, tools, dies, jigs, patterns, gauges, or
26 other similar items of no commercial value on special order

1 for a particular purchaser. The exemption provided by this
2 paragraph (18) includes production related tangible personal
3 property, as defined in Section 3-50, purchased on or after
4 July 1, 2019. The exemption provided by this paragraph (18)
5 does not include machinery and equipment used in (i) the
6 generation of electricity for wholesale or retail sale; (ii)
7 the generation or treatment of natural or artificial gas for
8 wholesale or retail sale that is delivered to customers
9 through pipes, pipelines, or mains; or (iii) the treatment of
10 water for wholesale or retail sale that is delivered to
11 customers through pipes, pipelines, or mains. The provisions
12 of Public Act 98-583 are declaratory of existing law as to the
13 meaning and scope of this exemption. Beginning on July 1,
14 2017, the exemption provided by this paragraph (18) includes,
15 but is not limited to, graphic arts machinery and equipment,
16 as defined in paragraph (6) of this Section.

17 (19) Personal property delivered to a purchaser or
18 purchaser's donee inside Illinois when the purchase order for
19 that personal property was received by a florist located
20 outside Illinois who has a florist located inside Illinois
21 deliver the personal property.

22 (20) Semen used for artificial insemination of livestock
23 for direct agricultural production.

24 (21) Horses, or interests in horses, registered with and
25 meeting the requirements of any of the Arabian Horse Club
26 Registry of America, Appaloosa Horse Club, American Quarter

1 Horse Association, United States Trotting Association, or
2 Jockey Club, as appropriate, used for purposes of breeding or
3 racing for prizes. This item (21) is exempt from the
4 provisions of Section 3-90, and the exemption provided for
5 under this item (21) applies for all periods beginning May 30,
6 1995, but no claim for credit or refund is allowed on or after
7 January 1, 2008 for such taxes paid during the period
8 beginning May 30, 2000 and ending on January 1, 2008.

9 (22) Computers and communications equipment utilized for
10 any hospital purpose and equipment used in the diagnosis,
11 analysis, or treatment of hospital patients purchased by a
12 lessor who leases the equipment, under a lease of one year or
13 longer executed or in effect at the time the lessor would
14 otherwise be subject to the tax imposed by this Act, to a
15 hospital that has been issued an active tax exemption
16 identification number by the Department under Section 1g of
17 the Retailers' Occupation Tax Act. If the equipment is leased
18 in a manner that does not qualify for this exemption or is used
19 in any other non-exempt manner, the lessor shall be liable for
20 the tax imposed under this Act or the Service Use Tax Act, as
21 the case may be, based on the fair market value of the property
22 at the time the non-qualifying use occurs. No lessor shall
23 collect or attempt to collect an amount (however designated)
24 that purports to reimburse that lessor for the tax imposed by
25 this Act or the Service Use Tax Act, as the case may be, if the
26 tax has not been paid by the lessor. If a lessor improperly

1 collects any such amount from the lessee, the lessee shall
2 have a legal right to claim a refund of that amount from the
3 lessor. If, however, that amount is not refunded to the lessee
4 for any reason, the lessor is liable to pay that amount to the
5 Department.

6 (23) Personal property purchased by a lessor who leases
7 the property, under a lease of one year or longer executed or
8 in effect at the time the lessor would otherwise be subject to
9 the tax imposed by this Act, to a governmental body that has
10 been issued an active sales tax exemption identification
11 number by the Department under Section 1g of the Retailers'
12 Occupation Tax Act. If the property is leased in a manner that
13 does not qualify for this exemption or used in any other
14 non-exempt manner, the lessor shall be liable for the tax
15 imposed under this Act or the Service Use Tax Act, as the case
16 may be, based on the fair market value of the property at the
17 time the non-qualifying use occurs. No lessor shall collect or
18 attempt to collect an amount (however designated) that
19 purports to reimburse that lessor for the tax imposed by this
20 Act or the Service Use Tax Act, as the case may be, if the tax
21 has not been paid by the lessor. If a lessor improperly
22 collects any such amount from the lessee, the lessee shall
23 have a legal right to claim a refund of that amount from the
24 lessor. If, however, that amount is not refunded to the lessee
25 for any reason, the lessor is liable to pay that amount to the
26 Department.

1 (24) Beginning with taxable years ending on or after
2 December 31, 1995 and ending with taxable years ending on or
3 before December 31, 2004, personal property that is donated
4 for disaster relief to be used in a State or federally declared
5 disaster area in Illinois or bordering Illinois by a
6 manufacturer or retailer that is registered in this State to a
7 corporation, society, association, foundation, or institution
8 that has been issued a sales tax exemption identification
9 number by the Department that assists victims of the disaster
10 who reside within the declared disaster area.

11 (25) Beginning with taxable years ending on or after
12 December 31, 1995 and ending with taxable years ending on or
13 before December 31, 2004, personal property that is used in
14 the performance of infrastructure repairs in this State,
15 including but not limited to municipal roads and streets,
16 access roads, bridges, sidewalks, waste disposal systems,
17 water and sewer line extensions, water distribution and
18 purification facilities, storm water drainage and retention
19 facilities, and sewage treatment facilities, resulting from a
20 State or federally declared disaster in Illinois or bordering
21 Illinois when such repairs are initiated on facilities located
22 in the declared disaster area within 6 months after the
23 disaster.

24 (26) Beginning July 1, 1999, game or game birds purchased
25 at a "game breeding and hunting preserve area" as that term is
26 used in the Wildlife Code. This paragraph is exempt from the

1 provisions of Section 3-90.

2 (27) A motor vehicle, as that term is defined in Section
3 1-146 of the Illinois Vehicle Code, that is donated to a
4 corporation, limited liability company, society, association,
5 foundation, or institution that is determined by the
6 Department to be organized and operated exclusively for
7 educational purposes. For purposes of this exemption, "a
8 corporation, limited liability company, society, association,
9 foundation, or institution organized and operated exclusively
10 for educational purposes" means all tax-supported public
11 schools, private schools that offer systematic instruction in
12 useful branches of learning by methods common to public
13 schools and that compare favorably in their scope and
14 intensity with the course of study presented in tax-supported
15 schools, and vocational or technical schools or institutes
16 organized and operated exclusively to provide a course of
17 study of not less than 6 weeks duration and designed to prepare
18 individuals to follow a trade or to pursue a manual,
19 technical, mechanical, industrial, business, or commercial
20 occupation.

21 (28) Beginning January 1, 2000, personal property,
22 including food, purchased through fundraising events for the
23 benefit of a public or private elementary or secondary school,
24 a group of those schools, or one or more school districts if
25 the events are sponsored by an entity recognized by the school
26 district that consists primarily of volunteers and includes

1 parents and teachers of the school children. This paragraph
2 does not apply to fundraising events (i) for the benefit of
3 private home instruction or (ii) for which the fundraising
4 entity purchases the personal property sold at the events from
5 another individual or entity that sold the property for the
6 purpose of resale by the fundraising entity and that profits
7 from the sale to the fundraising entity. This paragraph is
8 exempt from the provisions of Section 3-90.

9 (29) Beginning January 1, 2000 and through December 31,
10 2001, new or used automatic vending machines that prepare and
11 serve hot food and beverages, including coffee, soup, and
12 other items, and replacement parts for these machines.
13 Beginning January 1, 2002 and through June 30, 2003, machines
14 and parts for machines used in commercial, coin-operated
15 amusement and vending business if a use or occupation tax is
16 paid on the gross receipts derived from the use of the
17 commercial, coin-operated amusement and vending machines. This
18 paragraph is exempt from the provisions of Section 3-90.

19 (30) Beginning January 1, 2001 and through June 30, 2016,
20 food for human consumption that is to be consumed off the
21 premises where it is sold (other than alcoholic beverages,
22 soft drinks, and food that has been prepared for immediate
23 consumption) and prescription and nonprescription medicines,
24 drugs, medical appliances, and insulin, urine testing
25 materials, syringes, and needles used by diabetics, for human
26 use, when purchased for use by a person receiving medical

1 assistance under Article V of the Illinois Public Aid Code who
2 resides in a licensed long-term care facility, as defined in
3 the Nursing Home Care Act, or in a licensed facility as defined
4 in the ID/DD Community Care Act, the MC/DD Act, or the
5 Specialized Mental Health Rehabilitation Act of 2013.

6 (31) Beginning on August 2, 2001 (the effective date of
7 Public Act 92-227), computers and communications equipment
8 utilized for any hospital purpose and equipment used in the
9 diagnosis, analysis, or treatment of hospital patients
10 purchased by a lessor who leases the equipment, under a lease
11 of one year or longer executed or in effect at the time the
12 lessor would otherwise be subject to the tax imposed by this
13 Act, to a hospital that has been issued an active tax exemption
14 identification number by the Department under Section 1g of
15 the Retailers' Occupation Tax Act. If the equipment is leased
16 in a manner that does not qualify for this exemption or is used
17 in any other nonexempt manner, the lessor shall be liable for
18 the tax imposed under this Act or the Service Use Tax Act, as
19 the case may be, based on the fair market value of the property
20 at the time the nonqualifying use occurs. No lessor shall
21 collect or attempt to collect an amount (however designated)
22 that purports to reimburse that lessor for the tax imposed by
23 this Act or the Service Use Tax Act, as the case may be, if the
24 tax has not been paid by the lessor. If a lessor improperly
25 collects any such amount from the lessee, the lessee shall
26 have a legal right to claim a refund of that amount from the

1 lessor. If, however, that amount is not refunded to the lessee
2 for any reason, the lessor is liable to pay that amount to the
3 Department. This paragraph is exempt from the provisions of
4 Section 3-90.

5 (32) Beginning on August 2, 2001 (the effective date of
6 Public Act 92-227), personal property purchased by a lessor
7 who leases the property, under a lease of one year or longer
8 executed or in effect at the time the lessor would otherwise be
9 subject to the tax imposed by this Act, to a governmental body
10 that has been issued an active sales tax exemption
11 identification number by the Department under Section 1g of
12 the Retailers' Occupation Tax Act. If the property is leased
13 in a manner that does not qualify for this exemption or used in
14 any other nonexempt manner, the lessor shall be liable for the
15 tax imposed under this Act or the Service Use Tax Act, as the
16 case may be, based on the fair market value of the property at
17 the time the nonqualifying use occurs. No lessor shall collect
18 or attempt to collect an amount (however designated) that
19 purports to reimburse that lessor for the tax imposed by this
20 Act or the Service Use Tax Act, as the case may be, if the tax
21 has not been paid by the lessor. If a lessor improperly
22 collects any such amount from the lessee, the lessee shall
23 have a legal right to claim a refund of that amount from the
24 lessor. If, however, that amount is not refunded to the lessee
25 for any reason, the lessor is liable to pay that amount to the
26 Department. This paragraph is exempt from the provisions of

1 Section 3-90.

2 (33) On and after July 1, 2003 and through June 30, 2004,
3 the use in this State of motor vehicles of the second division
4 with a gross vehicle weight in excess of 8,000 pounds and that
5 are subject to the commercial distribution fee imposed under
6 Section 3-815.1 of the Illinois Vehicle Code. Beginning on
7 July 1, 2004 and through June 30, 2005, the use in this State
8 of motor vehicles of the second division: (i) with a gross
9 vehicle weight rating in excess of 8,000 pounds; (ii) that are
10 subject to the commercial distribution fee imposed under
11 Section 3-815.1 of the Illinois Vehicle Code; and (iii) that
12 are primarily used for commercial purposes. Through June 30,
13 2005, this exemption applies to repair and replacement parts
14 added after the initial purchase of such a motor vehicle if
15 that motor vehicle is used in a manner that would qualify for
16 the rolling stock exemption otherwise provided for in this
17 Act. For purposes of this paragraph, the term "used for
18 commercial purposes" means the transportation of persons or
19 property in furtherance of any commercial or industrial
20 enterprise, whether for-hire or not.

21 (34) Beginning January 1, 2008, tangible personal property
22 used in the construction or maintenance of a community water
23 supply, as defined under Section 3.145 of the Environmental
24 Protection Act, that is operated by a not-for-profit
25 corporation that holds a valid water supply permit issued
26 under Title IV of the Environmental Protection Act. This

1 paragraph is exempt from the provisions of Section 3-90.

2 (35) Beginning January 1, 2010 and continuing through
3 December 31, 2024, materials, parts, equipment, components,
4 and furnishings incorporated into or upon an aircraft as part
5 of the modification, refurbishment, completion, replacement,
6 repair, or maintenance of the aircraft. This exemption
7 includes consumable supplies used in the modification,
8 refurbishment, completion, replacement, repair, and
9 maintenance of aircraft, but excludes any materials, parts,
10 equipment, components, and consumable supplies used in the
11 modification, replacement, repair, and maintenance of aircraft
12 engines or power plants, whether such engines or power plants
13 are installed or uninstalled upon any such aircraft.
14 "Consumable supplies" include, but are not limited to,
15 adhesive, tape, sandpaper, general purpose lubricants,
16 cleaning solution, latex gloves, and protective films. This
17 exemption applies only to the use of qualifying tangible
18 personal property by persons who modify, refurbish, complete,
19 repair, replace, or maintain aircraft and who (i) hold an Air
20 Agency Certificate and are empowered to operate an approved
21 repair station by the Federal Aviation Administration, (ii)
22 have a Class IV Rating, and (iii) conduct operations in
23 accordance with Part 145 of the Federal Aviation Regulations.
24 The exemption does not include aircraft operated by a
25 commercial air carrier providing scheduled passenger air
26 service pursuant to authority issued under Part 121 or Part

1 129 of the Federal Aviation Regulations. The changes made to
2 this paragraph (35) by Public Act 98-534 are declarative of
3 existing law. It is the intent of the General Assembly that the
4 exemption under this paragraph (35) applies continuously from
5 January 1, 2010 through December 31, 2024; however, no claim
6 for credit or refund is allowed for taxes paid as a result of
7 the disallowance of this exemption on or after January 1, 2015
8 and prior to February 5, 2020 (the effective date of Public Act
9 101-629) ~~this amendatory Act of the 101st General Assembly.~~

10 (36) Tangible personal property purchased by a
11 public-facilities corporation, as described in Section
12 11-65-10 of the Illinois Municipal Code, for purposes of
13 constructing or furnishing a municipal convention hall, but
14 only if the legal title to the municipal convention hall is
15 transferred to the municipality without any further
16 consideration by or on behalf of the municipality at the time
17 of the completion of the municipal convention hall or upon the
18 retirement or redemption of any bonds or other debt
19 instruments issued by the public-facilities corporation in
20 connection with the development of the municipal convention
21 hall. This exemption includes existing public-facilities
22 corporations as provided in Section 11-65-25 of the Illinois
23 Municipal Code. This paragraph is exempt from the provisions
24 of Section 3-90.

25 (37) Beginning January 1, 2017 and through December 31,
26 2026, menstrual pads, tampons, and menstrual cups.

1 (38) Merchandise that is subject to the Rental Purchase
2 Agreement Occupation and Use Tax. The purchaser must certify
3 that the item is purchased to be rented subject to a rental
4 purchase agreement, as defined in the Rental Purchase
5 Agreement Act, and provide proof of registration under the
6 Rental Purchase Agreement Occupation and Use Tax Act. This
7 paragraph is exempt from the provisions of Section 3-90.

8 (39) Tangible personal property purchased by a purchaser
9 who is exempt from the tax imposed by this Act by operation of
10 federal law. This paragraph is exempt from the provisions of
11 Section 3-90.

12 (40) Qualified tangible personal property used in the
13 construction or operation of a data center that has been
14 granted a certificate of exemption by the Department of
15 Commerce and Economic Opportunity, whether that tangible
16 personal property is purchased by the owner, operator, or
17 tenant of the data center or by a contractor or subcontractor
18 of the owner, operator, or tenant. Data centers that would
19 have qualified for a certificate of exemption prior to January
20 1, 2020 had Public Act 101-31 been in effect may apply for and
21 obtain an exemption for subsequent purchases of computer
22 equipment or enabling software purchased or leased to upgrade,
23 supplement, or replace computer equipment or enabling software
24 purchased or leased in the original investment that would have
25 qualified.

26 The Department of Commerce and Economic Opportunity shall

1 grant a certificate of exemption under this item (40) to
2 qualified data centers as defined by Section 605-1025 of the
3 Department of Commerce and Economic Opportunity Law of the
4 Civil Administrative Code of Illinois.

5 For the purposes of this item (40):

6 "Data center" means a building or a series of
7 buildings rehabilitated or constructed to house working
8 servers in one physical location or multiple sites within
9 the State of Illinois.

10 "Qualified tangible personal property" means:
11 electrical systems and equipment; climate control and
12 chilling equipment and systems; mechanical systems and
13 equipment; monitoring and secure systems; emergency
14 generators; hardware; computers; servers; data storage
15 devices; network connectivity equipment; racks; cabinets;
16 telecommunications cabling infrastructure; raised floor
17 systems; peripheral components or systems; software;
18 mechanical, electrical, or plumbing systems; battery
19 systems; cooling systems and towers; temperature control
20 systems; other cabling; and other data center
21 infrastructure equipment and systems necessary to operate
22 qualified tangible personal property, including fixtures;
23 and component parts of any of the foregoing, including
24 installation, maintenance, repair, refurbishment, and
25 replacement of qualified tangible personal property to
26 generate, transform, transmit, distribute, or manage

1 electricity necessary to operate qualified tangible
2 personal property; and all other tangible personal
3 property that is essential to the operations of a computer
4 data center. The term "qualified tangible personal
5 property" also includes building materials physically
6 incorporated in to the qualifying data center. To document
7 the exemption allowed under this Section, the retailer
8 must obtain from the purchaser a copy of the certificate
9 of eligibility issued by the Department of Commerce and
10 Economic Opportunity.

11 This item (40) is exempt from the provisions of Section
12 3-90.

13 (41) Beginning July 1, 2022, breast pumps, breast pump
14 collection and storage supplies, and breast pump kits. This
15 item (41) is exempt from the provisions of Section 3-90. As
16 used in this item (41):

17 "Breast pump" means an electrically controlled or
18 manually controlled pump device designed or marketed to be
19 used to express milk from a human breast during lactation,
20 including the pump device and any battery, AC adapter, or
21 other power supply unit that is used to power the pump
22 device and is packaged and sold with the pump device at the
23 time of sale.

24 "Breast pump collection and storage supplies" means
25 items of tangible personal property designed or marketed
26 to be used in conjunction with a breast pump to collect

1 milk expressed from a human breast and to store collected
2 milk until it is ready for consumption.

3 "Breast pump collection and storage supplies"
4 includes, but is not limited to: breast shields and breast
5 shield connectors; breast pump tubes and tubing adapters;
6 breast pump valves and membranes; backflow protectors and
7 backflow protector adaptors; bottles and bottle caps
8 specific to the operation of the breast pump; and breast
9 milk storage bags.

10 "Breast pump collection and storage supplies" does not
11 include: (1) bottles and bottle caps not specific to the
12 operation of the breast pump; (2) breast pump travel bags
13 and other similar carrying accessories, including ice
14 packs, labels, and other similar products; (3) breast pump
15 cleaning supplies; (4) nursing bras, bra pads, breast
16 shells, and other similar products; and (5) creams,
17 ointments, and other similar products that relieve
18 breastfeeding-related symptoms or conditions of the
19 breasts or nipples, unless sold as part of a breast pump
20 kit that is pre-packaged by the breast pump manufacturer
21 or distributor.

22 "Breast pump kit" means a kit that: (1) contains no
23 more than a breast pump, breast pump collection and
24 storage supplies, a rechargeable battery for operating the
25 breast pump, a breastmilk cooler, bottle stands, ice
26 packs, and a breast pump carrying case; and (2) is

1 pre-packaged as a breast pump kit by the breast pump
2 manufacturer or distributor.

3 (42) ~~(41)~~ Tangible personal property sold by or on behalf
4 of the State Treasurer pursuant to the Revised Uniform
5 Unclaimed Property Act. This item (42) ~~(41)~~ is exempt from the
6 provisions of Section 3-90.

7 (Source: P.A. 101-9, eff. 6-5-19; 101-31, eff. 6-28-19;
8 101-81, eff. 7-12-19; 101-629, eff. 2-5-20; 102-16, eff.
9 6-17-21; 102-700, Article 70, Section 70-5, eff. 4-19-22;
10 102-700, Article 75, Section 75-5, eff. 4-19-22; 102-1026,
11 eff. 5-27-22; revised 8-1-22.)

12 Section 15-10. The Service Use Tax Act is amended by
13 changing Section 3-5 as follows:

14 (35 ILCS 110/3-5)

15 Sec. 3-5. Exemptions. Use of the following tangible
16 personal property is exempt from the tax imposed by this Act:

17 (1) Personal property purchased from a corporation,
18 society, association, foundation, institution, or
19 organization, other than a limited liability company, that is
20 organized and operated as a not-for-profit service enterprise
21 for the benefit of persons 65 years of age or older if the
22 personal property was not purchased by the enterprise for the
23 purpose of resale by the enterprise.

24 (2) Personal property purchased by a non-profit Illinois

1 county fair association for use in conducting, operating, or
2 promoting the county fair.

3 (3) Personal property purchased by a not-for-profit arts
4 or cultural organization that establishes, by proof required
5 by the Department by rule, that it has received an exemption
6 under Section 501(c)(3) of the Internal Revenue Code and that
7 is organized and operated primarily for the presentation or
8 support of arts or cultural programming, activities, or
9 services. These organizations include, but are not limited to,
10 music and dramatic arts organizations such as symphony
11 orchestras and theatrical groups, arts and cultural service
12 organizations, local arts councils, visual arts organizations,
13 and media arts organizations. On and after July 1, 2001 (the
14 effective date of Public Act 92-35), however, an entity
15 otherwise eligible for this exemption shall not make tax-free
16 purchases unless it has an active identification number issued
17 by the Department.

18 (4) Legal tender, currency, medallions, or gold or silver
19 coinage issued by the State of Illinois, the government of the
20 United States of America, or the government of any foreign
21 country, and bullion.

22 (5) Until July 1, 2003 and beginning again on September 1,
23 2004 through August 30, 2014, graphic arts machinery and
24 equipment, including repair and replacement parts, both new
25 and used, and including that manufactured on special order or
26 purchased for lease, certified by the purchaser to be used

1 primarily for graphic arts production. Equipment includes
2 chemicals or chemicals acting as catalysts but only if the
3 chemicals or chemicals acting as catalysts effect a direct and
4 immediate change upon a graphic arts product. Beginning on
5 July 1, 2017, graphic arts machinery and equipment is included
6 in the manufacturing and assembling machinery and equipment
7 exemption under Section 2 of this Act.

8 (6) Personal property purchased from a teacher-sponsored
9 student organization affiliated with an elementary or
10 secondary school located in Illinois.

11 (7) Farm machinery and equipment, both new and used,
12 including that manufactured on special order, certified by the
13 purchaser to be used primarily for production agriculture or
14 State or federal agricultural programs, including individual
15 replacement parts for the machinery and equipment, including
16 machinery and equipment purchased for lease, and including
17 implements of husbandry defined in Section 1-130 of the
18 Illinois Vehicle Code, farm machinery and agricultural
19 chemical and fertilizer spreaders, and nurse wagons required
20 to be registered under Section 3-809 of the Illinois Vehicle
21 Code, but excluding other motor vehicles required to be
22 registered under the Illinois Vehicle Code. Horticultural
23 polyhouses or hoop houses used for propagating, growing, or
24 overwintering plants shall be considered farm machinery and
25 equipment under this item (7). Agricultural chemical tender
26 tanks and dry boxes shall include units sold separately from a

1 motor vehicle required to be licensed and units sold mounted
2 on a motor vehicle required to be licensed if the selling price
3 of the tender is separately stated.

4 Farm machinery and equipment shall include precision
5 farming equipment that is installed or purchased to be
6 installed on farm machinery and equipment including, but not
7 limited to, tractors, harvesters, sprayers, planters, seeders,
8 or spreaders. Precision farming equipment includes, but is not
9 limited to, soil testing sensors, computers, monitors,
10 software, global positioning and mapping systems, and other
11 such equipment.

12 Farm machinery and equipment also includes computers,
13 sensors, software, and related equipment used primarily in the
14 computer-assisted operation of production agriculture
15 facilities, equipment, and activities such as, but not limited
16 to, the collection, monitoring, and correlation of animal and
17 crop data for the purpose of formulating animal diets and
18 agricultural chemicals.

19 Beginning on January 1, 2024, farm machinery and equipment
20 also includes electrical power generation equipment used
21 primarily for production agriculture.

22 This item (7) is exempt from the provisions of Section
23 3-75.

24 (8) Until June 30, 2013, fuel and petroleum products sold
25 to or used by an air common carrier, certified by the carrier
26 to be used for consumption, shipment, or storage in the

1 conduct of its business as an air common carrier, for a flight
2 destined for or returning from a location or locations outside
3 the United States without regard to previous or subsequent
4 domestic stopovers.

5 Beginning July 1, 2013, fuel and petroleum products sold
6 to or used by an air carrier, certified by the carrier to be
7 used for consumption, shipment, or storage in the conduct of
8 its business as an air common carrier, for a flight that (i) is
9 engaged in foreign trade or is engaged in trade between the
10 United States and any of its possessions and (ii) transports
11 at least one individual or package for hire from the city of
12 origination to the city of final destination on the same
13 aircraft, without regard to a change in the flight number of
14 that aircraft.

15 (9) Proceeds of mandatory service charges separately
16 stated on customers' bills for the purchase and consumption of
17 food and beverages acquired as an incident to the purchase of a
18 service from a serviceman, to the extent that the proceeds of
19 the service charge are in fact turned over as tips or as a
20 substitute for tips to the employees who participate directly
21 in preparing, serving, hosting or cleaning up the food or
22 beverage function with respect to which the service charge is
23 imposed.

24 (10) Until July 1, 2003, oil field exploration, drilling,
25 and production equipment, including (i) rigs and parts of
26 rigs, rotary rigs, cable tool rigs, and workover rigs, (ii)

1 pipe and tubular goods, including casing and drill strings,
2 (iii) pumps and pump-jack units, (iv) storage tanks and flow
3 lines, (v) any individual replacement part for oil field
4 exploration, drilling, and production equipment, and (vi)
5 machinery and equipment purchased for lease; but excluding
6 motor vehicles required to be registered under the Illinois
7 Vehicle Code.

8 (11) Proceeds from the sale of photoprocessing machinery
9 and equipment, including repair and replacement parts, both
10 new and used, including that manufactured on special order,
11 certified by the purchaser to be used primarily for
12 photoprocessing, and including photoprocessing machinery and
13 equipment purchased for lease.

14 (12) Until July 1, 2028, coal and aggregate exploration,
15 mining, off-highway hauling, processing, maintenance, and
16 reclamation equipment, including replacement parts and
17 equipment, and including equipment purchased for lease, but
18 excluding motor vehicles required to be registered under the
19 Illinois Vehicle Code. The changes made to this Section by
20 Public Act 97-767 apply on and after July 1, 2003, but no claim
21 for credit or refund is allowed on or after August 16, 2013
22 (the effective date of Public Act 98-456) for such taxes paid
23 during the period beginning July 1, 2003 and ending on August
24 16, 2013 (the effective date of Public Act 98-456).

25 (13) Semen used for artificial insemination of livestock
26 for direct agricultural production.

1 (14) Horses, or interests in horses, registered with and
2 meeting the requirements of any of the Arabian Horse Club
3 Registry of America, Appaloosa Horse Club, American Quarter
4 Horse Association, United States Trotting Association, or
5 Jockey Club, as appropriate, used for purposes of breeding or
6 racing for prizes. This item (14) is exempt from the
7 provisions of Section 3-75, and the exemption provided for
8 under this item (14) applies for all periods beginning May 30,
9 1995, but no claim for credit or refund is allowed on or after
10 January 1, 2008 (the effective date of Public Act 95-88) for
11 such taxes paid during the period beginning May 30, 2000 and
12 ending on January 1, 2008 (the effective date of Public Act
13 95-88).

14 (15) Computers and communications equipment utilized for
15 any hospital purpose and equipment used in the diagnosis,
16 analysis, or treatment of hospital patients purchased by a
17 lessor who leases the equipment, under a lease of one year or
18 longer executed or in effect at the time the lessor would
19 otherwise be subject to the tax imposed by this Act, to a
20 hospital that has been issued an active tax exemption
21 identification number by the Department under Section 1g of
22 the Retailers' Occupation Tax Act. If the equipment is leased
23 in a manner that does not qualify for this exemption or is used
24 in any other non-exempt manner, the lessor shall be liable for
25 the tax imposed under this Act or the Use Tax Act, as the case
26 may be, based on the fair market value of the property at the

1 time the non-qualifying use occurs. No lessor shall collect or
2 attempt to collect an amount (however designated) that
3 purports to reimburse that lessor for the tax imposed by this
4 Act or the Use Tax Act, as the case may be, if the tax has not
5 been paid by the lessor. If a lessor improperly collects any
6 such amount from the lessee, the lessee shall have a legal
7 right to claim a refund of that amount from the lessor. If,
8 however, that amount is not refunded to the lessee for any
9 reason, the lessor is liable to pay that amount to the
10 Department.

11 (16) Personal property purchased by a lessor who leases
12 the property, under a lease of one year or longer executed or
13 in effect at the time the lessor would otherwise be subject to
14 the tax imposed by this Act, to a governmental body that has
15 been issued an active tax exemption identification number by
16 the Department under Section 1g of the Retailers' Occupation
17 Tax Act. If the property is leased in a manner that does not
18 qualify for this exemption or is used in any other non-exempt
19 manner, the lessor shall be liable for the tax imposed under
20 this Act or the Use Tax Act, as the case may be, based on the
21 fair market value of the property at the time the
22 non-qualifying use occurs. No lessor shall collect or attempt
23 to collect an amount (however designated) that purports to
24 reimburse that lessor for the tax imposed by this Act or the
25 Use Tax Act, as the case may be, if the tax has not been paid
26 by the lessor. If a lessor improperly collects any such amount

1 from the lessee, the lessee shall have a legal right to claim a
2 refund of that amount from the lessor. If, however, that
3 amount is not refunded to the lessee for any reason, the lessor
4 is liable to pay that amount to the Department.

5 (17) Beginning with taxable years ending on or after
6 December 31, 1995 and ending with taxable years ending on or
7 before December 31, 2004, personal property that is donated
8 for disaster relief to be used in a State or federally declared
9 disaster area in Illinois or bordering Illinois by a
10 manufacturer or retailer that is registered in this State to a
11 corporation, society, association, foundation, or institution
12 that has been issued a sales tax exemption identification
13 number by the Department that assists victims of the disaster
14 who reside within the declared disaster area.

15 (18) Beginning with taxable years ending on or after
16 December 31, 1995 and ending with taxable years ending on or
17 before December 31, 2004, personal property that is used in
18 the performance of infrastructure repairs in this State,
19 including but not limited to municipal roads and streets,
20 access roads, bridges, sidewalks, waste disposal systems,
21 water and sewer line extensions, water distribution and
22 purification facilities, storm water drainage and retention
23 facilities, and sewage treatment facilities, resulting from a
24 State or federally declared disaster in Illinois or bordering
25 Illinois when such repairs are initiated on facilities located
26 in the declared disaster area within 6 months after the

1 disaster.

2 (19) Beginning July 1, 1999, game or game birds purchased
3 at a "game breeding and hunting preserve area" as that term is
4 used in the Wildlife Code. This paragraph is exempt from the
5 provisions of Section 3-75.

6 (20) A motor vehicle, as that term is defined in Section
7 1-146 of the Illinois Vehicle Code, that is donated to a
8 corporation, limited liability company, society, association,
9 foundation, or institution that is determined by the
10 Department to be organized and operated exclusively for
11 educational purposes. For purposes of this exemption, "a
12 corporation, limited liability company, society, association,
13 foundation, or institution organized and operated exclusively
14 for educational purposes" means all tax-supported public
15 schools, private schools that offer systematic instruction in
16 useful branches of learning by methods common to public
17 schools and that compare favorably in their scope and
18 intensity with the course of study presented in tax-supported
19 schools, and vocational or technical schools or institutes
20 organized and operated exclusively to provide a course of
21 study of not less than 6 weeks duration and designed to prepare
22 individuals to follow a trade or to pursue a manual,
23 technical, mechanical, industrial, business, or commercial
24 occupation.

25 (21) Beginning January 1, 2000, personal property,
26 including food, purchased through fundraising events for the

1 benefit of a public or private elementary or secondary school,
2 a group of those schools, or one or more school districts if
3 the events are sponsored by an entity recognized by the school
4 district that consists primarily of volunteers and includes
5 parents and teachers of the school children. This paragraph
6 does not apply to fundraising events (i) for the benefit of
7 private home instruction or (ii) for which the fundraising
8 entity purchases the personal property sold at the events from
9 another individual or entity that sold the property for the
10 purpose of resale by the fundraising entity and that profits
11 from the sale to the fundraising entity. This paragraph is
12 exempt from the provisions of Section 3-75.

13 (22) Beginning January 1, 2000 and through December 31,
14 2001, new or used automatic vending machines that prepare and
15 serve hot food and beverages, including coffee, soup, and
16 other items, and replacement parts for these machines.
17 Beginning January 1, 2002 and through June 30, 2003, machines
18 and parts for machines used in commercial, coin-operated
19 amusement and vending business if a use or occupation tax is
20 paid on the gross receipts derived from the use of the
21 commercial, coin-operated amusement and vending machines. This
22 paragraph is exempt from the provisions of Section 3-75.

23 (23) Beginning August 23, 2001 and through June 30, 2016,
24 food for human consumption that is to be consumed off the
25 premises where it is sold (other than alcoholic beverages,
26 soft drinks, and food that has been prepared for immediate

1 consumption) and prescription and nonprescription medicines,
2 drugs, medical appliances, and insulin, urine testing
3 materials, syringes, and needles used by diabetics, for human
4 use, when purchased for use by a person receiving medical
5 assistance under Article V of the Illinois Public Aid Code who
6 resides in a licensed long-term care facility, as defined in
7 the Nursing Home Care Act, or in a licensed facility as defined
8 in the ID/DD Community Care Act, the MC/DD Act, or the
9 Specialized Mental Health Rehabilitation Act of 2013.

10 (24) Beginning on August 2, 2001 (the effective date of
11 Public Act 92-227), computers and communications equipment
12 utilized for any hospital purpose and equipment used in the
13 diagnosis, analysis, or treatment of hospital patients
14 purchased by a lessor who leases the equipment, under a lease
15 of one year or longer executed or in effect at the time the
16 lessor would otherwise be subject to the tax imposed by this
17 Act, to a hospital that has been issued an active tax exemption
18 identification number by the Department under Section 1g of
19 the Retailers' Occupation Tax Act. If the equipment is leased
20 in a manner that does not qualify for this exemption or is used
21 in any other nonexempt manner, the lessor shall be liable for
22 the tax imposed under this Act or the Use Tax Act, as the case
23 may be, based on the fair market value of the property at the
24 time the nonqualifying use occurs. No lessor shall collect or
25 attempt to collect an amount (however designated) that
26 purports to reimburse that lessor for the tax imposed by this

1 Act or the Use Tax Act, as the case may be, if the tax has not
2 been paid by the lessor. If a lessor improperly collects any
3 such amount from the lessee, the lessee shall have a legal
4 right to claim a refund of that amount from the lessor. If,
5 however, that amount is not refunded to the lessee for any
6 reason, the lessor is liable to pay that amount to the
7 Department. This paragraph is exempt from the provisions of
8 Section 3-75.

9 (25) Beginning on August 2, 2001 (the effective date of
10 Public Act 92-227), personal property purchased by a lessor
11 who leases the property, under a lease of one year or longer
12 executed or in effect at the time the lessor would otherwise be
13 subject to the tax imposed by this Act, to a governmental body
14 that has been issued an active tax exemption identification
15 number by the Department under Section 1g of the Retailers'
16 Occupation Tax Act. If the property is leased in a manner that
17 does not qualify for this exemption or is used in any other
18 nonexempt manner, the lessor shall be liable for the tax
19 imposed under this Act or the Use Tax Act, as the case may be,
20 based on the fair market value of the property at the time the
21 nonqualifying use occurs. No lessor shall collect or attempt
22 to collect an amount (however designated) that purports to
23 reimburse that lessor for the tax imposed by this Act or the
24 Use Tax Act, as the case may be, if the tax has not been paid
25 by the lessor. If a lessor improperly collects any such amount
26 from the lessee, the lessee shall have a legal right to claim a

1 refund of that amount from the lessor. If, however, that
2 amount is not refunded to the lessee for any reason, the lessor
3 is liable to pay that amount to the Department. This paragraph
4 is exempt from the provisions of Section 3-75.

5 (26) Beginning January 1, 2008, tangible personal property
6 used in the construction or maintenance of a community water
7 supply, as defined under Section 3.145 of the Environmental
8 Protection Act, that is operated by a not-for-profit
9 corporation that holds a valid water supply permit issued
10 under Title IV of the Environmental Protection Act. This
11 paragraph is exempt from the provisions of Section 3-75.

12 (27) Beginning January 1, 2010 and continuing through
13 December 31, 2024, materials, parts, equipment, components,
14 and furnishings incorporated into or upon an aircraft as part
15 of the modification, refurbishment, completion, replacement,
16 repair, or maintenance of the aircraft. This exemption
17 includes consumable supplies used in the modification,
18 refurbishment, completion, replacement, repair, and
19 maintenance of aircraft, but excludes any materials, parts,
20 equipment, components, and consumable supplies used in the
21 modification, replacement, repair, and maintenance of aircraft
22 engines or power plants, whether such engines or power plants
23 are installed or uninstalled upon any such aircraft.
24 "Consumable supplies" include, but are not limited to,
25 adhesive, tape, sandpaper, general purpose lubricants,
26 cleaning solution, latex gloves, and protective films. This

1 exemption applies only to the use of qualifying tangible
2 personal property transferred incident to the modification,
3 refurbishment, completion, replacement, repair, or maintenance
4 of aircraft by persons who (i) hold an Air Agency Certificate
5 and are empowered to operate an approved repair station by the
6 Federal Aviation Administration, (ii) have a Class IV Rating,
7 and (iii) conduct operations in accordance with Part 145 of
8 the Federal Aviation Regulations. The exemption does not
9 include aircraft operated by a commercial air carrier
10 providing scheduled passenger air service pursuant to
11 authority issued under Part 121 or Part 129 of the Federal
12 Aviation Regulations. The changes made to this paragraph (27)
13 by Public Act 98-534 are declarative of existing law. It is the
14 intent of the General Assembly that the exemption under this
15 paragraph (27) applies continuously from January 1, 2010
16 through December 31, 2024; however, no claim for credit or
17 refund is allowed for taxes paid as a result of the
18 disallowance of this exemption on or after January 1, 2015 and
19 prior to February 5, 2020 (the effective date of Public Act
20 101-629) ~~this amendatory Act of the 101st General Assembly.~~

21 (28) Tangible personal property purchased by a
22 public-facilities corporation, as described in Section
23 11-65-10 of the Illinois Municipal Code, for purposes of
24 constructing or furnishing a municipal convention hall, but
25 only if the legal title to the municipal convention hall is
26 transferred to the municipality without any further

1 consideration by or on behalf of the municipality at the time
2 of the completion of the municipal convention hall or upon the
3 retirement or redemption of any bonds or other debt
4 instruments issued by the public-facilities corporation in
5 connection with the development of the municipal convention
6 hall. This exemption includes existing public-facilities
7 corporations as provided in Section 11-65-25 of the Illinois
8 Municipal Code. This paragraph is exempt from the provisions
9 of Section 3-75.

10 (29) Beginning January 1, 2017 and through December 31,
11 2026, menstrual pads, tampons, and menstrual cups.

12 (30) Tangible personal property transferred to a purchaser
13 who is exempt from the tax imposed by this Act by operation of
14 federal law. This paragraph is exempt from the provisions of
15 Section 3-75.

16 (31) Qualified tangible personal property used in the
17 construction or operation of a data center that has been
18 granted a certificate of exemption by the Department of
19 Commerce and Economic Opportunity, whether that tangible
20 personal property is purchased by the owner, operator, or
21 tenant of the data center or by a contractor or subcontractor
22 of the owner, operator, or tenant. Data centers that would
23 have qualified for a certificate of exemption prior to January
24 1, 2020 had Public Act 101-31 ~~this amendatory Act of the 101st~~
25 ~~General Assembly~~ been in effect, may apply for and obtain an
26 exemption for subsequent purchases of computer equipment or

1 enabling software purchased or leased to upgrade, supplement,
2 or replace computer equipment or enabling software purchased
3 or leased in the original investment that would have
4 qualified.

5 The Department of Commerce and Economic Opportunity shall
6 grant a certificate of exemption under this item (31) to
7 qualified data centers as defined by Section 605-1025 of the
8 Department of Commerce and Economic Opportunity Law of the
9 Civil Administrative Code of Illinois.

10 For the purposes of this item (31):

11 "Data center" means a building or a series of
12 buildings rehabilitated or constructed to house working
13 servers in one physical location or multiple sites within
14 the State of Illinois.

15 "Qualified tangible personal property" means:
16 electrical systems and equipment; climate control and
17 chilling equipment and systems; mechanical systems and
18 equipment; monitoring and secure systems; emergency
19 generators; hardware; computers; servers; data storage
20 devices; network connectivity equipment; racks; cabinets;
21 telecommunications cabling infrastructure; raised floor
22 systems; peripheral components or systems; software;
23 mechanical, electrical, or plumbing systems; battery
24 systems; cooling systems and towers; temperature control
25 systems; other cabling; and other data center
26 infrastructure equipment and systems necessary to operate

1 qualified tangible personal property, including fixtures;
2 and component parts of any of the foregoing, including
3 installation, maintenance, repair, refurbishment, and
4 replacement of qualified tangible personal property to
5 generate, transform, transmit, distribute, or manage
6 electricity necessary to operate qualified tangible
7 personal property; and all other tangible personal
8 property that is essential to the operations of a computer
9 data center. The term "qualified tangible personal
10 property" also includes building materials physically
11 incorporated in to the qualifying data center. To document
12 the exemption allowed under this Section, the retailer
13 must obtain from the purchaser a copy of the certificate
14 of eligibility issued by the Department of Commerce and
15 Economic Opportunity.

16 This item (31) is exempt from the provisions of Section
17 3-75.

18 (32) Beginning July 1, 2022, breast pumps, breast pump
19 collection and storage supplies, and breast pump kits. This
20 item (32) is exempt from the provisions of Section 3-75. As
21 used in this item (32):

22 "Breast pump" means an electrically controlled or
23 manually controlled pump device designed or marketed to be
24 used to express milk from a human breast during lactation,
25 including the pump device and any battery, AC adapter, or
26 other power supply unit that is used to power the pump

1 device and is packaged and sold with the pump device at the
2 time of sale.

3 "Breast pump collection and storage supplies" means
4 items of tangible personal property designed or marketed
5 to be used in conjunction with a breast pump to collect
6 milk expressed from a human breast and to store collected
7 milk until it is ready for consumption.

8 "Breast pump collection and storage supplies"
9 includes, but is not limited to: breast shields and breast
10 shield connectors; breast pump tubes and tubing adapters;
11 breast pump valves and membranes; backflow protectors and
12 backflow protector adaptors; bottles and bottle caps
13 specific to the operation of the breast pump; and breast
14 milk storage bags.

15 "Breast pump collection and storage supplies" does not
16 include: (1) bottles and bottle caps not specific to the
17 operation of the breast pump; (2) breast pump travel bags
18 and other similar carrying accessories, including ice
19 packs, labels, and other similar products; (3) breast pump
20 cleaning supplies; (4) nursing bras, bra pads, breast
21 shells, and other similar products; and (5) creams,
22 ointments, and other similar products that relieve
23 breastfeeding-related symptoms or conditions of the
24 breasts or nipples, unless sold as part of a breast pump
25 kit that is pre-packaged by the breast pump manufacturer
26 or distributor.

1 "Breast pump kit" means a kit that: (1) contains no
2 more than a breast pump, breast pump collection and
3 storage supplies, a rechargeable battery for operating the
4 breast pump, a breastmilk cooler, bottle stands, ice
5 packs, and a breast pump carrying case; and (2) is
6 pre-packaged as a breast pump kit by the breast pump
7 manufacturer or distributor.

8 (33) ~~(32)~~ Tangible personal property sold by or on behalf
9 of the State Treasurer pursuant to the Revised Uniform
10 Unclaimed Property Act. This item (33) ~~(32)~~ is exempt from the
11 provisions of Section 3-75.

12 (Source: P.A. 101-31, eff. 6-28-19; 101-81, eff. 7-12-19;
13 101-629, eff. 2-5-20; 102-16, eff. 6-17-21; 102-700, Article
14 70, Section 70-10, eff. 4-19-22; 102-700, Article 75, Section
15 75-10, eff. 4-19-22; 102-1026, eff. 5-27-22; revised 8-3-22.)

16 Section 15-15. The Service Occupation Tax Act is amended
17 by changing Section 3-5 as follows:

18 (35 ILCS 115/3-5)

19 Sec. 3-5. Exemptions. The following tangible personal
20 property is exempt from the tax imposed by this Act:

21 (1) Personal property sold by a corporation, society,
22 association, foundation, institution, or organization, other
23 than a limited liability company, that is organized and
24 operated as a not-for-profit service enterprise for the

1 benefit of persons 65 years of age or older if the personal
2 property was not purchased by the enterprise for the purpose
3 of resale by the enterprise.

4 (2) Personal property purchased by a not-for-profit
5 Illinois county fair association for use in conducting,
6 operating, or promoting the county fair.

7 (3) Personal property purchased by any not-for-profit arts
8 or cultural organization that establishes, by proof required
9 by the Department by rule, that it has received an exemption
10 under Section 501(c)(3) of the Internal Revenue Code and that
11 is organized and operated primarily for the presentation or
12 support of arts or cultural programming, activities, or
13 services. These organizations include, but are not limited to,
14 music and dramatic arts organizations such as symphony
15 orchestras and theatrical groups, arts and cultural service
16 organizations, local arts councils, visual arts organizations,
17 and media arts organizations. On and after July 1, 2001 (the
18 effective date of Public Act 92-35), however, an entity
19 otherwise eligible for this exemption shall not make tax-free
20 purchases unless it has an active identification number issued
21 by the Department.

22 (4) Legal tender, currency, medallions, or gold or silver
23 coinage issued by the State of Illinois, the government of the
24 United States of America, or the government of any foreign
25 country, and bullion.

26 (5) Until July 1, 2003 and beginning again on September 1,

1 2004 through August 30, 2014, graphic arts machinery and
2 equipment, including repair and replacement parts, both new
3 and used, and including that manufactured on special order or
4 purchased for lease, certified by the purchaser to be used
5 primarily for graphic arts production. Equipment includes
6 chemicals or chemicals acting as catalysts but only if the
7 chemicals or chemicals acting as catalysts effect a direct and
8 immediate change upon a graphic arts product. Beginning on
9 July 1, 2017, graphic arts machinery and equipment is included
10 in the manufacturing and assembling machinery and equipment
11 exemption under Section 2 of this Act.

12 (6) Personal property sold by a teacher-sponsored student
13 organization affiliated with an elementary or secondary school
14 located in Illinois.

15 (7) Farm machinery and equipment, both new and used,
16 including that manufactured on special order, certified by the
17 purchaser to be used primarily for production agriculture or
18 State or federal agricultural programs, including individual
19 replacement parts for the machinery and equipment, including
20 machinery and equipment purchased for lease, and including
21 implements of husbandry defined in Section 1-130 of the
22 Illinois Vehicle Code, farm machinery and agricultural
23 chemical and fertilizer spreaders, and nurse wagons required
24 to be registered under Section 3-809 of the Illinois Vehicle
25 Code, but excluding other motor vehicles required to be
26 registered under the Illinois Vehicle Code. Horticultural

1 polyhouses or hoop houses used for propagating, growing, or
2 overwintering plants shall be considered farm machinery and
3 equipment under this item (7). Agricultural chemical tender
4 tanks and dry boxes shall include units sold separately from a
5 motor vehicle required to be licensed and units sold mounted
6 on a motor vehicle required to be licensed if the selling price
7 of the tender is separately stated.

8 Farm machinery and equipment shall include precision
9 farming equipment that is installed or purchased to be
10 installed on farm machinery and equipment including, but not
11 limited to, tractors, harvesters, sprayers, planters, seeders,
12 or spreaders. Precision farming equipment includes, but is not
13 limited to, soil testing sensors, computers, monitors,
14 software, global positioning and mapping systems, and other
15 such equipment.

16 Farm machinery and equipment also includes computers,
17 sensors, software, and related equipment used primarily in the
18 computer-assisted operation of production agriculture
19 facilities, equipment, and activities such as, but not limited
20 to, the collection, monitoring, and correlation of animal and
21 crop data for the purpose of formulating animal diets and
22 agricultural chemicals.

23 Beginning on January 1, 2024, farm machinery and equipment
24 also includes electrical power generation equipment used
25 primarily for production agriculture.

26 This item (7) is exempt from the provisions of Section

1 3-55.

2 (8) Until June 30, 2013, fuel and petroleum products sold
3 to or used by an air common carrier, certified by the carrier
4 to be used for consumption, shipment, or storage in the
5 conduct of its business as an air common carrier, for a flight
6 destined for or returning from a location or locations outside
7 the United States without regard to previous or subsequent
8 domestic stopovers.

9 Beginning July 1, 2013, fuel and petroleum products sold
10 to or used by an air carrier, certified by the carrier to be
11 used for consumption, shipment, or storage in the conduct of
12 its business as an air common carrier, for a flight that (i) is
13 engaged in foreign trade or is engaged in trade between the
14 United States and any of its possessions and (ii) transports
15 at least one individual or package for hire from the city of
16 origination to the city of final destination on the same
17 aircraft, without regard to a change in the flight number of
18 that aircraft.

19 (9) Proceeds of mandatory service charges separately
20 stated on customers' bills for the purchase and consumption of
21 food and beverages, to the extent that the proceeds of the
22 service charge are in fact turned over as tips or as a
23 substitute for tips to the employees who participate directly
24 in preparing, serving, hosting or cleaning up the food or
25 beverage function with respect to which the service charge is
26 imposed.

1 (10) Until July 1, 2003, oil field exploration, drilling,
2 and production equipment, including (i) rigs and parts of
3 rigs, rotary rigs, cable tool rigs, and workover rigs, (ii)
4 pipe and tubular goods, including casing and drill strings,
5 (iii) pumps and pump-jack units, (iv) storage tanks and flow
6 lines, (v) any individual replacement part for oil field
7 exploration, drilling, and production equipment, and (vi)
8 machinery and equipment purchased for lease; but excluding
9 motor vehicles required to be registered under the Illinois
10 Vehicle Code.

11 (11) Photoprocessing machinery and equipment, including
12 repair and replacement parts, both new and used, including
13 that manufactured on special order, certified by the purchaser
14 to be used primarily for photoprocessing, and including
15 photoprocessing machinery and equipment purchased for lease.

16 (12) Until July 1, 2028, coal and aggregate exploration,
17 mining, off-highway hauling, processing, maintenance, and
18 reclamation equipment, including replacement parts and
19 equipment, and including equipment purchased for lease, but
20 excluding motor vehicles required to be registered under the
21 Illinois Vehicle Code. The changes made to this Section by
22 Public Act 97-767 apply on and after July 1, 2003, but no claim
23 for credit or refund is allowed on or after August 16, 2013
24 (the effective date of Public Act 98-456) for such taxes paid
25 during the period beginning July 1, 2003 and ending on August
26 16, 2013 (the effective date of Public Act 98-456).

1 (13) Beginning January 1, 1992 and through June 30, 2016,
2 food for human consumption that is to be consumed off the
3 premises where it is sold (other than alcoholic beverages,
4 soft drinks and food that has been prepared for immediate
5 consumption) and prescription and non-prescription medicines,
6 drugs, medical appliances, and insulin, urine testing
7 materials, syringes, and needles used by diabetics, for human
8 use, when purchased for use by a person receiving medical
9 assistance under Article V of the Illinois Public Aid Code who
10 resides in a licensed long-term care facility, as defined in
11 the Nursing Home Care Act, or in a licensed facility as defined
12 in the ID/DD Community Care Act, the MC/DD Act, or the
13 Specialized Mental Health Rehabilitation Act of 2013.

14 (14) Semen used for artificial insemination of livestock
15 for direct agricultural production.

16 (15) Horses, or interests in horses, registered with and
17 meeting the requirements of any of the Arabian Horse Club
18 Registry of America, Appaloosa Horse Club, American Quarter
19 Horse Association, United States Trotting Association, or
20 Jockey Club, as appropriate, used for purposes of breeding or
21 racing for prizes. This item (15) is exempt from the
22 provisions of Section 3-55, and the exemption provided for
23 under this item (15) applies for all periods beginning May 30,
24 1995, but no claim for credit or refund is allowed on or after
25 January 1, 2008 (the effective date of Public Act 95-88) for
26 such taxes paid during the period beginning May 30, 2000 and

1 ending on January 1, 2008 (the effective date of Public Act
2 95-88).

3 (16) Computers and communications equipment utilized for
4 any hospital purpose and equipment used in the diagnosis,
5 analysis, or treatment of hospital patients sold to a lessor
6 who leases the equipment, under a lease of one year or longer
7 executed or in effect at the time of the purchase, to a
8 hospital that has been issued an active tax exemption
9 identification number by the Department under Section 1g of
10 the Retailers' Occupation Tax Act.

11 (17) Personal property sold to a lessor who leases the
12 property, under a lease of one year or longer executed or in
13 effect at the time of the purchase, to a governmental body that
14 has been issued an active tax exemption identification number
15 by the Department under Section 1g of the Retailers'
16 Occupation Tax Act.

17 (18) Beginning with taxable years ending on or after
18 December 31, 1995 and ending with taxable years ending on or
19 before December 31, 2004, personal property that is donated
20 for disaster relief to be used in a State or federally declared
21 disaster area in Illinois or bordering Illinois by a
22 manufacturer or retailer that is registered in this State to a
23 corporation, society, association, foundation, or institution
24 that has been issued a sales tax exemption identification
25 number by the Department that assists victims of the disaster
26 who reside within the declared disaster area.

1 (19) Beginning with taxable years ending on or after
2 December 31, 1995 and ending with taxable years ending on or
3 before December 31, 2004, personal property that is used in
4 the performance of infrastructure repairs in this State,
5 including but not limited to municipal roads and streets,
6 access roads, bridges, sidewalks, waste disposal systems,
7 water and sewer line extensions, water distribution and
8 purification facilities, storm water drainage and retention
9 facilities, and sewage treatment facilities, resulting from a
10 State or federally declared disaster in Illinois or bordering
11 Illinois when such repairs are initiated on facilities located
12 in the declared disaster area within 6 months after the
13 disaster.

14 (20) Beginning July 1, 1999, game or game birds sold at a
15 "game breeding and hunting preserve area" as that term is used
16 in the Wildlife Code. This paragraph is exempt from the
17 provisions of Section 3-55.

18 (21) A motor vehicle, as that term is defined in Section
19 1-146 of the Illinois Vehicle Code, that is donated to a
20 corporation, limited liability company, society, association,
21 foundation, or institution that is determined by the
22 Department to be organized and operated exclusively for
23 educational purposes. For purposes of this exemption, "a
24 corporation, limited liability company, society, association,
25 foundation, or institution organized and operated exclusively
26 for educational purposes" means all tax-supported public

1 schools, private schools that offer systematic instruction in
2 useful branches of learning by methods common to public
3 schools and that compare favorably in their scope and
4 intensity with the course of study presented in tax-supported
5 schools, and vocational or technical schools or institutes
6 organized and operated exclusively to provide a course of
7 study of not less than 6 weeks duration and designed to prepare
8 individuals to follow a trade or to pursue a manual,
9 technical, mechanical, industrial, business, or commercial
10 occupation.

11 (22) Beginning January 1, 2000, personal property,
12 including food, purchased through fundraising events for the
13 benefit of a public or private elementary or secondary school,
14 a group of those schools, or one or more school districts if
15 the events are sponsored by an entity recognized by the school
16 district that consists primarily of volunteers and includes
17 parents and teachers of the school children. This paragraph
18 does not apply to fundraising events (i) for the benefit of
19 private home instruction or (ii) for which the fundraising
20 entity purchases the personal property sold at the events from
21 another individual or entity that sold the property for the
22 purpose of resale by the fundraising entity and that profits
23 from the sale to the fundraising entity. This paragraph is
24 exempt from the provisions of Section 3-55.

25 (23) Beginning January 1, 2000 and through December 31,
26 2001, new or used automatic vending machines that prepare and

1 serve hot food and beverages, including coffee, soup, and
2 other items, and replacement parts for these machines.
3 Beginning January 1, 2002 and through June 30, 2003, machines
4 and parts for machines used in commercial, coin-operated
5 amusement and vending business if a use or occupation tax is
6 paid on the gross receipts derived from the use of the
7 commercial, coin-operated amusement and vending machines. This
8 paragraph is exempt from the provisions of Section 3-55.

9 (24) Beginning on August 2, 2001 (the effective date of
10 Public Act 92-227), computers and communications equipment
11 utilized for any hospital purpose and equipment used in the
12 diagnosis, analysis, or treatment of hospital patients sold to
13 a lessor who leases the equipment, under a lease of one year or
14 longer executed or in effect at the time of the purchase, to a
15 hospital that has been issued an active tax exemption
16 identification number by the Department under Section 1g of
17 the Retailers' Occupation Tax Act. This paragraph is exempt
18 from the provisions of Section 3-55.

19 (25) Beginning on August 2, 2001 (the effective date of
20 Public Act 92-227), personal property sold to a lessor who
21 leases the property, under a lease of one year or longer
22 executed or in effect at the time of the purchase, to a
23 governmental body that has been issued an active tax exemption
24 identification number by the Department under Section 1g of
25 the Retailers' Occupation Tax Act. This paragraph is exempt
26 from the provisions of Section 3-55.

1 (26) Beginning on January 1, 2002 and through June 30,
2 2016, tangible personal property purchased from an Illinois
3 retailer by a taxpayer engaged in centralized purchasing
4 activities in Illinois who will, upon receipt of the property
5 in Illinois, temporarily store the property in Illinois (i)
6 for the purpose of subsequently transporting it outside this
7 State for use or consumption thereafter solely outside this
8 State or (ii) for the purpose of being processed, fabricated,
9 or manufactured into, attached to, or incorporated into other
10 tangible personal property to be transported outside this
11 State and thereafter used or consumed solely outside this
12 State. The Director of Revenue shall, pursuant to rules
13 adopted in accordance with the Illinois Administrative
14 Procedure Act, issue a permit to any taxpayer in good standing
15 with the Department who is eligible for the exemption under
16 this paragraph (26). The permit issued under this paragraph
17 (26) shall authorize the holder, to the extent and in the
18 manner specified in the rules adopted under this Act, to
19 purchase tangible personal property from a retailer exempt
20 from the taxes imposed by this Act. Taxpayers shall maintain
21 all necessary books and records to substantiate the use and
22 consumption of all such tangible personal property outside of
23 the State of Illinois.

24 (27) Beginning January 1, 2008, tangible personal property
25 used in the construction or maintenance of a community water
26 supply, as defined under Section 3.145 of the Environmental

1 Protection Act, that is operated by a not-for-profit
2 corporation that holds a valid water supply permit issued
3 under Title IV of the Environmental Protection Act. This
4 paragraph is exempt from the provisions of Section 3-55.

5 (28) Tangible personal property sold to a
6 public-facilities corporation, as described in Section
7 11-65-10 of the Illinois Municipal Code, for purposes of
8 constructing or furnishing a municipal convention hall, but
9 only if the legal title to the municipal convention hall is
10 transferred to the municipality without any further
11 consideration by or on behalf of the municipality at the time
12 of the completion of the municipal convention hall or upon the
13 retirement or redemption of any bonds or other debt
14 instruments issued by the public-facilities corporation in
15 connection with the development of the municipal convention
16 hall. This exemption includes existing public-facilities
17 corporations as provided in Section 11-65-25 of the Illinois
18 Municipal Code. This paragraph is exempt from the provisions
19 of Section 3-55.

20 (29) Beginning January 1, 2010 and continuing through
21 December 31, 2024, materials, parts, equipment, components,
22 and furnishings incorporated into or upon an aircraft as part
23 of the modification, refurbishment, completion, replacement,
24 repair, or maintenance of the aircraft. This exemption
25 includes consumable supplies used in the modification,
26 refurbishment, completion, replacement, repair, and

1 maintenance of aircraft, but excludes any materials, parts,
2 equipment, components, and consumable supplies used in the
3 modification, replacement, repair, and maintenance of aircraft
4 engines or power plants, whether such engines or power plants
5 are installed or uninstalled upon any such aircraft.
6 "Consumable supplies" include, but are not limited to,
7 adhesive, tape, sandpaper, general purpose lubricants,
8 cleaning solution, latex gloves, and protective films. This
9 exemption applies only to the transfer of qualifying tangible
10 personal property incident to the modification, refurbishment,
11 completion, replacement, repair, or maintenance of an aircraft
12 by persons who (i) hold an Air Agency Certificate and are
13 empowered to operate an approved repair station by the Federal
14 Aviation Administration, (ii) have a Class IV Rating, and
15 (iii) conduct operations in accordance with Part 145 of the
16 Federal Aviation Regulations. The exemption does not include
17 aircraft operated by a commercial air carrier providing
18 scheduled passenger air service pursuant to authority issued
19 under Part 121 or Part 129 of the Federal Aviation
20 Regulations. The changes made to this paragraph (29) by Public
21 Act 98-534 are declarative of existing law. It is the intent of
22 the General Assembly that the exemption under this paragraph
23 (29) applies continuously from January 1, 2010 through
24 December 31, 2024; however, no claim for credit or refund is
25 allowed for taxes paid as a result of the disallowance of this
26 exemption on or after January 1, 2015 and prior to February 5,

1 2020 (the effective date of Public Act 101-629) ~~this~~
2 ~~amendatory Act of the 101st General Assembly.~~

3 (30) Beginning January 1, 2017 and through December 31,
4 2026, menstrual pads, tampons, and menstrual cups.

5 (31) Tangible personal property transferred to a purchaser
6 who is exempt from tax by operation of federal law. This
7 paragraph is exempt from the provisions of Section 3-55.

8 (32) Qualified tangible personal property used in the
9 construction or operation of a data center that has been
10 granted a certificate of exemption by the Department of
11 Commerce and Economic Opportunity, whether that tangible
12 personal property is purchased by the owner, operator, or
13 tenant of the data center or by a contractor or subcontractor
14 of the owner, operator, or tenant. Data centers that would
15 have qualified for a certificate of exemption prior to January
16 1, 2020 had Public Act 101-31 ~~this amendatory Act of the 101st~~
17 ~~General Assembly~~ been in effect, may apply for and obtain an
18 exemption for subsequent purchases of computer equipment or
19 enabling software purchased or leased to upgrade, supplement,
20 or replace computer equipment or enabling software purchased
21 or leased in the original investment that would have
22 qualified.

23 The Department of Commerce and Economic Opportunity shall
24 grant a certificate of exemption under this item (32) to
25 qualified data centers as defined by Section 605-1025 of the
26 Department of Commerce and Economic Opportunity Law of the

1 Civil Administrative Code of Illinois.

2 For the purposes of this item (32):

3 "Data center" means a building or a series of
4 buildings rehabilitated or constructed to house working
5 servers in one physical location or multiple sites within
6 the State of Illinois.

7 "Qualified tangible personal property" means:
8 electrical systems and equipment; climate control and
9 chilling equipment and systems; mechanical systems and
10 equipment; monitoring and secure systems; emergency
11 generators; hardware; computers; servers; data storage
12 devices; network connectivity equipment; racks; cabinets;
13 telecommunications cabling infrastructure; raised floor
14 systems; peripheral components or systems; software;
15 mechanical, electrical, or plumbing systems; battery
16 systems; cooling systems and towers; temperature control
17 systems; other cabling; and other data center
18 infrastructure equipment and systems necessary to operate
19 qualified tangible personal property, including fixtures;
20 and component parts of any of the foregoing, including
21 installation, maintenance, repair, refurbishment, and
22 replacement of qualified tangible personal property to
23 generate, transform, transmit, distribute, or manage
24 electricity necessary to operate qualified tangible
25 personal property; and all other tangible personal
26 property that is essential to the operations of a computer

1 data center. The term "qualified tangible personal
2 property" also includes building materials physically
3 incorporated in to the qualifying data center. To document
4 the exemption allowed under this Section, the retailer
5 must obtain from the purchaser a copy of the certificate
6 of eligibility issued by the Department of Commerce and
7 Economic Opportunity.

8 This item (32) is exempt from the provisions of Section
9 3-55.

10 (33) Beginning July 1, 2022, breast pumps, breast pump
11 collection and storage supplies, and breast pump kits. This
12 item (33) is exempt from the provisions of Section 3-55. As
13 used in this item (33):

14 "Breast pump" means an electrically controlled or
15 manually controlled pump device designed or marketed to be
16 used to express milk from a human breast during lactation,
17 including the pump device and any battery, AC adapter, or
18 other power supply unit that is used to power the pump
19 device and is packaged and sold with the pump device at the
20 time of sale.

21 "Breast pump collection and storage supplies" means
22 items of tangible personal property designed or marketed
23 to be used in conjunction with a breast pump to collect
24 milk expressed from a human breast and to store collected
25 milk until it is ready for consumption.

26 "Breast pump collection and storage supplies"

1 includes, but is not limited to: breast shields and breast
2 shield connectors; breast pump tubes and tubing adapters;
3 breast pump valves and membranes; backflow protectors and
4 backflow protector adaptors; bottles and bottle caps
5 specific to the operation of the breast pump; and breast
6 milk storage bags.

7 "Breast pump collection and storage supplies" does not
8 include: (1) bottles and bottle caps not specific to the
9 operation of the breast pump; (2) breast pump travel bags
10 and other similar carrying accessories, including ice
11 packs, labels, and other similar products; (3) breast pump
12 cleaning supplies; (4) nursing bras, bra pads, breast
13 shells, and other similar products; and (5) creams,
14 ointments, and other similar products that relieve
15 breastfeeding-related symptoms or conditions of the
16 breasts or nipples, unless sold as part of a breast pump
17 kit that is pre-packaged by the breast pump manufacturer
18 or distributor.

19 "Breast pump kit" means a kit that: (1) contains no
20 more than a breast pump, breast pump collection and
21 storage supplies, a rechargeable battery for operating the
22 breast pump, a breastmilk cooler, bottle stands, ice
23 packs, and a breast pump carrying case; and (2) is
24 pre-packaged as a breast pump kit by the breast pump
25 manufacturer or distributor.

26 (34) ~~(33)~~ Tangible personal property sold by or on behalf

1 of the State Treasurer pursuant to the Revised Uniform
2 Unclaimed Property Act. This item (34) ~~(33)~~ is exempt from the
3 provisions of Section 3-55.

4 (Source: P.A. 101-31, eff. 6-28-19; 101-81, eff. 7-12-19;
5 101-629, eff. 2-5-20; 102-16, eff. 6-17-21; 102-700, Article
6 70, Section 70-15, eff. 4-19-22; 102-700, Article 75, Section
7 75-15, eff. 4-19-22; 102-1026, eff. 5-27-22; revised 8-9-22.)

8 Section 15-20. The Retailers' Occupation Tax Act is
9 amended by changing Section 2-5 as follows:

10 (35 ILCS 120/2-5)

11 Sec. 2-5. Exemptions. Gross receipts from proceeds from
12 the sale of the following tangible personal property are
13 exempt from the tax imposed by this Act:

14 (1) Farm chemicals.

15 (2) Farm machinery and equipment, both new and used,
16 including that manufactured on special order, certified by
17 the purchaser to be used primarily for production
18 agriculture or State or federal agricultural programs,
19 including individual replacement parts for the machinery
20 and equipment, including machinery and equipment purchased
21 for lease, and including implements of husbandry defined
22 in Section 1-130 of the Illinois Vehicle Code, farm
23 machinery and agricultural chemical and fertilizer
24 spreaders, and nurse wagons required to be registered

1 under Section 3-809 of the Illinois Vehicle Code, but
2 excluding other motor vehicles required to be registered
3 under the Illinois Vehicle Code. Horticultural polyhouses
4 or hoop houses used for propagating, growing, or
5 overwintering plants shall be considered farm machinery
6 and equipment under this item (2). Agricultural chemical
7 tender tanks and dry boxes shall include units sold
8 separately from a motor vehicle required to be licensed
9 and units sold mounted on a motor vehicle required to be
10 licensed, if the selling price of the tender is separately
11 stated.

12 Farm machinery and equipment shall include precision
13 farming equipment that is installed or purchased to be
14 installed on farm machinery and equipment including, but
15 not limited to, tractors, harvesters, sprayers, planters,
16 seeders, or spreaders. Precision farming equipment
17 includes, but is not limited to, soil testing sensors,
18 computers, monitors, software, global positioning and
19 mapping systems, and other such equipment.

20 Farm machinery and equipment also includes computers,
21 sensors, software, and related equipment used primarily in
22 the computer-assisted operation of production agriculture
23 facilities, equipment, and activities such as, but not
24 limited to, the collection, monitoring, and correlation of
25 animal and crop data for the purpose of formulating animal
26 diets and agricultural chemicals.

1 Beginning on January 1, 2024, farm machinery and
2 equipment also includes electrical power generation
3 equipment used primarily for production agriculture.

4 This item (2) is exempt from the provisions of Section
5 2-70.

6 (3) Until July 1, 2003, distillation machinery and
7 equipment, sold as a unit or kit, assembled or installed
8 by the retailer, certified by the user to be used only for
9 the production of ethyl alcohol that will be used for
10 consumption as motor fuel or as a component of motor fuel
11 for the personal use of the user, and not subject to sale
12 or resale.

13 (4) Until July 1, 2003 and beginning again September
14 1, 2004 through August 30, 2014, graphic arts machinery
15 and equipment, including repair and replacement parts,
16 both new and used, and including that manufactured on
17 special order or purchased for lease, certified by the
18 purchaser to be used primarily for graphic arts
19 production. Equipment includes chemicals or chemicals
20 acting as catalysts but only if the chemicals or chemicals
21 acting as catalysts effect a direct and immediate change
22 upon a graphic arts product. Beginning on July 1, 2017,
23 graphic arts machinery and equipment is included in the
24 manufacturing and assembling machinery and equipment
25 exemption under paragraph (14).

26 (5) A motor vehicle that is used for automobile

1 renting, as defined in the Automobile Renting Occupation
2 and Use Tax Act. This paragraph is exempt from the
3 provisions of Section 2-70.

4 (6) Personal property sold by a teacher-sponsored
5 student organization affiliated with an elementary or
6 secondary school located in Illinois.

7 (7) Until July 1, 2003, proceeds of that portion of
8 the selling price of a passenger car the sale of which is
9 subject to the Replacement Vehicle Tax.

10 (8) Personal property sold to an Illinois county fair
11 association for use in conducting, operating, or promoting
12 the county fair.

13 (9) Personal property sold to a not-for-profit arts or
14 cultural organization that establishes, by proof required
15 by the Department by rule, that it has received an
16 exemption under Section 501(c)(3) of the Internal Revenue
17 Code and that is organized and operated primarily for the
18 presentation or support of arts or cultural programming,
19 activities, or services. These organizations include, but
20 are not limited to, music and dramatic arts organizations
21 such as symphony orchestras and theatrical groups, arts
22 and cultural service organizations, local arts councils,
23 visual arts organizations, and media arts organizations.
24 On and after July 1, 2001 (the effective date of Public Act
25 92-35), however, an entity otherwise eligible for this
26 exemption shall not make tax-free purchases unless it has

1 an active identification number issued by the Department.

2 (10) Personal property sold by a corporation, society,
3 association, foundation, institution, or organization,
4 other than a limited liability company, that is organized
5 and operated as a not-for-profit service enterprise for
6 the benefit of persons 65 years of age or older if the
7 personal property was not purchased by the enterprise for
8 the purpose of resale by the enterprise.

9 (11) Personal property sold to a governmental body, to
10 a corporation, society, association, foundation, or
11 institution organized and operated exclusively for
12 charitable, religious, or educational purposes, or to a
13 not-for-profit corporation, society, association,
14 foundation, institution, or organization that has no
15 compensated officers or employees and that is organized
16 and operated primarily for the recreation of persons 55
17 years of age or older. A limited liability company may
18 qualify for the exemption under this paragraph only if the
19 limited liability company is organized and operated
20 exclusively for educational purposes. On and after July 1,
21 1987, however, no entity otherwise eligible for this
22 exemption shall make tax-free purchases unless it has an
23 active identification number issued by the Department.

24 (12) (Blank).

25 (12-5) On and after July 1, 2003 and through June 30,
26 2004, motor vehicles of the second division with a gross

1 vehicle weight in excess of 8,000 pounds that are subject
2 to the commercial distribution fee imposed under Section
3 3-815.1 of the Illinois Vehicle Code. Beginning on July 1,
4 2004 and through June 30, 2005, the use in this State of
5 motor vehicles of the second division: (i) with a gross
6 vehicle weight rating in excess of 8,000 pounds; (ii) that
7 are subject to the commercial distribution fee imposed
8 under Section 3-815.1 of the Illinois Vehicle Code; and
9 (iii) that are primarily used for commercial purposes.
10 Through June 30, 2005, this exemption applies to repair
11 and replacement parts added after the initial purchase of
12 such a motor vehicle if that motor vehicle is used in a
13 manner that would qualify for the rolling stock exemption
14 otherwise provided for in this Act. For purposes of this
15 paragraph, "used for commercial purposes" means the
16 transportation of persons or property in furtherance of
17 any commercial or industrial enterprise whether for-hire
18 or not.

19 (13) Proceeds from sales to owners, lessors, or
20 shippers of tangible personal property that is utilized by
21 interstate carriers for hire for use as rolling stock
22 moving in interstate commerce and equipment operated by a
23 telecommunications provider, licensed as a common carrier
24 by the Federal Communications Commission, which is
25 permanently installed in or affixed to aircraft moving in
26 interstate commerce.

1 (14) Machinery and equipment that will be used by the
2 purchaser, or a lessee of the purchaser, primarily in the
3 process of manufacturing or assembling tangible personal
4 property for wholesale or retail sale or lease, whether
5 the sale or lease is made directly by the manufacturer or
6 by some other person, whether the materials used in the
7 process are owned by the manufacturer or some other
8 person, or whether the sale or lease is made apart from or
9 as an incident to the seller's engaging in the service
10 occupation of producing machines, tools, dies, jigs,
11 patterns, gauges, or other similar items of no commercial
12 value on special order for a particular purchaser. The
13 exemption provided by this paragraph (14) does not include
14 machinery and equipment used in (i) the generation of
15 electricity for wholesale or retail sale; (ii) the
16 generation or treatment of natural or artificial gas for
17 wholesale or retail sale that is delivered to customers
18 through pipes, pipelines, or mains; or (iii) the treatment
19 of water for wholesale or retail sale that is delivered to
20 customers through pipes, pipelines, or mains. The
21 provisions of Public Act 98-583 are declaratory of
22 existing law as to the meaning and scope of this
23 exemption. Beginning on July 1, 2017, the exemption
24 provided by this paragraph (14) includes, but is not
25 limited to, graphic arts machinery and equipment, as
26 defined in paragraph (4) of this Section.

1 (15) Proceeds of mandatory service charges separately
2 stated on customers' bills for purchase and consumption of
3 food and beverages, to the extent that the proceeds of the
4 service charge are in fact turned over as tips or as a
5 substitute for tips to the employees who participate
6 directly in preparing, serving, hosting or cleaning up the
7 food or beverage function with respect to which the
8 service charge is imposed.

9 (16) Tangible personal property sold to a purchaser if
10 the purchaser is exempt from use tax by operation of
11 federal law. This paragraph is exempt from the provisions
12 of Section 2-70.

13 (17) Tangible personal property sold to a common
14 carrier by rail or motor that receives the physical
15 possession of the property in Illinois and that transports
16 the property, or shares with another common carrier in the
17 transportation of the property, out of Illinois on a
18 standard uniform bill of lading showing the seller of the
19 property as the shipper or consignor of the property to a
20 destination outside Illinois, for use outside Illinois.

21 (18) Legal tender, currency, medallions, or gold or
22 silver coinage issued by the State of Illinois, the
23 government of the United States of America, or the
24 government of any foreign country, and bullion.

25 (19) Until July 1, 2003, oil field exploration,
26 drilling, and production equipment, including (i) rigs and

1 parts of rigs, rotary rigs, cable tool rigs, and workover
2 rigs, (ii) pipe and tubular goods, including casing and
3 drill strings, (iii) pumps and pump-jack units, (iv)
4 storage tanks and flow lines, (v) any individual
5 replacement part for oil field exploration, drilling, and
6 production equipment, and (vi) machinery and equipment
7 purchased for lease; but excluding motor vehicles required
8 to be registered under the Illinois Vehicle Code.

9 (20) Photoprocessing machinery and equipment,
10 including repair and replacement parts, both new and used,
11 including that manufactured on special order, certified by
12 the purchaser to be used primarily for photoprocessing,
13 and including photoprocessing machinery and equipment
14 purchased for lease.

15 (21) Until July 1, 2028, coal and aggregate
16 exploration, mining, off-highway hauling, processing,
17 maintenance, and reclamation equipment, including
18 replacement parts and equipment, and including equipment
19 purchased for lease, but excluding motor vehicles required
20 to be registered under the Illinois Vehicle Code. The
21 changes made to this Section by Public Act 97-767 apply on
22 and after July 1, 2003, but no claim for credit or refund
23 is allowed on or after August 16, 2013 (the effective date
24 of Public Act 98-456) for such taxes paid during the
25 period beginning July 1, 2003 and ending on August 16,
26 2013 (the effective date of Public Act 98-456).

1 (22) Until June 30, 2013, fuel and petroleum products
2 sold to or used by an air carrier, certified by the carrier
3 to be used for consumption, shipment, or storage in the
4 conduct of its business as an air common carrier, for a
5 flight destined for or returning from a location or
6 locations outside the United States without regard to
7 previous or subsequent domestic stopovers.

8 Beginning July 1, 2013, fuel and petroleum products
9 sold to or used by an air carrier, certified by the carrier
10 to be used for consumption, shipment, or storage in the
11 conduct of its business as an air common carrier, for a
12 flight that (i) is engaged in foreign trade or is engaged
13 in trade between the United States and any of its
14 possessions and (ii) transports at least one individual or
15 package for hire from the city of origination to the city
16 of final destination on the same aircraft, without regard
17 to a change in the flight number of that aircraft.

18 (23) A transaction in which the purchase order is
19 received by a florist who is located outside Illinois, but
20 who has a florist located in Illinois deliver the property
21 to the purchaser or the purchaser's donee in Illinois.

22 (24) Fuel consumed or used in the operation of ships,
23 barges, or vessels that are used primarily in or for the
24 transportation of property or the conveyance of persons
25 for hire on rivers bordering on this State if the fuel is
26 delivered by the seller to the purchaser's barge, ship, or

1 vessel while it is afloat upon that bordering river.

2 (25) Except as provided in item (25-5) of this
3 Section, a motor vehicle sold in this State to a
4 nonresident even though the motor vehicle is delivered to
5 the nonresident in this State, if the motor vehicle is not
6 to be titled in this State, and if a drive-away permit is
7 issued to the motor vehicle as provided in Section 3-603
8 of the Illinois Vehicle Code or if the nonresident
9 purchaser has vehicle registration plates to transfer to
10 the motor vehicle upon returning to his or her home state.
11 The issuance of the drive-away permit or having the
12 out-of-state registration plates to be transferred is
13 prima facie evidence that the motor vehicle will not be
14 titled in this State.

15 (25-5) The exemption under item (25) does not apply if
16 the state in which the motor vehicle will be titled does
17 not allow a reciprocal exemption for a motor vehicle sold
18 and delivered in that state to an Illinois resident but
19 titled in Illinois. The tax collected under this Act on
20 the sale of a motor vehicle in this State to a resident of
21 another state that does not allow a reciprocal exemption
22 shall be imposed at a rate equal to the state's rate of tax
23 on taxable property in the state in which the purchaser is
24 a resident, except that the tax shall not exceed the tax
25 that would otherwise be imposed under this Act. At the
26 time of the sale, the purchaser shall execute a statement,

1 signed under penalty of perjury, of his or her intent to
2 title the vehicle in the state in which the purchaser is a
3 resident within 30 days after the sale and of the fact of
4 the payment to the State of Illinois of tax in an amount
5 equivalent to the state's rate of tax on taxable property
6 in his or her state of residence and shall submit the
7 statement to the appropriate tax collection agency in his
8 or her state of residence. In addition, the retailer must
9 retain a signed copy of the statement in his or her
10 records. Nothing in this item shall be construed to
11 require the removal of the vehicle from this state
12 following the filing of an intent to title the vehicle in
13 the purchaser's state of residence if the purchaser titles
14 the vehicle in his or her state of residence within 30 days
15 after the date of sale. The tax collected under this Act in
16 accordance with this item (25-5) shall be proportionately
17 distributed as if the tax were collected at the 6.25%
18 general rate imposed under this Act.

19 (25-7) Beginning on July 1, 2007, no tax is imposed
20 under this Act on the sale of an aircraft, as defined in
21 Section 3 of the Illinois Aeronautics Act, if all of the
22 following conditions are met:

23 (1) the aircraft leaves this State within 15 days
24 after the later of either the issuance of the final
25 billing for the sale of the aircraft, or the
26 authorized approval for return to service, completion

1 of the maintenance record entry, and completion of the
2 test flight and ground test for inspection, as
3 required by 14 CFR ~~C.F.R.~~ 91.407;

4 (2) the aircraft is not based or registered in
5 this State after the sale of the aircraft; and

6 (3) the seller retains in his or her books and
7 records and provides to the Department a signed and
8 dated certification from the purchaser, on a form
9 prescribed by the Department, certifying that the
10 requirements of this item (25-7) are met. The
11 certificate must also include the name and address of
12 the purchaser, the address of the location where the
13 aircraft is to be titled or registered, the address of
14 the primary physical location of the aircraft, and
15 other information that the Department may reasonably
16 require.

17 For purposes of this item (25-7):

18 "Based in this State" means hangared, stored, or
19 otherwise used, excluding post-sale customizations as
20 defined in this Section, for 10 or more days in each
21 12-month period immediately following the date of the sale
22 of the aircraft.

23 "Registered in this State" means an aircraft
24 registered with the Department of Transportation,
25 Aeronautics Division, or titled or registered with the
26 Federal Aviation Administration to an address located in

1 this State.

2 This paragraph (25-7) is exempt from the provisions of
3 Section 2-70.

4 (26) Semen used for artificial insemination of
5 livestock for direct agricultural production.

6 (27) Horses, or interests in horses, registered with
7 and meeting the requirements of any of the Arabian Horse
8 Club Registry of America, Appaloosa Horse Club, American
9 Quarter Horse Association, United States Trotting
10 Association, or Jockey Club, as appropriate, used for
11 purposes of breeding or racing for prizes. This item (27)
12 is exempt from the provisions of Section 2-70, and the
13 exemption provided for under this item (27) applies for
14 all periods beginning May 30, 1995, but no claim for
15 credit or refund is allowed on or after January 1, 2008
16 (the effective date of Public Act 95-88) for such taxes
17 paid during the period beginning May 30, 2000 and ending
18 on January 1, 2008 (the effective date of Public Act
19 95-88).

20 (28) Computers and communications equipment utilized
21 for any hospital purpose and equipment used in the
22 diagnosis, analysis, or treatment of hospital patients
23 sold to a lessor who leases the equipment, under a lease of
24 one year or longer executed or in effect at the time of the
25 purchase, to a hospital that has been issued an active tax
26 exemption identification number by the Department under

1 Section 1g of this Act.

2 (29) Personal property sold to a lessor who leases the
3 property, under a lease of one year or longer executed or
4 in effect at the time of the purchase, to a governmental
5 body that has been issued an active tax exemption
6 identification number by the Department under Section 1g
7 of this Act.

8 (30) Beginning with taxable years ending on or after
9 December 31, 1995 and ending with taxable years ending on
10 or before December 31, 2004, personal property that is
11 donated for disaster relief to be used in a State or
12 federally declared disaster area in Illinois or bordering
13 Illinois by a manufacturer or retailer that is registered
14 in this State to a corporation, society, association,
15 foundation, or institution that has been issued a sales
16 tax exemption identification number by the Department that
17 assists victims of the disaster who reside within the
18 declared disaster area.

19 (31) Beginning with taxable years ending on or after
20 December 31, 1995 and ending with taxable years ending on
21 or before December 31, 2004, personal property that is
22 used in the performance of infrastructure repairs in this
23 State, including but not limited to municipal roads and
24 streets, access roads, bridges, sidewalks, waste disposal
25 systems, water and sewer line extensions, water
26 distribution and purification facilities, storm water

1 drainage and retention facilities, and sewage treatment
2 facilities, resulting from a State or federally declared
3 disaster in Illinois or bordering Illinois when such
4 repairs are initiated on facilities located in the
5 declared disaster area within 6 months after the disaster.

6 (32) Beginning July 1, 1999, game or game birds sold
7 at a "game breeding and hunting preserve area" as that
8 term is used in the Wildlife Code. This paragraph is
9 exempt from the provisions of Section 2-70.

10 (33) A motor vehicle, as that term is defined in
11 Section 1-146 of the Illinois Vehicle Code, that is
12 donated to a corporation, limited liability company,
13 society, association, foundation, or institution that is
14 determined by the Department to be organized and operated
15 exclusively for educational purposes. For purposes of this
16 exemption, "a corporation, limited liability company,
17 society, association, foundation, or institution organized
18 and operated exclusively for educational purposes" means
19 all tax-supported public schools, private schools that
20 offer systematic instruction in useful branches of
21 learning by methods common to public schools and that
22 compare favorably in their scope and intensity with the
23 course of study presented in tax-supported schools, and
24 vocational or technical schools or institutes organized
25 and operated exclusively to provide a course of study of
26 not less than 6 weeks duration and designed to prepare

1 individuals to follow a trade or to pursue a manual,
2 technical, mechanical, industrial, business, or commercial
3 occupation.

4 (34) Beginning January 1, 2000, personal property,
5 including food, purchased through fundraising events for
6 the benefit of a public or private elementary or secondary
7 school, a group of those schools, or one or more school
8 districts if the events are sponsored by an entity
9 recognized by the school district that consists primarily
10 of volunteers and includes parents and teachers of the
11 school children. This paragraph does not apply to
12 fundraising events (i) for the benefit of private home
13 instruction or (ii) for which the fundraising entity
14 purchases the personal property sold at the events from
15 another individual or entity that sold the property for
16 the purpose of resale by the fundraising entity and that
17 profits from the sale to the fundraising entity. This
18 paragraph is exempt from the provisions of Section 2-70.

19 (35) Beginning January 1, 2000 and through December
20 31, 2001, new or used automatic vending machines that
21 prepare and serve hot food and beverages, including
22 coffee, soup, and other items, and replacement parts for
23 these machines. Beginning January 1, 2002 and through June
24 30, 2003, machines and parts for machines used in
25 commercial, coin-operated amusement and vending business
26 if a use or occupation tax is paid on the gross receipts

1 derived from the use of the commercial, coin-operated
2 amusement and vending machines. This paragraph is exempt
3 from the provisions of Section 2-70.

4 (35-5) Beginning August 23, 2001 and through June 30,
5 2016, food for human consumption that is to be consumed
6 off the premises where it is sold (other than alcoholic
7 beverages, soft drinks, and food that has been prepared
8 for immediate consumption) and prescription and
9 nonprescription medicines, drugs, medical appliances, and
10 insulin, urine testing materials, syringes, and needles
11 used by diabetics, for human use, when purchased for use
12 by a person receiving medical assistance under Article V
13 of the Illinois Public Aid Code who resides in a licensed
14 long-term care facility, as defined in the Nursing Home
15 Care Act, or a licensed facility as defined in the ID/DD
16 Community Care Act, the MC/DD Act, or the Specialized
17 Mental Health Rehabilitation Act of 2013.

18 (36) Beginning August 2, 2001, computers and
19 communications equipment utilized for any hospital purpose
20 and equipment used in the diagnosis, analysis, or
21 treatment of hospital patients sold to a lessor who leases
22 the equipment, under a lease of one year or longer
23 executed or in effect at the time of the purchase, to a
24 hospital that has been issued an active tax exemption
25 identification number by the Department under Section 1g
26 of this Act. This paragraph is exempt from the provisions

1 of Section 2-70.

2 (37) Beginning August 2, 2001, personal property sold
3 to a lessor who leases the property, under a lease of one
4 year or longer executed or in effect at the time of the
5 purchase, to a governmental body that has been issued an
6 active tax exemption identification number by the
7 Department under Section 1g of this Act. This paragraph is
8 exempt from the provisions of Section 2-70.

9 (38) Beginning on January 1, 2002 and through June 30,
10 2016, tangible personal property purchased from an
11 Illinois retailer by a taxpayer engaged in centralized
12 purchasing activities in Illinois who will, upon receipt
13 of the property in Illinois, temporarily store the
14 property in Illinois (i) for the purpose of subsequently
15 transporting it outside this State for use or consumption
16 thereafter solely outside this State or (ii) for the
17 purpose of being processed, fabricated, or manufactured
18 into, attached to, or incorporated into other tangible
19 personal property to be transported outside this State and
20 thereafter used or consumed solely outside this State. The
21 Director of Revenue shall, pursuant to rules adopted in
22 accordance with the Illinois Administrative Procedure Act,
23 issue a permit to any taxpayer in good standing with the
24 Department who is eligible for the exemption under this
25 paragraph (38). The permit issued under this paragraph
26 (38) shall authorize the holder, to the extent and in the

1 manner specified in the rules adopted under this Act, to
2 purchase tangible personal property from a retailer exempt
3 from the taxes imposed by this Act. Taxpayers shall
4 maintain all necessary books and records to substantiate
5 the use and consumption of all such tangible personal
6 property outside of the State of Illinois.

7 (39) Beginning January 1, 2008, tangible personal
8 property used in the construction or maintenance of a
9 community water supply, as defined under Section 3.145 of
10 the Environmental Protection Act, that is operated by a
11 not-for-profit corporation that holds a valid water supply
12 permit issued under Title IV of the Environmental
13 Protection Act. This paragraph is exempt from the
14 provisions of Section 2-70.

15 (40) Beginning January 1, 2010 and continuing through
16 December 31, 2024, materials, parts, equipment,
17 components, and furnishings incorporated into or upon an
18 aircraft as part of the modification, refurbishment,
19 completion, replacement, repair, or maintenance of the
20 aircraft. This exemption includes consumable supplies used
21 in the modification, refurbishment, completion,
22 replacement, repair, and maintenance of aircraft, but
23 excludes any materials, parts, equipment, components, and
24 consumable supplies used in the modification, replacement,
25 repair, and maintenance of aircraft engines or power
26 plants, whether such engines or power plants are installed

1 or uninstalled upon any such aircraft. "Consumable
2 supplies" include, but are not limited to, adhesive, tape,
3 sandpaper, general purpose lubricants, cleaning solution,
4 latex gloves, and protective films. This exemption applies
5 only to the sale of qualifying tangible personal property
6 to persons who modify, refurbish, complete, replace, or
7 maintain an aircraft and who (i) hold an Air Agency
8 Certificate and are empowered to operate an approved
9 repair station by the Federal Aviation Administration,
10 (ii) have a Class IV Rating, and (iii) conduct operations
11 in accordance with Part 145 of the Federal Aviation
12 Regulations. The exemption does not include aircraft
13 operated by a commercial air carrier providing scheduled
14 passenger air service pursuant to authority issued under
15 Part 121 or Part 129 of the Federal Aviation Regulations.
16 The changes made to this paragraph (40) by Public Act
17 98-534 are declarative of existing law. It is the intent
18 of the General Assembly that the exemption under this
19 paragraph (40) applies continuously from January 1, 2010
20 through December 31, 2024; however, no claim for credit or
21 refund is allowed for taxes paid as a result of the
22 disallowance of this exemption on or after January 1, 2015
23 and prior to February 5, 2020 (the effective date of
24 Public Act 101-629) ~~this amendatory Act of the 101st~~
25 ~~General Assembly.~~

26 (41) Tangible personal property sold to a

1 public-facilities corporation, as described in Section
2 11-65-10 of the Illinois Municipal Code, for purposes of
3 constructing or furnishing a municipal convention hall,
4 but only if the legal title to the municipal convention
5 hall is transferred to the municipality without any
6 further consideration by or on behalf of the municipality
7 at the time of the completion of the municipal convention
8 hall or upon the retirement or redemption of any bonds or
9 other debt instruments issued by the public-facilities
10 corporation in connection with the development of the
11 municipal convention hall. This exemption includes
12 existing public-facilities corporations as provided in
13 Section 11-65-25 of the Illinois Municipal Code. This
14 paragraph is exempt from the provisions of Section 2-70.

15 (42) Beginning January 1, 2017 and through December
16 31, 2026, menstrual pads, tampons, and menstrual cups.

17 (43) Merchandise that is subject to the Rental
18 Purchase Agreement Occupation and Use Tax. The purchaser
19 must certify that the item is purchased to be rented
20 subject to a rental purchase agreement, as defined in the
21 Rental Purchase Agreement Act, and provide proof of
22 registration under the Rental Purchase Agreement
23 Occupation and Use Tax Act. This paragraph is exempt from
24 the provisions of Section 2-70.

25 (44) Qualified tangible personal property used in the
26 construction or operation of a data center that has been

1 granted a certificate of exemption by the Department of
2 Commerce and Economic Opportunity, whether that tangible
3 personal property is purchased by the owner, operator, or
4 tenant of the data center or by a contractor or
5 subcontractor of the owner, operator, or tenant. Data
6 centers that would have qualified for a certificate of
7 exemption prior to January 1, 2020 had Public Act 101-31
8 ~~this amendatory Act of the 101st General Assembly~~ been in
9 effect, may apply for and obtain an exemption for
10 subsequent purchases of computer equipment or enabling
11 software purchased or leased to upgrade, supplement, or
12 replace computer equipment or enabling software purchased
13 or leased in the original investment that would have
14 qualified.

15 The Department of Commerce and Economic Opportunity
16 shall grant a certificate of exemption under this item
17 (44) to qualified data centers as defined by Section
18 605-1025 of the Department of Commerce and Economic
19 Opportunity Law of the Civil Administrative Code of
20 Illinois.

21 For the purposes of this item (44):

22 "Data center" means a building or a series of
23 buildings rehabilitated or constructed to house
24 working servers in one physical location or multiple
25 sites within the State of Illinois.

26 "Qualified tangible personal property" means:

1 electrical systems and equipment; climate control and
2 chilling equipment and systems; mechanical systems and
3 equipment; monitoring and secure systems; emergency
4 generators; hardware; computers; servers; data storage
5 devices; network connectivity equipment; racks;
6 cabinets; telecommunications cabling infrastructure;
7 raised floor systems; peripheral components or
8 systems; software; mechanical, electrical, or plumbing
9 systems; battery systems; cooling systems and towers;
10 temperature control systems; other cabling; and other
11 data center infrastructure equipment and systems
12 necessary to operate qualified tangible personal
13 property, including fixtures; and component parts of
14 any of the foregoing, including installation,
15 maintenance, repair, refurbishment, and replacement of
16 qualified tangible personal property to generate,
17 transform, transmit, distribute, or manage electricity
18 necessary to operate qualified tangible personal
19 property; and all other tangible personal property
20 that is essential to the operations of a computer data
21 center. The term "qualified tangible personal
22 property" also includes building materials physically
23 incorporated into the qualifying data center. To
24 document the exemption allowed under this Section, the
25 retailer must obtain from the purchaser a copy of the
26 certificate of eligibility issued by the Department of

1 Commerce and Economic Opportunity.

2 This item (44) is exempt from the provisions of
3 Section 2-70.

4 (45) Beginning January 1, 2020 and through December
5 31, 2020, sales of tangible personal property made by a
6 marketplace seller over a marketplace for which tax is due
7 under this Act but for which use tax has been collected and
8 remitted to the Department by a marketplace facilitator
9 under Section 2d of the Use Tax Act are exempt from tax
10 under this Act. A marketplace seller claiming this
11 exemption shall maintain books and records demonstrating
12 that the use tax on such sales has been collected and
13 remitted by a marketplace facilitator. Marketplace sellers
14 that have properly remitted tax under this Act on such
15 sales may file a claim for credit as provided in Section 6
16 of this Act. No claim is allowed, however, for such taxes
17 for which a credit or refund has been issued to the
18 marketplace facilitator under the Use Tax Act, or for
19 which the marketplace facilitator has filed a claim for
20 credit or refund under the Use Tax Act.

21 (46) Beginning July 1, 2022, breast pumps, breast pump
22 collection and storage supplies, and breast pump kits.
23 This item (46) is exempt from the provisions of Section
24 2-70. As used in this item (46):

25 "Breast pump" means an electrically controlled or
26 manually controlled pump device designed or marketed to be

1 used to express milk from a human breast during lactation,
2 including the pump device and any battery, AC adapter, or
3 other power supply unit that is used to power the pump
4 device and is packaged and sold with the pump device at the
5 time of sale.

6 "Breast pump collection and storage supplies" means
7 items of tangible personal property designed or marketed
8 to be used in conjunction with a breast pump to collect
9 milk expressed from a human breast and to store collected
10 milk until it is ready for consumption.

11 "Breast pump collection and storage supplies"
12 includes, but is not limited to: breast shields and breast
13 shield connectors; breast pump tubes and tubing adapters;
14 breast pump valves and membranes; backflow protectors and
15 backflow protector adaptors; bottles and bottle caps
16 specific to the operation of the breast pump; and breast
17 milk storage bags.

18 "Breast pump collection and storage supplies" does not
19 include: (1) bottles and bottle caps not specific to the
20 operation of the breast pump; (2) breast pump travel bags
21 and other similar carrying accessories, including ice
22 packs, labels, and other similar products; (3) breast pump
23 cleaning supplies; (4) nursing bras, bra pads, breast
24 shells, and other similar products; and (5) creams,
25 ointments, and other similar products that relieve
26 breastfeeding-related symptoms or conditions of the

1 (35 ILCS 525/10-5)

2 (Text of Section before amendment by P.A. 102-700)

3 Sec. 10-5. Definitions.

4 "Booking intermediary" means any person or entity that
5 facilitates the processing and fulfillment of reservation
6 transactions between an operator and a person or entity
7 desiring parking in a parking lot or garage of that operator.

8 "Charge or fee paid for parking" means the gross amount of
9 consideration for the use or privilege of parking a motor
10 vehicle in or upon any parking lot or garage in the State,
11 collected by an operator and valued in money, whether received
12 in money or otherwise, including cash, credits, property, and
13 services, determined without any deduction for costs or
14 expenses, but not including charges that are added to the
15 charge or fee on account of the tax imposed by this Act or on
16 account of any other tax imposed on the charge or fee. "Charge
17 or fee paid for parking" excludes separately stated charges
18 not for the use or privilege or parking and excludes amounts
19 retained by or paid to a booking intermediary for services
20 provided by the booking intermediary. If any separately stated
21 charge is not optional, it shall be presumed that it is part of
22 the charge for the use or privilege or parking.

23 "Department" means the Department of Revenue.

24 "Operator" means any person who engages in the business of
25 operating a parking area or garage, or who, directly or
26 through an agreement or arrangement with another party,

1 collects the consideration for parking or storage of motor
2 vehicles, recreational vehicles, or other self-propelled
3 vehicles, at that parking place. This includes, but is not
4 limited to, any facilitator or aggregator that collects from
5 the purchaser the charge or fee paid for parking. "Operator"
6 does not include a bank, credit card company, payment
7 processor, booking intermediary, or person whose involvement
8 is limited to performing functions that are similar to those
9 performed by a bank, credit card company, payment processor,
10 or booking intermediary.

11 "Parking area or garage" means any real estate, building,
12 structure, premises, enclosure or other place, whether
13 enclosed or not, except a public way, within the State, where
14 motor vehicles, recreational vehicles, or other self-propelled
15 vehicles, are stored, housed or parked for hire, charge, fee
16 or other valuable consideration in a condition ready for use,
17 or where rent or compensation is paid to the owner, manager,
18 operator or lessee of the premises for the housing, storing,
19 sheltering, keeping or maintaining motor vehicles,
20 recreational vehicles, or other self-propelled vehicles.
21 "Parking area or garage" includes any parking area or garage,
22 whether the vehicle is parked by the owner of the vehicle or by
23 the operator or an attendant.

24 "Person" means any natural individual, firm, trust,
25 estate, partnership, association, joint stock company, joint
26 venture, corporation, limited liability company, or a

1 receiver, trustee, guardian, or other representative appointed
2 by order of any court.

3 "Purchase price" means the consideration paid for the
4 purchase of a parking space in a parking area or garage, valued
5 in money, whether received in money or otherwise, including
6 cash, gift cards, credits, and property, and shall be
7 determined without any deduction on account of the cost of
8 materials used, labor or service costs, or any other expense
9 whatsoever.

10 "Purchase price" includes any and all charges that the
11 recipient pays related to or incidental to obtaining the use
12 or privilege of using a parking space in a parking area or
13 garage, including but not limited to any and all related
14 markups, service fees, convenience fees, facilitation fees,
15 cancellation fees, overtime fees, or other such charges,
16 regardless of terminology. However, "purchase price" shall not
17 include consideration paid for:

18 (1) optional, separately stated charges not for the
19 use or privilege of using a parking space in the parking
20 area or garage;

21 (2) any charge for a dishonored check;

22 (3) any finance or credit charge, penalty or charge
23 for delayed payment, or discount for prompt payment;

24 (4) any purchase by a purchaser if the operator is
25 prohibited by federal or State Constitution, treaty,
26 convention, statute or court decision from collecting the

1 tax from such purchaser;

2 (5) the isolated or occasional sale of parking spaces
3 subject to tax under this Act by a person who does not hold
4 himself out as being engaged (or who does not habitually
5 engage) in selling of parking spaces; and

6 (6) any amounts added to a purchaser's bills because
7 of charges made pursuant to the tax imposed by this Act. If
8 credit is extended, then the amount thereof shall be
9 included only as and when payments are made.

10 "Purchaser" means any person who acquires a parking space
11 in a parking area or garage for use for valuable
12 consideration.

13 "Use" means the exercise by any person of any right or
14 power over, or the enjoyment of, a parking space in a parking
15 area or garage subject to tax under this Act.

16 (Source: P.A. 101-31, eff. 6-28-19.)

17 (Text of Section after amendment by P.A. 102-700)

18 Sec. 10-5. Definitions. As used in this Act:

19 "Booking intermediary" means any person or entity that
20 facilitates the processing and fulfillment of reservation
21 transactions between an operator and a person or entity
22 desiring parking in a parking lot or garage of that operator.

23 "Department" means the Department of Revenue.

24 "Operator" means any person who engages in the business of
25 operating a parking area or garage, or who, directly or

1 through an agreement or arrangement with another party,
2 collects the consideration for parking or storage of motor
3 vehicles, recreational vehicles, or other self-propelled
4 vehicles, at that parking place. ~~This includes, but is not~~
5 ~~limited to, any facilitator or aggregator that collects the~~
6 ~~purchase price from the purchaser.~~ "Operator" does not include
7 a bank, credit card company, payment processor, booking
8 intermediary (except to the extent a booking intermediary is
9 required to be registered under Section 10-30 or as otherwise
10 provided in this Act), or person whose involvement is limited
11 to performing functions that are similar to those performed by
12 a bank, credit card company, ~~or~~ payment processor, or booking
13 intermediary.

14 "Parking area or garage" means any real estate, building,
15 structure, premises, enclosure or other place, whether
16 enclosed or not, except a public way, within the State, where
17 motor vehicles, recreational vehicles, or other self-propelled
18 vehicles, are stored, housed or parked for hire, charge, fee
19 or other valuable consideration in a condition ready for use,
20 or where rent or compensation is paid to the owner, manager,
21 operator or lessee of the premises for the housing, storing,
22 sheltering, keeping or maintaining motor vehicles,
23 recreational vehicles, or other self-propelled vehicles.
24 "Parking area or garage" includes any parking area or garage,
25 whether the vehicle is parked by the owner of the vehicle or by
26 the operator or an attendant.

1 "Person" means any natural individual, firm, trust,
2 estate, partnership, association, joint stock company, joint
3 venture, corporation, limited liability company, or a
4 receiver, trustee, guardian, or other representative appointed
5 by order of any court.

6 "Purchase price" means the consideration paid for the
7 purchase of a parking space in a parking area or garage, valued
8 in money, whether received in money or otherwise, including
9 cash, gift cards, credits, and property, and shall be
10 determined without any deduction on account of the cost of
11 materials used, labor or service costs, or any other expense
12 whatsoever.

13 "Purchase price" includes any and all charges that the
14 recipient pays related to or incidental to obtaining the use
15 or privilege of using a parking space in a parking area or
16 garage, including but not limited to any and all related
17 markups, service fees, convenience fees, facilitation fees,
18 cancellation fees, overtime fees, or other such charges,
19 regardless of terminology. However, "purchase price" shall not
20 include consideration paid for:

21 (1) optional, separately stated charges not for the
22 use or privilege of using a parking space in the parking
23 area or garage;

24 (2) any charge for a dishonored check;

25 (3) any finance or credit charge, penalty or charge
26 for delayed payment, or discount for prompt payment;

1 (4) any purchase by a purchaser if the operator is
2 prohibited by federal or State Constitution, treaty,
3 convention, statute or court decision from collecting the
4 tax from such purchaser;

5 (5) the isolated or occasional sale of parking spaces
6 subject to tax under this Act by a person who does not hold
7 himself out as being engaged (or who does not habitually
8 engage) in selling of parking spaces; and

9 (6) any amounts added to a purchaser's bills because
10 of charges made pursuant to the tax imposed by this Act. If
11 credit is extended, then the amount thereof shall be
12 included only as and when payments are made.

13 "Purchaser" means any person who acquires a parking space
14 in a parking area or garage for use for valuable
15 consideration.

16 "Use" means the exercise by any person of any right or
17 power over, or the enjoyment of, a parking space in a parking
18 area or garage subject to tax under this Act.

19 (Source: P.A. 101-31, eff. 6-28-19; 102-700, eff. 7-1-23.)

20 (35 ILCS 525/10-10)

21 Sec. 10-10. Imposition of tax; calculation of tax.

22 (a) Beginning on January 1, 2020, a tax is imposed on the
23 privilege of using in this State a parking space in a parking
24 area or garage for the use of parking one or more motor
25 vehicles, recreational vehicles, or other self-propelled

1 vehicles, at the rate of:

2 (1) 6% of the purchase price for a parking space paid
3 for on an hourly, daily, or weekly basis; and

4 (2) 9% of the purchase price for a parking space paid
5 for on a monthly or annual basis.

6 (b) The tax shall be collected from the purchaser by the
7 operator. Notwithstanding the provisions of this subsection,
8 beginning on January 1, 2024, if a booking intermediary
9 facilitates the processing and fulfillment of the reservation
10 for an operator that is not registered under Section 10-30,
11 then the tax shall be collected on the purchase price from the
12 purchaser by the booking intermediary on behalf of the
13 operator, and the tax shall be remitted to the Department by
14 the booking intermediary. The booking intermediary that
15 facilitates the processing and fulfillment of the reservation
16 for an operator that is not registered under Section 10-30 and
17 the unregistered operator are jointly and severally liable for
18 payment of the tax to the Department.

19 (b-5) Booking intermediaries shall collect the tax on the
20 purchase price paid by purchasers on behalf of registered
21 operators. If a booking intermediary charges a separate
22 service charge that is included in the purchase price, the tax
23 shall be collected on that separate service charge as well,
24 even if the separate service charge is retained by the booking
25 intermediary. Beginning January 1, 2024, booking
26 intermediaries are liable for and shall remit the tax to the

1 Department on any separately stated service fee that the
2 booking intermediary charges to the customer. Operators are
3 liable for the remittance of tax under this Act on the
4 remainder of the purchase price for the transaction. Booking
5 intermediaries and operators are subject to audit on all such
6 sales.

7 (c) An operator that has paid or remitted the tax imposed
8 by this Act to another operator in connection with the same
9 parking transaction, or the use of the same parking space,
10 that is subject to tax under this Act, shall be entitled to a
11 credit for such tax paid or remitted against the amount of tax
12 owed under this Act, provided that the other operator is
13 registered under this Act. The operator claiming the credit
14 shall have the burden of proving it is entitled to claim a
15 credit.

16 (d) If any operator or booking intermediary erroneously
17 collects tax or collects more from the purchaser than the
18 purchaser's liability for the transaction, the purchaser shall
19 have a legal right to claim a refund of such amount from the
20 operator or booking intermediary. However, if such amount is
21 not refunded to the purchaser for any reason, the operator or
22 booking intermediary is liable to pay such amount to the
23 Department.

24 (e) The tax imposed by this Section is not imposed with
25 respect to any transaction in interstate commerce, to the
26 extent that the transaction may not, under the Constitution

1 and statutes of the United States, be made the subject of
2 taxation by this State.

3 (Source: P.A. 101-31, eff. 6-28-19.)

4 (35 ILCS 525/10-15)

5 Sec. 10-15. Filing of returns and deposit of proceeds. On
6 or before the last day of each calendar month, every operator
7 engaged in the business of providing to purchasers parking
8 areas and garages in this State during the preceding calendar
9 month and every booking intermediary required to collect tax
10 under Section 10-10 shall file a return with the Department,
11 stating:

12 (1) the name of the operator or booking intermediary;

13 (2) the address of its principal place of business
14 and, if applicable, the address of the principal place of
15 business from which it provides parking areas and garages
16 in this State;

17 (3) the total amount of receipts received by the
18 operator during the preceding calendar month or quarter,
19 as the case may be, from sales of parking spaces to
20 purchasers in parking areas or garages during the
21 preceding calendar month or quarter; the total amount of
22 receipts for separately stated service fees that are
23 charged to the customer by the booking intermediary in
24 connection with the booking intermediary's facilitation of
25 parking spot reservations for an operator during the

1 preceding calendar month or quarter, as the case may be;
2 and, if the return is filed by a booking intermediary that
3 collects the tax under this Act on behalf of an
4 unregistered operator, as provided in Section 10-10, then
5 the total amount of receipts received by the booking
6 intermediary on behalf of the unregistered operator during
7 the preceding calendar month or quarter, as the case may
8 be, from sales of parking spaces to purchasers in parking
9 areas or garages during the preceding calendar month or
10 quarter;

11 (4) deductions allowed by law;

12 (5) the total amount of receipts received by the
13 operator during the preceding calendar month or quarter
14 upon which the tax was computed; the total amount of
15 receipts for separately stated service fees that are
16 charged to the customer by a booking intermediary in
17 connection with the booking intermediary's facilitation of
18 parking spot reservations for an operator during the
19 preceding calendar month or quarter upon which the tax was
20 computed; and, if the return is filed by a booking
21 intermediary that collects the tax under this Act on
22 behalf of an unregistered operator, as provided in Section
23 10-10, then the total amount of receipts received by the
24 booking intermediary on behalf of the unregistered
25 operator during the preceding calendar month or quarter
26 upon which the tax was computed;

1 (6) the amount of tax due; and

2 (7) such other reasonable information as the
3 Department may require.

4 If an operator or booking intermediary ceases to engage in
5 the kind of business that makes it responsible for filing
6 returns under this Act, then that operator or booking
7 intermediary shall file a final return under this Act with the
8 Department on or before the last day of the month after
9 discontinuing such business.

10 All returns required to be filed and payments required to
11 be made under this Act shall be by electronic means. Taxpayers
12 who demonstrate hardship in filing or paying electronically
13 may petition the Department to waive the electronic filing or
14 payment requirement, or both. The Department may require a
15 separate return for the tax under this Act or combine the
16 return for the tax under this Act with the return for other
17 taxes. In addition to the requirement to file all returns
18 required to be filed and payments required to be made under
19 this Act by electronic means, booking intermediaries shall
20 file returns in the form and manner required by the
21 Department.

22 If the same person has more than one business registered
23 with the Department under separate registrations under this
24 Act, that person shall not file each return that is due as a
25 single return covering all such registered businesses but
26 shall file separate returns for each such registered business.

1 If the operator or booking intermediary is a corporation,
2 the return filed on behalf of that corporation shall be signed
3 by the president, vice-president, secretary, or treasurer, or
4 by a properly accredited agent of such corporation.

5 The operator or booking intermediary filing the return
6 under this Act shall, at the time of filing the return, pay to
7 the Department the amount of tax imposed by this Act less a
8 discount of 1.75%, not to exceed \$1,000 per month, which is
9 allowed to reimburse the operator or booking intermediary for
10 the expenses incurred in keeping records, preparing and filing
11 returns, remitting the tax, and supplying data to the
12 Department on request.

13 If any payment provided for in this Section exceeds the
14 taxpayer's liabilities under this Act, as shown on an original
15 return, the Department may authorize the taxpayer to credit
16 such excess payment against liability subsequently to be
17 remitted to the Department under this Act, in accordance with
18 reasonable rules adopted by the Department. If the Department
19 subsequently determines that all or any part of the credit
20 taken was not actually due to the taxpayer, the taxpayer's
21 discount shall be reduced by an amount equal to the difference
22 between the discount as applied to the credit taken and that
23 actually due, and that taxpayer shall be liable for penalties
24 and interest on such difference.

25 (Source: P.A. 101-31, eff. 6-28-19.)

1 (35 ILCS 525/10-25)

2 Sec. 10-25. Collection of tax.

3 (a) Beginning with bills issued or charges collected for a
4 purchase of a parking space in a parking area or garage on and
5 after January 1, 2020, the tax imposed by this Act shall be
6 collected from the purchaser by the operator, or, beginning
7 January 1, 2024 by a booking intermediary as provided in
8 Section 10-10, at the rate stated in Section 10-10 and shall be
9 remitted to the Department as provided in this Act. All
10 charges for parking spaces in a parking area or garage are
11 presumed subject to tax collection. Operators and booking
12 intermediaries, as applicable, shall collect the tax from
13 purchasers by adding the tax to the amount of the purchase
14 price received from the purchaser. The tax imposed by the Act
15 shall when collected be stated as a distinct item separate and
16 apart from the purchase price of the service subject to tax
17 under this Act. However, where it is not possible to state the
18 tax separately the Department may by rule exempt such
19 purchases from this requirement so long as purchasers are
20 notified by language on the invoice or notified by a sign that
21 the tax is included in the purchase price.

22 (b) Any person purchasing a parking space in a parking
23 area or garage subject to tax under this Act as to which there
24 has been no charge made to him of the tax imposed by Section
25 10-10, shall make payment of the tax imposed by Section 10-10
26 of this Act in the form and manner provided by the Department,

1 such payment to be made to the Department in the manner and
2 form required by the Department not later than the 20th day of
3 the month following the month of purchase of the parking
4 space.

5 (Source: P.A. 101-31, eff. 6-28-19.)

6 (35 ILCS 525/10-30)

7 Sec. 10-30. Registration of operators and booking
8 intermediaries.

9 (a) A person who engages in business as an operator of a
10 parking area or garage in this State, or, beginning January 1,
11 2024, a booking intermediary that directly charges to a
12 customer a separately stated service fee pursuant to
13 subsection (b-5) of Section 10-10, or, beginning January 1,
14 2024, a booking intermediary that facilitates the processing
15 and fulfillment of a reservation for an operator that is not
16 registered under Section 10-10, shall register with the
17 Department. Application for a certificate of registration
18 shall be made to the Department, by electronic means, in the
19 form and manner prescribed by the Department and shall contain
20 any reasonable information the Department may require. Upon
21 receipt of the application for a certificate of registration
22 in proper form and manner, the Department shall issue to the
23 applicant a certificate of registration. Operators who
24 demonstrate that they do not have access to the Internet or
25 demonstrate hardship in applying electronically may petition

1 the Department to waive the electronic application
2 requirements.

3 (b) The Department may refuse to issue or reissue a
4 certificate of registration to any applicant for the reasons
5 set forth in Section 2505-380 of the Department of Revenue Law
6 of the Civil Administrative Code of Illinois.

7 (c) Any person aggrieved by any decision of the Department
8 under this Section may, within 20 days after notice of such
9 decision, protest and request a hearing, whereupon the
10 Department shall give notice to such person of the time and
11 place fixed for such hearing and shall hold a hearing in
12 conformity with the provisions of this Act and then issue its
13 final administrative decision in the matter to such person. In
14 the absence of such a protest within 20 days, the Department's
15 decision shall become final without any further determination
16 being made or notice given.

17 (Source: P.A. 101-31, eff. 6-28-19.)

18 (35 ILCS 525/10-35)

19 Sec. 10-35. Revocation of certificate of registration.

20 (a) The Department may, after notice and a hearing as
21 provided in this Act, revoke the certificate of registration
22 of any operator or booking intermediary who violates any of
23 the provisions of this Act or any rule adopted pursuant to this
24 Act. Before revocation of a certificate of registration, the
25 Department shall, within 90 days after non-compliance and at

1 least 7 days prior to the date of the hearing, give the
2 operator or booking intermediary so accused notice in writing
3 of the charge against him or her, and on the date designated
4 shall conduct a hearing upon this matter. The lapse of such
5 90-day period shall not preclude the Department from
6 conducting revocation proceedings at a later date if
7 necessary. Any hearing held under this Section shall be
8 conducted by the Director or by any officer or employee of the
9 Department designated in writing by the Director.

10 (b) The Department may revoke a certificate of
11 registration for the reasons set forth in Section 2505-380 of
12 the Department of Revenue Law of the Civil Administrative Code
13 of Illinois.

14 (c) Upon the hearing of any such proceeding, the Director
15 or any officer or employee of the Department designated in
16 writing by the Director may administer oaths, and the
17 Department may procure by its subpoena the attendance of
18 witnesses and, by its subpoena duces tecum, the production of
19 relevant books and papers. Any circuit court, upon application
20 either of the operator or of the Department, may, by order duly
21 entered, require the attendance of witnesses and the
22 production of relevant books and papers before the Department
23 in any hearing relating to the revocation of certificates of
24 registration. Upon refusal or neglect to obey the order of the
25 court, the court may compel obedience thereof by proceedings
26 for contempt.

1 (d) The Department may, by application to any circuit
2 court, obtain an injunction requiring any person who engages
3 in business as an operator or booking intermediary under this
4 Act to obtain a certificate of registration. Upon refusal or
5 neglect to obey the order of the court, the court may compel
6 obedience by proceedings for contempt.

7 (Source: P.A. 101-31, eff. 6-28-19.)

8 (35 ILCS 525/10-45)

9 Sec. 10-45. Tax collected as debt owed to State. The tax
10 herein required to be collected by any operator, booking
11 intermediary, or valet business and any such tax collected by
12 that person, shall constitute a debt owed by that person to
13 this State.

14 (Source: P.A. 101-31, eff. 6-28-19.)

15 (35 ILCS 525/10-50)

16 Sec. 10-50. Incorporation by reference. All of the
17 provisions of Sections 1, 2a, 2b, 3 (except provisions
18 relating to transaction returns and except for provisions that
19 are inconsistent with this Act), in respect to all provisions
20 therein other than the State rate of tax) 4, 5, 5a, 5b, 5c, 5d,
21 5e, 5f, 5g, 5j, 6, 6a, 6b, 6c, 6d, 7, 8, 9, 10, 11, 11a, 12,
22 and 13 of the Retailers' Occupation Tax Act that are not
23 inconsistent with this Act, and all provisions of the Uniform
24 Penalty and Interest Act shall apply, as far as practicable,

1 to the subject matter of this Act to the same extent as if such
2 provisions were included in this Act. The enumerated
3 provisions of the Retailers' Occupation Tax Act in this
4 Section and all provisions of the Uniform Penalty and Interest
5 Act shall apply, as far as practicable, to booking
6 intermediaries required to be registered under Section 10-30
7 of this Act.

8 (Source: P.A. 101-31, eff. 6-28-19.)

9 ARTICLE 25. HOTELS-DISASTER RELIEF

10 Section 25-5. The Hotel Operators' Occupation Tax Act is
11 amended by changing Section 3 as follows:

12 (35 ILCS 145/3) (from Ch. 120, par. 481b.33)

13 Sec. 3. Rate; exemptions.

14 (a) A tax is imposed upon persons engaged in the business
15 of renting, leasing or letting rooms in a hotel at the rate of
16 5% of 94% of the gross rental receipts from such renting,
17 leasing or letting, excluding, however, from gross rental
18 receipts, the proceeds of such renting, leasing or letting to
19 permanent residents of that hotel and proceeds from the tax
20 imposed under subsection (c) of Section 13 of the Metropolitan
21 Pier and Exposition Authority Act.

22 (b) There shall be imposed an additional tax upon persons
23 engaged in the business of renting, leasing or letting rooms

1 in a hotel at the rate of 1% of 94% of the gross rental
2 receipts from such renting, leasing or letting, excluding,
3 however, from gross rental receipts, the proceeds of such
4 renting, leasing or letting to permanent residents of that
5 hotel and proceeds from the tax imposed under subsection (c)
6 of Section 13 of the Metropolitan Pier and Exposition
7 Authority Act.

8 (c) No funds received pursuant to this Act shall be used to
9 advertise for or otherwise promote new competition in the
10 hotel business.

11 (d) However, such tax is not imposed upon the privilege of
12 engaging in any business in Interstate Commerce or otherwise,
13 which business may not, under the Constitution and Statutes of
14 the United States, be made the subject of taxation by this
15 State. In addition, the tax is not imposed upon gross rental
16 receipts for which the hotel operator is prohibited from
17 obtaining reimbursement for the tax from the customer by
18 reason of a federal treaty.

19 (d-5) On and after July 1, 2017, the tax imposed by this
20 Act shall not apply to gross rental receipts received by an
21 entity that is organized and operated exclusively for
22 religious purposes and possesses an active Exemption
23 Identification Number issued by the Department pursuant to the
24 Retailers' Occupation Tax Act when acting as a hotel operator
25 renting, leasing, or letting rooms:

26 (1) in furtherance of the purposes for which it is

1 organized; or

2 (2) to entities that (i) are organized and operated
3 exclusively for religious purposes, (ii) possess an active
4 Exemption Identification Number issued by the Department
5 pursuant to the Retailers' Occupation Tax Act, and (iii)
6 rent the rooms in furtherance of the purposes for which
7 they are organized.

8 No gross rental receipts are exempt under paragraph (2) of
9 this subsection (d-5) unless the hotel operator obtains the
10 active Exemption Identification Number from the exclusively
11 religious entity to whom it is renting and maintains that
12 number in its books and records. Gross rental receipts from
13 all rentals other than those described in items (1) or (2) of
14 this subsection (d-5) are subject to the tax imposed by this
15 Act unless otherwise exempt under this Act.

16 This subsection (d-5) is exempt from the sunset provisions
17 of Section 3-5 of this Act.

18 (d-10) On and after July 1, 2023, the tax imposed by this
19 Act shall not apply to gross rental receipts received from the
20 renting, leasing, or letting of rooms to an entity that is
21 organized and operated exclusively by an organization
22 chartered by the United States Congress for the purpose of
23 providing disaster relief and that possesses an active
24 Exemption Identification Number issued by the Department
25 pursuant to the Retailers' Occupation Tax Act if the renting,
26 leasing, or letting of the rooms is in furtherance of the

1 purposes for which the exempt organization is organized. This
2 subsection (d-10) is exempt from the sunset provisions of
3 Section 3-5 of this Act.

4 (e) Persons subject to the tax imposed by this Act may
5 reimburse themselves for their tax liability under this Act by
6 separately stating such tax as an additional charge, which
7 charge may be stated in combination, in a single amount, with
8 any tax imposed pursuant to Sections 8-3-13 and 8-3-14 of the
9 Illinois Municipal Code, and Section 25.05-10 of "An Act to
10 revise the law in relation to counties".

11 (f) If any hotel operator collects an amount (however
12 designated) which purports to reimburse such operator for
13 hotel operators' occupation tax liability measured by receipts
14 which are not subject to hotel operators' occupation tax, or
15 if any hotel operator, in collecting an amount (however
16 designated) which purports to reimburse such operator for
17 hotel operators' occupation tax liability measured by receipts
18 which are subject to tax under this Act, collects more from the
19 customer than the operators' hotel operators' occupation tax
20 liability in the transaction is, the customer shall have a
21 legal right to claim a refund of such amount from such
22 operator. However, if such amount is not refunded to the
23 customer for any reason, the hotel operator is liable to pay
24 such amount to the Department.

25 (Source: P.A. 100-213, eff. 8-18-17.)

1 ARTICLE 30. MUNICIPAL CODE-UTILITIES

2 Section 30-5. The Illinois Municipal Code is amended by
3 changing Section 8-11-2.5 as follows:

4 (65 ILCS 5/8-11-2.5)

5 Sec. 8-11-2.5. Municipal tax review; requests for
6 information.

7 (a) If a municipality has imposed a tax under Section
8 8-11-2, then the municipality, which may act through its
9 designated auditor or agent, may conduct an audit of tax
10 receipts collected from the public utility that is subject to
11 the tax or that collects the tax from purchasers on behalf of
12 the municipality to determine whether the amount of tax that
13 was paid by the public utility was accurate.

14 (b) Not more than once every 2 years, a municipality that
15 has imposed a tax under Section 8-11-2 of this Code ~~Act~~ may,
16 subject to the limitations and protections stated in the Local
17 Government Taxpayers' Bill of Rights Act, make a written
18 request via e-mail to an e-mail address provided by the
19 utility for any information from a utility in the format
20 maintained by the public utility in the ordinary course of its
21 business that the municipality reasonably requires in order to
22 perform an audit under subsection (a). The information that
23 may be requested by the municipality includes, without
24 limitation:

1 (1) in an electronic format used by the public utility
2 in the ordinary course of its business, the
3 premises-specific and other information used by the public
4 utility to determine the amount of tax due to the
5 municipality, for a time period that includes the year in
6 which the request is made and not more than 6 years
7 immediately preceding that year, as appropriate for the
8 period being audited, and which shall include for each
9 customer premises in the municipality: (i) the premises
10 address and zip code; (ii) the classification of the
11 premises as designated by the public utility, such as
12 residential, commercial, or industrial; (iii) monthly
13 usage information sufficient to calculate taxes due, in
14 therms, kilowatts, minutes, or other such other unit of
15 measurement used to calculate the taxes; (iv) the taxes
16 actually assessed, collected, and remitted to the
17 municipality; (v) the first date of service for the
18 premises, if that date occurred within the period being
19 audited; and (vi) any tax exemption claimed for the
20 premises and any additional information that supports a
21 specific tax exemption, if the municipality requests that
22 information, including the customer name and other
23 relevant data; however, a public utility that is an
24 electric utility may not provide other customer-specific
25 information to the municipality; and

26 (2) the premises address for customer accounts that

1 the public utility's records indicate are: (i) in a
2 bordering municipality, township, or unincorporated area
3 (other than the City of Chicago), provided that the
4 municipality provides the public utility a list of such
5 bordering jurisdictions; or (ii) in any zip code with
6 boundaries that include or are adjacent to the requesting
7 municipality provided that the municipality provides the
8 public utility a list of those zip codes; this item (ii)
9 applies to requests made on or after September 1, 2022. If
10 any such customer is determined by the municipality and
11 the utility to be located within the requesting
12 municipality, then the public utility shall provide the
13 additional information provided in paragraph (1) of this
14 subsection (b).-

15 Following the municipality's receipt of the information
16 provided by the public utility pursuant to paragraphs (1) or
17 (2) of this subsection (b), if a question or issue arises that
18 can only be addressed by accessing customer-specific or
19 additional information not described in this Section, then the
20 utility shall attempt to resolve the question or issue without
21 disclosing any customer-specific information. If this process
22 does not resolve the question or issue, then either the
23 municipality or public utility can further pursue the matter
24 before the Department of Revenue by requesting an
25 administrative hearing on the question of whether the issue
26 raised by the public utility or the municipality concerning

1 compliance with this subsection (b) can be resolved without
2 the release of customer-specific information by the utility.
3 The Department of Revenue, ~~which~~ has the discretion to receive
4 or share customer-specific information with the municipality
5 as appropriate, subject to the confidentiality restrictions of
6 subsection (f). All costs of the hearing shall be paid to the
7 Department of Revenue as provided in subsection (e-25).

8 (c) Each public utility must provide the information
9 requested under subsection (b) within 45 days after the date
10 of the request.

11 The time in which a public utility must provide the
12 information requested under subsection (b) may be extended by
13 an agreement between the municipality and the public utility.

14 (d) If an audit by the municipality or its agents finds an
15 error by the public utility in the amount of taxes paid by the
16 public utility, then the municipality must notify the public
17 utility of the error. Any such notice must be issued pursuant
18 to Section 30 of the Local Government Taxpayers' Bill of
19 Rights Act or a lesser period of time from the date the tax was
20 due that may be specified in the municipal ordinance imposing
21 the tax. Upon such a notice, any audit shall be conducted
22 pursuant to Section 35 of the Local Government Taxpayers' Bill
23 of Rights Act subject to the timelines set forth in this
24 subsection (d). The public utility must submit a written
25 response within 60 days after the date the notice was
26 postmarked stating that it has corrected the error or stating

1 the reason that the error is inapplicable or inaccurate. The
2 municipality then has 60 days after the receipt of the public
3 utility's response to review and contest the conclusion of the
4 public utility. If the parties are unable to agree on the
5 disposition of the audit findings within 120 days after the
6 notification of the error to the public utility, then either
7 party may submit the matter for appeal as outlined in Section
8 40 of the Local Government Taxpayers' Bill of Rights Act. If
9 the appeals process does not produce a satisfactory result,
10 then either party may pursue the alleged error in a court of
11 competent jurisdiction.

12 (e) The public utility shall be liable to the municipality
13 for unpaid taxes, including taxes that the public utility
14 failed to properly bill to the customer subject to ~~subsection~~
15 paragraph (2) of subsection (e-10) of this Section. This
16 subsection (e) does not limit a utility's right to an
17 offsetting credit it would otherwise be entitled to, including
18 that authorized by subsection (c) of Section 8-11-2 of this
19 ~~the~~ Code. To the extent that a public utility's errors in past
20 tax collections and payments relate to premises located in an
21 area of the municipality that was annexed on or after March 17,
22 2023 (the effective date of Public Act 102-1144) ~~this~~
23 ~~amendatory Act of the 102nd General Assembly~~, however, the
24 public utility shall only be liable for such errors beginning
25 60 days after the date that the municipality provided the
26 public utility notice of the annexation, provided that the

1 public utility provides municipalities with an email address
2 to send annexation notices. A copy of the annexation ordinance
3 and the map filed with the County Clerk sent to the email
4 address provided by the public utility shall be deemed
5 sufficient notice, but other forms of notice may also be
6 sufficient.

7 (e-5) Upon mutual agreement, a utility and municipality
8 may use a web portal in lieu of email to receive notice of
9 annexations and boundary changes. After December 31, 2025 for
10 a gas public utility that serves more than 2,000,000 customers
11 in Illinois and after December 31, 2022 for all other public
12 utilities that serve more than 1,000,000 retail customers in
13 Illinois, the public utilities shall provide a secure web
14 portal for municipalities to use, and, thereafter, the web
15 portals shall be used by all municipalities to notify the
16 public utilities of annexations. The web portal must provide
17 the municipality with an electronic record of all
18 communications and attached documents that the municipality
19 has submitted through the portal.

20 (e-10) (1) No later than August 1, 2023, the Department of
21 Revenue shall develop and publish a written process to be used
22 by each public utility and each municipality that imposes a
23 tax under Section 8-11-2 of this ~~the~~ Code, which may act
24 through its designated auditor or agent, under which:

25 (A) by December 31, 2024, and on a regular schedule
26 thereafter to occur approximately every 5 years, each

1 public utility shall work collaboratively with each
2 municipality to develop and file with the Department of
3 Revenue, a master list of all premises addresses in the
4 municipality (including premises addresses with inactive
5 accounts) that are subject to such tax and all accounts in
6 the municipality that are exempt from such tax, provided
7 that the final date for the first master list shall be
8 extended, at the utility's request, to no later than
9 December 31, 2026;

10 (B) information is provided to the municipality to
11 facilitate development of the master list including
12 information described in paragraph (1) of subsection (b)
13 of this Section regarding all accounts (including premises
14 addresses with inactive accounts) that the public
15 utility's records show are in the municipality and the
16 premises addresses in (i) any bordering municipality, (ii)
17 any bordering township, or (iii) any zip code that is in
18 any part in the municipality or that borders the
19 municipality;

20 (C) any dispute between the public utility and the
21 municipality related to the master list will be resolved;

22 (D) on a semi-annual basis following the development
23 of the master list, each public utility shall provide to
24 each municipality certain information that the
25 municipality can use to nominate changes to the master
26 list, including, but not limited to: (i) a list of any

1 tax-related changes, such as the addition or removal of an
2 exemption, or to the taxing jurisdiction, to any account
3 on the master list; and (ii) new premises addresses within
4 the municipality, any bordering municipality, in any
5 bordering township, or in any zip code that is in any part
6 in the municipality or that borders the municipality;

7 (E) accounts nominated by the municipality to be added
8 or deleted from the master list may be submitted to the
9 public utility and related disputes will be resolved;

10 (F) changes may be made to the master list; and

11 (G) the utility may file a master list based solely on
12 its records if the municipality fails to participate and
13 such a municipality may request to restart the process
14 prior to the end of the 5-year ~~five-year~~ cycle.

15 (2) No public utility is liable for any error in tax
16 collections or payments due more than 60 days after the date
17 that the first master list for the relevant municipality is
18 filed with the Department of Revenue unless such error in tax
19 collection or payment:

20 (A) was related to a premises address on the master
21 list at the time of the error;

22 (B) was related to an area of the municipality annexed
23 on or after March 17, 2023 (the effective date of Public
24 Act 102-1144) ~~this amendatory Act of the 102nd General~~
25 ~~Assembly~~, notice of which was properly provided to the
26 public utility pursuant to the procedures set forth in

1 subsection (e); or

2 (C) resulted from the public utility's failure to
3 comply with the process established in this subsection
4 (e-10).

5 (3) If the public utility uses a portal as set forth in
6 subsection (e-5), all lists, changes affecting tax collection
7 and remission, proposed corrections, and reports shall be
8 provided through such portal.

9 (e-15) If a customer paid a tax to a municipality that the
10 customer did not owe or was in excess of the tax the customer
11 owed, then the customer may, to the extent allowed by Section
12 9-252 of the Public Utilities Act, recover the tax or over
13 payment from the public utility, and any amount so paid by the
14 public utility may be deducted by that public utility from any
15 taxes then or thereafter owed by the public utility to that
16 municipality.

17 (e-20) (1) The Department of Revenue shall have the
18 authority to resolve a claim by a municipality that a public
19 utility materially failed to comply with the requirements of
20 subsections (b) or (c) of this Section or the process
21 developed under subsection (e-10) of this Section by causing a
22 material delay in providing information properly requested or
23 by omitting a material portion of information properly
24 requested. A municipality may pursue the matter before the
25 Department of Revenue by requesting an administrative hearing
26 in accordance with the procedures set forth by the Department,

1 clearly stating the issue or issues to be resolved. All costs
2 of the hearing shall be paid to the Department of Revenue as
3 provided in subsection (e-25). If the Department of Revenue
4 finds, after notice and hearing, that a public utility (i)
5 caused a material delay in providing information properly
6 requested under such subsections or (ii) omitted a material
7 portion of information properly requested, then, if the claim
8 relates to subsections (b) or (c), the Department shall assess
9 a penalty on the utility of ~~up to~~ \$50,000 per audit, or ~~up to~~
10 \$10,000 per audit for a utility that served less than 100,000
11 retail customers on the date of the audit notice, or, if the
12 claim relates to subsection (e-10), ~~up to~~ \$50,000 per 5-year
13 master list cycle or ~~up to~~ \$10,000 per cycle for a utility that
14 served less than 100,000 retail customers on the date such
15 master list was filed with the Department, which penalty shall
16 be paid by the public utility to the Department of Revenue for
17 deposit into the Supplemental Low-Income Energy Assistance
18 Fund. Notwithstanding anything to the contrary, a penalty
19 assessed pursuant to this subsection shall be the exclusive
20 remedy for the conduct that is the subject of the claim. A
21 penalty assessed under this subsection shall bar and prohibit
22 pursuit of any other penalty, fine, or recovery related to the
23 conduct for which the penalty was assessed.

24 (2) No penalty shall be assessed by the Department
25 pursuant to this subsection if the Department finds that a
26 delay or omission was immaterial or de minimis.

1 (3) Any penalties or fines paid by a public utility
2 pursuant to this subsection shall not be recoverable through
3 the utility's rates.

4 (4) If a municipality and public utility have a
5 disagreement regarding the scope or conduct of an audit
6 undertaken pursuant to this Section, they shall work together
7 in good faith to attempt to resolve the dispute. If, after a
8 period of no less than 14 days, the municipality and public
9 utility are not able to reach an agreement regarding the
10 dispute, either entity may pursue the matter before the
11 Department of Revenue by requesting an administrative hearing
12 in accordance with the procedures set forth by the Department,
13 clearly stating the issue or issues to be resolved.
14 Administrative hearings conducted by the Department of Revenue
15 under this paragraph (4) regarding the scope or conduct of an
16 audit shall be procedural in nature and shall not include
17 issues related to the results of the audit or assessments
18 issued or proposed to be issued by the municipality. All costs
19 of the hearing shall be paid to the Department of Revenue as
20 provided in subsection (e-25). ~~The, or both entities jointly,~~
21 ~~may submit a request to the Illinois Department of Revenue~~
22 ~~seeking resolution of the dispute, and the Department shall~~
23 ~~have the authority to resolve the issue, and shall resolve~~
24 ~~such dispute within 60 days.~~ Each such request must include a
25 statement showing that consultation and reasonable attempts to
26 resolve the dispute have failed.

1 The time period established pursuant to this Section for
2 complying with requests for information under this Section
3 shall be suspended during the administrative hearing ~~dispute~~
4 ~~resolution~~ processes set forth in this paragraph (4) of
5 subsection (e-20), but only for the issue or issues that are
6 the subject of the dispute. Information requests that are
7 undisputed shall continue to be subject to the time periods
8 for compliance set forth in this Section.

9 (e-25) The Department of Revenue shall provide the
10 services of an administrative law judge to preside over any
11 administrative hearing conducted under one or more of the
12 following provisions:

13 (1) subsection (b) regarding whether the issue raised
14 can be resolved without the release of customer-specific
15 information;

16 (2) paragraph (1) of subsection (e-20) regarding
17 whether a public utility materially failed to comply with
18 the requirements of subsections (b) or (c) or the process
19 developed under subsection (e-10); or

20 (3) paragraph (4) of subsection (e-20) regarding the
21 scope or conduct of an audit.

22 Administrative hearings conducted by the Department of
23 Revenue under this Section shall be limited to the issues
24 identified in this subsection and shall not include issues
25 related to the results of the audit or assessments issued or
26 proposed to be issued by the municipality. To initiate the

1 administrative hearing process with the Department of Revenue
2 as provided in this Section, the municipality or public
3 utility must send notice, by certified mail or as otherwise
4 provided by the Department of Revenue by rule, to the other
5 party and must send a copy of that notice to the Department of
6 Revenue. The notice shall state that an impasse has been
7 reached and shall clearly state the issue or issues to be
8 resolved. If, within 60 days after the date on which this
9 notice is delivered to the other party, the parties are unable
10 to resolve the matter, either party may, upon notice to the
11 other party, request an administrative hearing with the
12 Department of Revenue. If a request for an administrative
13 hearing on the issue is not made with the Department of Revenue
14 within that 60-day period, then the Department of Revenue
15 shall not conduct a hearing on the matter. If a hearing is
16 conducted, the non-prevailing party shall reimburse the
17 Department of Revenue for the payroll expenses of the
18 administrative law judge related to that hearing, plus all
19 other costs of the hearing, including, but not limited to, any
20 court reporting fees. Payroll expenses include salary and the
21 Department of Revenue's payroll contributions for insurance,
22 retirement, and social security. The Department of Revenue
23 shall issue a bill for the costs to the appropriate party and
24 shall deposit all amounts received for the costs of a hearing
25 into the Tax Compliance and Administration Fund. The
26 provisions of the Administrative Review Law shall apply to and

1 govern all proceedings for the judicial review of final
2 administrative decisions of the Department of Revenue under
3 this Section. The Department of Revenue shall not bill the
4 appropriate party to the hearing until the hearing decision
5 has become final and unappealable. The Department of Revenue
6 bill must be paid within 60 calendar days after the date of
7 issuance of the bill.

8 (f) All account-specific ~~account~~ ~~specific~~ and
9 premises-specific information provided by a public utility
10 under this Section may be used only for the purpose of an audit
11 of taxes conducted under this Section and the enforcement of
12 any related tax claim. All such information must be held in
13 strict confidence by the municipality and its agents and may
14 not be disclosed to the public under the Freedom of
15 Information Act or under any other similar statutes allowing
16 for or requiring public disclosure.

17 (g) The provisions of this Section shall not be construed
18 as diminishing or replacing any civil remedy available to a
19 municipality, taxpayer, or tax collector.

20 (h) This Section does not apply to any municipality having
21 a population greater than 1,000,000.

22 (i) The changes to subsection (e) and paragraph (2) of
23 subsection (e-10) of this Section made by Public Act 102-1144
24 ~~this amendatory Act of the 102nd General Assembly~~ apply to
25 taxes due on or after August 1, 2022. The remaining changes to
26 this Section made by Public Act 102-1144 ~~this amendatory Act~~

1 ~~of the 102nd General Assembly~~ apply on or after March 17, 2023
2 (the effective date of Public Act 102-1144) ~~this amendatory~~
3 ~~Act of the 102nd General Assembly.~~

4 (j) As used in this Section:

5 "Customer-specific information" means the name, phone
6 number, email address, and banking information of a customer.

7 "Customer-specific information" includes the load-shape data
8 associated with a customer account. "Customer-specific
9 information" does not include the tax-exempt status of the
10 premises and the name of tax-exempt ~~tax-exempt~~ customers.

11 "Premises-specific information" means any information,
12 including billing and usage data, associated with a premises
13 address that is not customer-specific information.

14 "Premises address" includes the jurisdiction to which the
15 address is currently coded by the public utility for municipal
16 tax purposes.

17 (Source: P.A. 102-1144, eff. 3-17-23; revised 4-5-23.)

18 ARTICLE 35. RIVER EDGE ZONES

19 Section 35-5. The River Edge Redevelopment Zone Act is
20 amended by changing Section 10-5.3 as follows:

21 (65 ILCS 115/10-5.3)

22 Sec. 10-5.3. Certification of River Edge Redevelopment
23 Zones.

1 (a) Approval of designated River Edge Redevelopment Zones
2 shall be made by the Department by certification of the
3 designating ordinance. The Department shall promptly issue a
4 certificate for each zone upon its approval. The certificate
5 shall be signed by the Director of the Department, shall make
6 specific reference to the designating ordinance, which shall
7 be attached thereto, and shall be filed in the office of the
8 Secretary of State. A certified copy of the River Edge
9 Redevelopment Zone Certificate, or a duplicate original
10 thereof, shall be recorded in the office of the recorder of
11 deeds of the county in which the River Edge Redevelopment Zone
12 lies.

13 (b) A River Edge Redevelopment Zone shall be effective
14 upon its certification. The Department shall transmit a copy
15 of the certification to the Department of Revenue, and to the
16 designating municipality. Upon certification of a River Edge
17 Redevelopment Zone, the terms and provisions of the
18 designating ordinance shall be in effect, and may not be
19 amended or repealed except in accordance with Section 10-5.4.

20 (c) A River Edge Redevelopment Zone shall be in effect for
21 the period stated in the certificate, which shall in no event
22 exceed 30 calendar years. Zones shall terminate at midnight of
23 December 31 of the final calendar year of the certified term,
24 except as provided in Section 10-5.4.

25 (d) In calendar years 2006 and 2007, the Department may
26 certify one pilot River Edge Redevelopment Zone in the City of

1 East St. Louis, one pilot River Edge Redevelopment Zone in the
2 City of Rockford, and one pilot River Edge Redevelopment Zone
3 in the City of Aurora.

4 In calendar year 2009, the Department may certify one
5 pilot River Edge Redevelopment Zone in the City of Elgin.

6 On or after the effective date of this amendatory Act of
7 the 97th General Assembly, the Department may certify one
8 additional pilot River Edge Redevelopment Zone in the City of
9 Peoria.

10 On or after the effective date of this amendatory Act of
11 the 103rd General Assembly, the Department may certify 2
12 additional pilot River Edge Redevelopment Zones, including one
13 in the City of Joliet and one in the City of Kankakee.

14 After certifying the additional pilot River Edge
15 Redevelopment Zones authorized by the above paragraphs,
16 ~~Thereafter~~ the Department may not certify any additional River
17 Edge Redevelopment Zones, but it may amend and rescind
18 certifications of existing River Edge Redevelopment Zones in
19 accordance with Section 10-5.4, except that no River Edge
20 Redevelopment Zone may be extended on or after the effective
21 date of this amendatory Act of the 97th General Assembly. Each
22 River Edge Redevelopment Zone in existence on the effective
23 date of this amendatory Act of the 97th General Assembly shall
24 continue until its scheduled termination under this Act,
25 unless the Zone is decertified sooner. At the time of its term
26 expiration each River Edge Redevelopment Zone will become an

1 open enterprise zone, available for the previously designated
2 area or a different area to compete for designation as an
3 enterprise zone. No preference for designation as a Zone will
4 be given to the previously designated area.

5 (e) A municipality in which a River Edge Redevelopment
6 Zone has been certified must submit to the Department, within
7 60 days after the certification, a plan for encouraging the
8 participation by minority persons, women, persons with
9 disabilities, and veterans in the zone. The Department may
10 assist the municipality in developing and implementing the
11 plan. The terms "minority person", "woman", and "person with a
12 disability" have the meanings set forth under Section 2 of the
13 Business Enterprise for Minorities, Women, and Persons with
14 Disabilities Act. "Veteran" means an Illinois resident who is
15 a veteran as defined in subsection (h) of Section 1491 of Title
16 10 of the United States Code.

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

18 ARTICLE 40. HISTORIC PRESERVATION

19 Section 40-5. The Illinois Income Tax Act is amended by
20 changing Section 228 as follows:

21 (35 ILCS 5/228)

22 Sec. 228. Historic preservation credit. For tax years
23 beginning on or after January 1, 2019 and ending on or before

1 December 31, 2028 ~~December 31, 2023~~, a taxpayer who qualifies
2 for a credit under the Historic Preservation Tax Credit Act is
3 entitled to a credit against the taxes imposed under
4 subsections (a) and (b) of Section 201 of this Act as provided
5 in that Act. If the taxpayer is a partnership, Subchapter S
6 corporation, or a limited liability company the credit shall
7 be allowed to the partners, shareholders, or members in
8 accordance with the determination of income and distributive
9 share of income under Sections 702 and 704 and Subchapter S of
10 the Internal Revenue Code provided that credits granted to a
11 partnership, a limited liability company taxed as a
12 partnership, or other multiple owners of property shall be
13 passed through to the partners, members, or owners
14 respectively on a pro rata basis or pursuant to an executed
15 agreement among the partners, members, or owners documenting
16 any alternate distribution method. If the amount of any tax
17 credit awarded under this Section exceeds the qualified
18 taxpayer's income tax liability for the year in which the
19 qualified rehabilitation plan was placed in service, the
20 excess amount may be carried forward as provided in the
21 Historic Preservation Tax Credit Act.

22 (Source: P.A. 101-81, eff. 7-12-19; 102-741, eff. 5-6-22.)

23 Section 40-10. The Historic Preservation Tax Credit Act is
24 amended by changing Sections 10 and 20 as follows:

1 (35 ILCS 31/10)

2 Sec. 10. Allowable credit.

3 (a) To the extent authorized by this Act, for taxable
4 years beginning on or after January 1, 2019 and ending on or
5 before December 31, 2028 ~~December 31, 2023~~, there shall be
6 allowed a tax credit to the qualified taxpayer against the tax
7 imposed by subsections (a) and (b) of Section 201 of the
8 Illinois Income Tax Act in an aggregate amount equal to 25% of
9 qualified expenditures, but not to exceed \$3,000,000, incurred
10 undertaking a qualified rehabilitation plan, provided that the
11 total amount of such expenditures must (i) equal \$5,000 or
12 more and (ii) exceed the adjusted basis of the structure on the
13 first day the qualified rehabilitation plan commenced. If the
14 qualified rehabilitation plan spans multiple years, the
15 aggregate credit for the entire project shall be allowed in
16 the last taxable year.

17 (b) To obtain a tax credit certificate pursuant to this
18 Section, the qualified taxpayer must apply with the Division.
19 The Division shall determine the amount of eligible
20 rehabilitation expenditures within 45 days after receipt of a
21 complete application. The taxpayer must provide to the
22 Division a third-party cost certification conducted by a
23 certified public accountant verifying (i) the qualified and
24 non-qualified rehabilitation expenses and (ii) that the
25 qualified expenditures exceed the adjusted basis of the
26 structure on the first day the qualified rehabilitation plan

1 commenced. The accountant shall provide appropriate review and
2 testing of invoices. The Division is authorized, but not
3 required, to accept this third-party cost certification to
4 determine the amount of qualified expenditures. The Division
5 and the National Park Service shall determine whether the
6 rehabilitation is consistent with the Standards of the
7 Secretary of the United States Department of the Interior.

8 (c) If the amount of any tax credit awarded under this Act
9 exceeds the qualified taxpayer's income tax liability for the
10 year in which the qualified rehabilitation plan was placed in
11 service, the excess amount may be carried forward for
12 deduction from the taxpayer's income tax liability in the next
13 succeeding year or years until the total amount of the credit
14 has been used, except that a credit may not be carried forward
15 for deduction after the tenth taxable year after the taxable
16 year in which the qualified rehabilitation plan was placed in
17 service. Upon completion of the project and approval of the
18 complete application, the Division shall issue a single
19 certificate in the amount of the eligible credits equal to 25%
20 of the qualified expenditures incurred during the eligible
21 taxable years, not to exceed the lesser of the allocated
22 amount or \$3,000,000 per single qualified rehabilitation plan.
23 Prior to the issuance of the tax credit certificate, the
24 qualified taxpayer must provide to the Division verification
25 that the rehabilitated structure is a qualified historic
26 structure. At the time the certificate is issued, an issuance

1 fee up to the maximum amount of 2% of the amount of the credits
2 issued by the certificate may be collected from the qualified
3 taxpayer to administer the Act. If collected, this issuance
4 fee shall be directed to the Division Historic Property
5 Administrative Fund or other such fund as appropriate for use
6 of the Division in the administration of the Historic
7 Preservation Tax Credit Program. The taxpayer must attach the
8 certificate or legal documentation of her or his proportional
9 share of the certificate to the tax return on which the credits
10 are to be claimed. The tax credit under this Section may not
11 reduce the taxpayer's liability to less than zero. If the
12 amount of the credit exceeds the tax liability for the year,
13 the excess credit may be carried forward and applied to the tax
14 liability of the 10 taxable years following the first excess
15 credit year. The taxpayer is not eligible to receive credits
16 under this Section and under Section 221 of the Illinois
17 Income Tax Act for the same qualified expenditures or
18 qualified rehabilitation plan.

19 (d) If the taxpayer is (i) a corporation having an
20 election in effect under Subchapter S of the federal Internal
21 Revenue Code, (ii) a partnership, or (iii) a limited liability
22 company, the credit provided under this Act may be claimed by
23 the shareholders of the corporation, the partners of the
24 partnership, or the members of the limited liability company
25 in the same manner as those shareholders, partners, or members
26 account for their proportionate shares of the income or losses

1 of the corporation, partnership, or limited liability company,
2 or as provided in the bylaws or other executed agreement of the
3 corporation, partnership, or limited liability company.
4 Credits granted to a partnership, a limited liability company
5 taxed as a partnership, or other multiple owners of property
6 shall be passed through to the partners, members, or owners
7 respectively on a pro rata basis or pursuant to an executed
8 agreement among the partners, members, or owners documenting
9 any alternate distribution method.

10 (e) If a recapture event occurs during the recapture
11 period with respect to a qualified historic structure, then
12 for any taxable year in which the credits are allowed as
13 specified in this Act, the tax under the applicable Section of
14 this Act shall be increased by applying the recapture
15 percentage set forth below to the tax decrease resulting from
16 the application of credits allowed under this Act to the
17 taxable year in question.

18 For the purposes of this subsection, the recapture
19 percentage shall be determined as follows:

20 (1) if the recapture event occurs within the first
21 year after commencement of the recapture period, then the
22 recapture percentage is 100%;

23 (2) if the recapture event occurs within the second
24 year after commencement of the recapture period, then the
25 recapture percentage is 80%;

26 (3) if the recapture event occurs within the third

1 year after commencement of the recapture period, then the
2 recapture percentage is 60%;

3 (4) if the recapture event occurs within the fourth
4 year after commencement of the recapture period, then the
5 recapture percentage is 40%; and

6 (5) if the recapture event occurs within the fifth
7 year after commencement of the recapture period, then the
8 recapture percentage is 20%.

9 In the case of any recapture event, the carryforwards
10 under this Act shall be adjusted by reason of such event.

11 (f) The Division may adopt rules to implement this Section
12 in addition to the rules expressly authorized herein.

13 (Source: P.A. 101-81, eff. 7-12-19; 102-741, eff. 5-6-22.)

14 (35 ILCS 31/20)

15 Sec. 20. Limitations, reporting, and monitoring.

16 (a) In each ~~every~~ calendar year beginning on or after
17 January 1, 2019 and ending on or before December 31, 2023 ~~that~~
18 ~~this program is in effect~~, the Division is authorized to
19 allocate \$15,000,000 in tax credits in addition to any
20 unallocated, returned, or rescinded allocations from previous
21 years, pursuant to qualified rehabilitation plans. In each
22 calendar year beginning on or after January 1, 2024 and ending
23 on or before December 31, 2028, the Division is authorized to
24 allocate \$25,000,000 in tax credits in addition to any
25 unallocated, returned, or rescinded allocations from previous

1 years, pursuant to qualified rehabilitation plans. The
2 Division shall not allocate or award more than \$3,000,000 in
3 tax credits with regard to a single qualified rehabilitation
4 plan. In allocating tax credits under this Act, the Division
5 must prioritize applications that meet one or more of the
6 following:

7 (1) the structure is located in a county that borders
8 a State with a historic income-producing property
9 rehabilitation credit;

10 (2) the structure was previously owned by a federal,
11 state, or local governmental entity for no less than 6
12 months;

13 (3) the structure is located in a census tract that
14 has a median family income at or below the State median
15 family income; data from the most recent 5-year estimate
16 from the American Community Survey (ACS), published by the
17 U.S. Census Bureau, shall be used to determine
18 eligibility;

19 (4) the qualified rehabilitation plan includes in the
20 development partnership a Community Development Entity or
21 a low-profit (B Corporation) or not-for-profit
22 organization, as defined by Section 501(c)(3) of the
23 Internal Revenue Code; or

24 (5) the structure is located in an area declared under
25 an Emergency Declaration or Major Disaster Declaration
26 under the federal Robert T. Stafford Disaster Relief and

1 Emergency Assistance Act. The declaration must be no older
2 than 3 years at the time of application.

3 (b) The annual aggregate authorization of \$15,000,000 set
4 forth in subsection (a) shall be allocated by the Division, in
5 such proportion as determined by the Director twice in each
6 calendar year that the program is in effect, provided that the
7 amount initially allocated by the Division for the first
8 calendar year application period shall not exceed 65% of the
9 total amount available for allocation. Any unallocated amount
10 remaining as of the end of the second application period of a
11 given calendar year shall be rolled over and added to the total
12 authorized amount for the next available calendar year. The
13 qualified rehabilitation plan must meet a readiness test, as
14 defined by the Division, in order for the application to
15 qualify. In any given application period, applications that
16 qualify under this Act will be prioritized as set forth in
17 subsection (a) and placed in a queue based on the date and time
18 the application is received. Applicants whose applications
19 qualify but do not receive an allocation must reapply to be
20 considered in subsequent application periods.

21 (c) Subject to appropriation to the Division, moneys in
22 the Historic Property Administrative Fund shall be used, on a
23 biennial basis, beginning at the end of the second fiscal year
24 after the effective date of this Act, to hire a qualified third
25 party to prepare a biennial report to assess the overall
26 impact of this Act from the qualified rehabilitation plans

1 under this Act completed in that year and in previous years.
2 Baseline data of the metrics in the report shall be collected
3 at the initiation of a qualified rehabilitation plan. The
4 overall economic impact shall include at least:

5 (1) the number of applications, project locations, and
6 proposed use of qualified historic structures;

7 (2) the amount of credits awarded and the number and
8 location of projects receiving credit allocations;

9 (3) the status of ongoing projects and projected
10 qualifying expenditures for ongoing projects;

11 (4) for completed projects, the total amount of
12 qualifying rehabilitation expenditures and non-qualifying
13 expenditures, the number of housing units created and the
14 number of housing units that qualify as affordable, and
15 the total square footage rehabilitated and developed;

16 (5) direct, indirect, and induced economic impacts;

17 (6) temporary, permanent, and construction jobs
18 created; and

19 (7) sales, income, and property tax generation before
20 construction, during construction, and after completion.

21 The report to the General Assembly shall be filed with the
22 Clerk of the House of Representatives and the Secretary of the
23 Senate in electronic form only, in the manner that the Clerk
24 and the Secretary shall direct.

25 (d) Any time prior to issuance of a tax credit
26 certificate, the Director of the Division, the State Historic

1 Preservation Officer, or staff of the Division may, upon
2 reasonable notice of not less than 3 business days, conduct a
3 site visit to the project to inspect and evaluate the project.

4 (e) Any time prior to the issuance of a tax credit
5 certificate, the Director may, upon reasonable notice of not
6 less than 30 calendar days, request a status report from the
7 Applicant consisting of information and updates relevant to
8 the status of the project. Status reports shall not be
9 requested more than twice yearly.

10 (f) In order to demonstrate sufficient evidence of
11 reviewable progress within 12 months after the date the
12 Applicant received notification of allocation from the
13 Division, the Director may require the Applicant to provide
14 all of the following:

15 (1) a viable financial plan which demonstrates by way
16 of an executed agreement that all financing has been
17 secured for the project; such financing shall include, but
18 not be limited to, equity investment as demonstrated by
19 letters of commitment from the owner of the property,
20 investment partners, and equity investors;

21 (2) (blank); and

22 (3) all historic approvals, including all federal and
23 State rehabilitation documents required by the Division.

24 The Director shall review the submitted evidence and may
25 request additional documentation from the Applicant if
26 necessary. The Applicant will have 30 calendar days to provide

1 the information requested, otherwise the allocation may be
2 rescinded at the discretion of the Director.

3 (g) In order to demonstrate sufficient evidence of
4 reviewable progress within 24 months after the date the
5 application received notification of approval from the
6 Division, the Director may require the Applicant to provide
7 detailed evidence that the Applicant has secured and closed on
8 financing for the complete scope of rehabilitation for the
9 project. To demonstrate evidence that the Applicant has
10 secured and closed on financing, the Applicant will need to
11 provide signed and processed loan agreements, bank financing
12 documents or other legal and contractual evidence to
13 demonstrate that adequate financing is available to complete
14 the project. The Director shall review the submitted evidence
15 and may request additional documentation from the Applicant if
16 necessary. The Applicant will have 30 calendar days to provide
17 the information requested, otherwise the allocation may be
18 rescinded at the discretion of the Director.

19 If the Applicant fails to document reviewable progress
20 within 24 months of approval, the Director may notify the
21 Applicant that the allocation is rescinded. However, should
22 financing and construction be imminent, the Director may elect
23 to grant the Applicant no more than 5 months to close on
24 financing and commence construction. If the Applicant fails to
25 meet these conditions in the required timeframe, the Director
26 shall notify the Applicant that the allocation is rescinded.

1 Any such rescinded allocation shall be added to the aggregate
2 amount of credits available for allocation for the year in
3 which the forfeiture occurred.

4 The amount of the qualified expenditures identified in the
5 qualified taxpayer's certification of completion and reflected
6 on the Historic Preservation Tax Credit certificate issued by
7 the Director is subject to inspection, examination, and audit
8 by the Department of Revenue.

9 The qualified taxpayer shall establish and maintain for a
10 period of 4 years following the effective date on a project tax
11 credit certificate such records as required by the Director.
12 Such records include, but are not limited to, records
13 documenting project expenditures and compliance with the U.S.
14 Secretary of the Interior's Standards. The qualified taxpayer
15 shall make such records available for review and verification
16 by the Director, the State Historic Preservation Officer, the
17 Department of Revenue, or appropriate staff, as well as other
18 appropriate State agencies. In the event the Director
19 determines an Applicant has submitted a status report
20 containing erroneous information or data not supported by
21 records established and maintained under this Act, the
22 Director may, after providing notice, require the Applicant to
23 resubmit corrected reports.

24 (Source: P.A. 102-741, eff. 5-6-22.)

1 Section 45-5. The Illinois Enterprise Zone Act is amended
2 by changing Section 5.5 as follows:

3 (20 ILCS 655/5.5) (from Ch. 67 1/2, par. 609.1)

4 Sec. 5.5. High Impact Business.

5 (a) In order to respond to unique opportunities to assist
6 in the encouragement, development, growth, and expansion of
7 the private sector through large scale investment and
8 development projects, the Department is authorized to receive
9 and approve applications for the designation of "High Impact
10 Businesses" in Illinois, for an initial term of 20 years with
11 an option for renewal for a term not to exceed 20 years,
12 subject to the following conditions:

13 (1) such applications may be submitted at any time
14 during the year;

15 (2) such business is not located, at the time of
16 designation, in an enterprise zone designated pursuant to
17 this Act;

18 (3) the business intends to do one or more of the
19 following:

20 (A) the business intends to make a minimum
21 investment of \$12,000,000 which will be placed in
22 service in qualified property and intends to create
23 500 full-time equivalent jobs at a designated location
24 in Illinois or intends to make a minimum investment of

1 \$30,000,000 which will be placed in service in
2 qualified property and intends to retain 1,500
3 full-time retained jobs at a designated location in
4 Illinois. The terms "placed in service" and "qualified
5 property" have the same meanings as described in
6 subsection (h) of Section 201 of the Illinois Income
7 Tax Act; or

8 (B) the business intends to establish a new
9 electric generating facility at a designated location
10 in Illinois. "New electric generating facility", for
11 purposes of this Section, means a newly constructed
12 electric generation plant or a newly constructed
13 generation capacity expansion at an existing electric
14 generation plant, including the transmission lines and
15 associated equipment that transfers electricity from
16 points of supply to points of delivery, and for which
17 such new foundation construction commenced not sooner
18 than July 1, 2001. Such facility shall be designed to
19 provide baseload electric generation and shall operate
20 on a continuous basis throughout the year; and (i)
21 shall have an aggregate rated generating capacity of
22 at least 1,000 megawatts for all new units at one site
23 if it uses natural gas as its primary fuel and
24 foundation construction of the facility is commenced
25 on or before December 31, 2004, or shall have an
26 aggregate rated generating capacity of at least 400

1 megawatts for all new units at one site if it uses coal
2 or gases derived from coal as its primary fuel and
3 shall support the creation of at least 150 new
4 Illinois coal mining jobs, or (ii) shall be funded
5 through a federal Department of Energy grant before
6 December 31, 2010 and shall support the creation of
7 Illinois coal-mining jobs, or (iii) shall use coal
8 gasification or integrated gasification-combined cycle
9 units that generate electricity or chemicals, or both,
10 and shall support the creation of Illinois coal-mining
11 jobs. The term "placed in service" has the same
12 meaning as described in subsection (h) of Section 201
13 of the Illinois Income Tax Act; or

14 (B-5) the business intends to establish a new
15 gasification facility at a designated location in
16 Illinois. As used in this Section, "new gasification
17 facility" means a newly constructed coal gasification
18 facility that generates chemical feedstocks or
19 transportation fuels derived from coal (which may
20 include, but are not limited to, methane, methanol,
21 and nitrogen fertilizer), that supports the creation
22 or retention of Illinois coal-mining jobs, and that
23 qualifies for financial assistance from the Department
24 before December 31, 2010. A new gasification facility
25 does not include a pilot project located within
26 Jefferson County or within a county adjacent to

1 Jefferson County for synthetic natural gas from coal;
2 or

3 (C) the business intends to establish production
4 operations at a new coal mine, re-establish production
5 operations at a closed coal mine, or expand production
6 at an existing coal mine at a designated location in
7 Illinois not sooner than July 1, 2001; provided that
8 the production operations result in the creation of
9 150 new Illinois coal mining jobs as described in
10 subdivision (a)(3)(B) of this Section, and further
11 provided that the coal extracted from such mine is
12 utilized as the predominant source for a new electric
13 generating facility. The term "placed in service" has
14 the same meaning as described in subsection (h) of
15 Section 201 of the Illinois Income Tax Act; or

16 (D) the business intends to construct new
17 transmission facilities or upgrade existing
18 transmission facilities at designated locations in
19 Illinois, for which construction commenced not sooner
20 than July 1, 2001. For the purposes of this Section,
21 "transmission facilities" means transmission lines
22 with a voltage rating of 115 kilovolts or above,
23 including associated equipment, that transfer
24 electricity from points of supply to points of
25 delivery and that transmit a majority of the
26 electricity generated by a new electric generating

1 facility designated as a High Impact Business in
2 accordance with this Section. The term "placed in
3 service" has the same meaning as described in
4 subsection (h) of Section 201 of the Illinois Income
5 Tax Act; or

6 (E) the business intends to establish a new wind
7 power facility at a designated location in Illinois.
8 For purposes of this Section, "new wind power
9 facility" means a newly constructed electric
10 generation facility, a newly constructed expansion of
11 an existing electric generation facility, or the
12 replacement of an existing electric generation
13 facility, including the demolition and removal of an
14 electric generation facility irrespective of whether
15 it will be replaced, placed in service or replaced on
16 or after July 1, 2009, that generates electricity
17 using wind energy devices, and such facility shall be
18 deemed to include any permanent structures associated
19 with the electric generation facility and all
20 associated transmission lines, substations, and other
21 equipment related to the generation of electricity
22 from wind energy devices. For purposes of this
23 Section, "wind energy device" means any device, with a
24 nameplate capacity of at least 0.5 megawatts, that is
25 used in the process of converting kinetic energy from
26 the wind to generate electricity; or

1 (E-5) the business intends to establish a new
2 utility-scale solar facility at a designated location
3 in Illinois. For purposes of this Section, "new
4 utility-scale solar power facility" means a newly
5 constructed electric generation facility, or a newly
6 constructed expansion of an existing electric
7 generation facility, placed in service on or after
8 July 1, 2021, that (i) generates electricity using
9 photovoltaic cells and (ii) has a nameplate capacity
10 that is greater than 5,000 kilowatts, and such
11 facility shall be deemed to include all associated
12 transmission lines, substations, energy storage
13 facilities, and other equipment related to the
14 generation and storage of electricity from
15 photovoltaic cells; or

16 (F) the business commits to (i) make a minimum
17 investment of \$500,000,000, which will be placed in
18 service in a qualified property, (ii) create 125
19 full-time equivalent jobs at a designated location in
20 Illinois, (iii) establish a fertilizer plant at a
21 designated location in Illinois that complies with the
22 set-back standards as described in Table 1: Initial
23 Isolation and Protective Action Distances in the 2012
24 Emergency Response Guidebook published by the United
25 States Department of Transportation, (iv) pay a
26 prevailing wage for employees at that location who are

1 engaged in construction activities, and (v) secure an
2 appropriate level of general liability insurance to
3 protect against catastrophic failure of the fertilizer
4 plant or any of its constituent systems; in addition,
5 the business must agree to enter into a construction
6 project labor agreement including provisions
7 establishing wages, benefits, and other compensation
8 for employees performing work under the project labor
9 agreement at that location; for the purposes of this
10 Section, "fertilizer plant" means a newly constructed
11 or upgraded plant utilizing gas used in the production
12 of anhydrous ammonia and downstream nitrogen
13 fertilizer products for resale; for the purposes of
14 this Section, "prevailing wage" means the hourly cash
15 wages plus fringe benefits for training and
16 apprenticeship programs approved by the U.S.
17 Department of Labor, Bureau of Apprenticeship and
18 Training, health and welfare, insurance, vacations and
19 pensions paid generally, in the locality in which the
20 work is being performed, to employees engaged in work
21 of a similar character on public works; this paragraph
22 (F) applies only to businesses that submit an
23 application to the Department within 60 days after
24 July 25, 2013 (the effective date of Public Act
25 98-109); or and

26 (G) the business intends to establish a new

1 cultured cell material food production facility at a
2 designated location in Illinois. As used in this
3 paragraph (G):

4 "Cultured cell material food production facility"
5 means a facility (i) at which cultured animal cell
6 food is developed using animal cell culture
7 technology, (ii) at which production processes occur
8 that include the establishment of cell lines and cell
9 banks, manufacturing controls, and all components and
10 inputs, and (iii) that complies with all existing
11 registrations, inspections, licensing, and approvals
12 from all applicable and participating State and
13 federal food agencies, including the Department of
14 Agriculture, the Department of Public Health, and the
15 United States Food and Drug Administration, to ensure
16 that all food production is safe and lawful under
17 provisions of the Federal Food, Drug and Cosmetic Act
18 related to the development, production, and storage of
19 cultured animal cell food.

20 "New cultured cell material food production
21 facility" means a newly constructed cultured cell
22 material food production facility that is placed in
23 service on or after the effective date of this
24 amendatory Act of the 103rd General Assembly or a
25 newly constructed expansion of an existing cultured
26 cell material food production facility, in a

1 controlled environment, when the improvements are
2 placed in service on or after the effective date of
3 this amendatory Act of the 103rd General Assembly; and

4 (4) no later than 90 days after an application is
5 submitted, the Department shall notify the applicant of
6 the Department's determination of the qualification of the
7 proposed High Impact Business under this Section.

8 (b) Businesses designated as High Impact Businesses
9 pursuant to subdivision (a)(3)(A) of this Section shall
10 qualify for the credits and exemptions described in the
11 following Acts: Section 9-222 and Section 9-222.1A of the
12 Public Utilities Act, subsection (h) of Section 201 of the
13 Illinois Income Tax Act, and Section 1d of the Retailers'
14 Occupation Tax Act; provided that these credits and exemptions
15 described in these Acts shall not be authorized until the
16 minimum investments set forth in subdivision (a)(3)(A) of this
17 Section have been placed in service in qualified properties
18 and, in the case of the exemptions described in the Public
19 Utilities Act and Section 1d of the Retailers' Occupation Tax
20 Act, the minimum full-time equivalent jobs or full-time
21 retained jobs set forth in subdivision (a)(3)(A) of this
22 Section have been created or retained. Businesses designated
23 as High Impact Businesses under this Section shall also
24 qualify for the exemption described in Section 5l of the
25 Retailers' Occupation Tax Act. The credit provided in
26 subsection (h) of Section 201 of the Illinois Income Tax Act

1 shall be applicable to investments in qualified property as
2 set forth in subdivision (a) (3) (A) of this Section.

3 (b-5) Businesses designated as High Impact Businesses
4 pursuant to subdivisions (a) (3) (B), (a) (3) (B-5), (a) (3) (C),
5 ~~and~~ (a) (3) (D), and (a) (3) (G) of this Section shall qualify for
6 the credits and exemptions described in the following Acts:
7 Section 51 of the Retailers' Occupation Tax Act, Section 9-222
8 and Section 9-222.1A of the Public Utilities Act, and
9 subsection (h) of Section 201 of the Illinois Income Tax Act;
10 however, the credits and exemptions authorized under Section
11 9-222 and Section 9-222.1A of the Public Utilities Act, and
12 subsection (h) of Section 201 of the Illinois Income Tax Act
13 shall not be authorized until the new electric generating
14 facility, the new gasification facility, the new transmission
15 facility, ~~or~~ the new, expanded, or reopened coal mine, or the
16 new cultured cell material food production facility is
17 operational, except that a new electric generating facility
18 whose primary fuel source is natural gas is eligible only for
19 the exemption under Section 51 of the Retailers' Occupation
20 Tax Act.

21 (b-6) Businesses designated as High Impact Businesses
22 pursuant to subdivision (a) (3) (E) or (a) (3) (E-5) of this
23 Section shall qualify for the exemptions described in Section
24 51 of the Retailers' Occupation Tax Act; any business so
25 designated as a High Impact Business being, for purposes of
26 this Section, a "Wind Energy Business".

1 (b-7) Beginning on January 1, 2021, businesses designated
2 as High Impact Businesses by the Department shall qualify for
3 the High Impact Business construction jobs credit under
4 subsection (h-5) of Section 201 of the Illinois Income Tax Act
5 if the business meets the criteria set forth in subsection (i)
6 of this Section. The total aggregate amount of credits awarded
7 under the Blue Collar Jobs Act (Article 20 of Public Act 101-9)
8 shall not exceed \$20,000,000 in any State fiscal year.

9 (c) High Impact Businesses located in federally designated
10 foreign trade zones or sub-zones are also eligible for
11 additional credits, exemptions and deductions as described in
12 the following Acts: Section 9-221 and Section 9-222.1 of the
13 Public Utilities Act; and subsection (g) of Section 201, and
14 Section 203 of the Illinois Income Tax Act.

15 (d) Except for businesses contemplated under subdivision
16 (a) (3) (E), ~~or~~ (a) (3) (E-5), or (a) (3) (G) of this Section,
17 existing Illinois businesses which apply for designation as a
18 High Impact Business must provide the Department with the
19 prospective plan for which 1,500 full-time retained jobs would
20 be eliminated in the event that the business is not
21 designated.

22 (e) Except for new businesses ~~wind power facilities~~
23 contemplated under subdivision (a) (3) (E) or subdivision
24 (a) (3) (G) of this Section, new proposed facilities which apply
25 for designation as High Impact Business must provide the
26 Department with proof of alternative non-Illinois sites which

1 would receive the proposed investment and job creation in the
2 event that the business is not designated as a High Impact
3 Business.

4 (f) Except for businesses contemplated under subdivision
5 (a)(3)(E) or subdivision (a)(3)(G) of this Section, in the
6 event that a business is designated a High Impact Business and
7 it is later determined after reasonable notice and an
8 opportunity for a hearing as provided under the Illinois
9 Administrative Procedure Act, that the business would have
10 placed in service in qualified property the investments and
11 created or retained the requisite number of jobs without the
12 benefits of the High Impact Business designation, the
13 Department shall be required to immediately revoke the
14 designation and notify the Director of the Department of
15 Revenue who shall begin proceedings to recover all wrongfully
16 exempted State taxes with interest. The business shall also be
17 ineligible for all State funded Department programs for a
18 period of 10 years.

19 (g) The Department shall revoke a High Impact Business
20 designation if the participating business fails to comply with
21 the terms and conditions of the designation.

22 (h) Prior to designating a business, the Department shall
23 provide the members of the General Assembly and Commission on
24 Government Forecasting and Accountability with a report
25 setting forth the terms and conditions of the designation and
26 guarantees that have been received by the Department in

1 relation to the proposed business being designated.

2 (i) High Impact Business construction jobs credit.
3 Beginning on January 1, 2021, a High Impact Business may
4 receive a tax credit against the tax imposed under subsections
5 (a) and (b) of Section 201 of the Illinois Income Tax Act in an
6 amount equal to 50% of the amount of the incremental income tax
7 attributable to High Impact Business construction jobs credit
8 employees employed in the course of completing a High Impact
9 Business construction jobs project. However, the High Impact
10 Business construction jobs credit may equal 75% of the amount
11 of the incremental income tax attributable to High Impact
12 Business construction jobs credit employees if the High Impact
13 Business construction jobs credit project is located in an
14 underserved area.

15 The Department shall certify to the Department of Revenue:
16 (1) the identity of taxpayers that are eligible for the High
17 Impact Business construction jobs credit; and (2) the amount
18 of High Impact Business construction jobs credits that are
19 claimed pursuant to subsection (h-5) of Section 201 of the
20 Illinois Income Tax Act in each taxable year. Any business
21 entity that receives a High Impact Business construction jobs
22 credit shall maintain a certified payroll pursuant to
23 subsection (j) of this Section.

24 As used in this subsection (i):

25 "High Impact Business construction jobs credit" means an
26 amount equal to 50% (or 75% if the High Impact Business

1 construction project is located in an underserved area) of the
2 incremental income tax attributable to High Impact Business
3 construction job employees. The total aggregate amount of
4 credits awarded under the Blue Collar Jobs Act (Article 20 of
5 Public Act 101-9) shall not exceed \$20,000,000 in any State
6 fiscal year

7 "High Impact Business construction job employee" means a
8 laborer or worker who is employed by an Illinois contractor or
9 subcontractor in the actual construction work on the site of a
10 High Impact Business construction job project.

11 "High Impact Business construction jobs project" means
12 building a structure or building or making improvements of any
13 kind to real property, undertaken and commissioned by a
14 business that was designated as a High Impact Business by the
15 Department. The term "High Impact Business construction jobs
16 project" does not include the routine operation, routine
17 repair, or routine maintenance of existing structures,
18 buildings, or real property.

19 "Incremental income tax" means the total amount withheld
20 during the taxable year from the compensation of High Impact
21 Business construction job employees.

22 "Underserved area" means a geographic area that meets one
23 or more of the following conditions:

24 (1) the area has a poverty rate of at least 20%
25 according to the latest American Community Survey;

26 (2) 35% or more of the families with children in the

1 area are living below 130% of the poverty line, according
2 to the latest American Community Survey;

3 (3) at least 20% of the households in the area receive
4 assistance under the Supplemental Nutrition Assistance
5 Program (SNAP); or

6 (4) the area has an average unemployment rate, as
7 determined by the Illinois Department of Employment
8 Security, that is more than 120% of the national
9 unemployment average, as determined by the U.S. Department
10 of Labor, for a period of at least 2 consecutive calendar
11 years preceding the date of the application.

12 (j) Each contractor and subcontractor who is engaged in
13 and executing a High Impact Business Construction jobs
14 project, as defined under subsection (i) of this Section, for
15 a business that is entitled to a credit pursuant to subsection
16 (i) of this Section shall:

17 (1) make and keep, for a period of 5 years from the
18 date of the last payment made on or after June 5, 2019 (the
19 effective date of Public Act 101-9) on a contract or
20 subcontract for a High Impact Business Construction Jobs
21 Project, records for all laborers and other workers
22 employed by the contractor or subcontractor on the
23 project; the records shall include:

24 (A) the worker's name;

25 (B) the worker's address;

26 (C) the worker's telephone number, if available;

1 (D) the worker's social security number;

2 (E) the worker's classification or
3 classifications;

4 (F) the worker's gross and net wages paid in each
5 pay period;

6 (G) the worker's number of hours worked each day;

7 (H) the worker's starting and ending times of work
8 each day;

9 (I) the worker's hourly wage rate;

10 (J) the worker's hourly overtime wage rate;

11 (K) the worker's race and ethnicity; and

12 (L) the worker's gender;

13 (2) no later than the 15th day of each calendar month,
14 provide a certified payroll for the immediately preceding
15 month to the taxpayer in charge of the High Impact
16 Business construction jobs project; within 5 business days
17 after receiving the certified payroll, the taxpayer shall
18 file the certified payroll with the Department of Labor
19 and the Department of Commerce and Economic Opportunity; a
20 certified payroll must be filed for only those calendar
21 months during which construction on a High Impact Business
22 construction jobs project has occurred; the certified
23 payroll shall consist of a complete copy of the records
24 identified in paragraph (1) of this subsection (j), but
25 may exclude the starting and ending times of work each
26 day; the certified payroll shall be accompanied by a

1 statement signed by the contractor or subcontractor or an
2 officer, employee, or agent of the contractor or
3 subcontractor which avers that:

4 (A) he or she has examined the certified payroll
5 records required to be submitted by the Act and such
6 records are true and accurate; and

7 (B) the contractor or subcontractor is aware that
8 filing a certified payroll that he or she knows to be
9 false is a Class A misdemeanor.

10 A general contractor is not prohibited from relying on a
11 certified payroll of a lower-tier subcontractor, provided the
12 general contractor does not knowingly rely upon a
13 subcontractor's false certification.

14 Any contractor or subcontractor subject to this
15 subsection, and any officer, employee, or agent of such
16 contractor or subcontractor whose duty as an officer,
17 employee, or agent it is to file a certified payroll under this
18 subsection, who willfully fails to file such a certified
19 payroll on or before the date such certified payroll is
20 required by this paragraph to be filed and any person who
21 willfully files a false certified payroll that is false as to
22 any material fact is in violation of this Act and guilty of a
23 Class A misdemeanor.

24 The taxpayer in charge of the project shall keep the
25 records submitted in accordance with this subsection on or
26 after June 5, 2019 (the effective date of Public Act 101-9) for

1 a period of 5 years from the date of the last payment for work
2 on a contract or subcontract for the High Impact Business
3 construction jobs project.

4 The records submitted in accordance with this subsection
5 shall be considered public records, except an employee's
6 address, telephone number, and social security number, and
7 made available in accordance with the Freedom of Information
8 Act. The Department of Labor shall share the information with
9 the Department in order to comply with the awarding of a High
10 Impact Business construction jobs credit. A contractor,
11 subcontractor, or public body may retain records required
12 under this Section in paper or electronic format.

13 (k) Upon 7 business days' notice, each contractor and
14 subcontractor shall make available for inspection and copying
15 at a location within this State during reasonable hours, the
16 records identified in this subsection (j) to the taxpayer in
17 charge of the High Impact Business construction jobs project,
18 its officers and agents, the Director of the Department of
19 Labor and his or her deputies and agents, and to federal,
20 State, or local law enforcement agencies and prosecutors.

21 (l) The changes made to this Section by this amendatory
22 Act of the 102nd General Assembly, other than the changes in
23 subsection (a), apply to high impact businesses that submit
24 applications on or after the effective date of this amendatory
25 Act of the 102nd General Assembly.

26 (Source: P.A. 101-9, eff. 6-5-19; 102-108, eff. 1-1-22;

1 102-558, eff. 8-20-21; 102-605, eff. 8-27-21; 102-662, eff.
2 9-15-21; 102-673, eff. 11-30-21; 102-813, eff. 5-13-22;
3 102-1125, eff. 2-3-23.)

4 Section 45-10. The Economic Development for a Growing
5 Economy Tax Credit Act is amended by changing Sections 5-5 and
6 5-15 as follows:

7 (35 ILCS 10/5-5)

8 Sec. 5-5. Definitions. As used in this Act:

9 "Agreement" means the Agreement between a Taxpayer and the
10 Department under the provisions of Section 5-50 of this Act.

11 "Applicant" means a Taxpayer that is operating a business
12 located or that the Taxpayer plans to locate within the State
13 of Illinois and that is engaged in interstate or intrastate
14 commerce for the purpose of manufacturing, processing,
15 assembling, warehousing, or distributing products, conducting
16 research and development, providing tourism services, or
17 providing services in interstate commerce, office industries,
18 or agricultural processing, but excluding retail, retail food,
19 health, or professional services. "Applicant" does not include
20 a Taxpayer who closes or substantially reduces an operation at
21 one location in the State and relocates substantially the same
22 operation to another location in the State. This does not
23 prohibit a Taxpayer from expanding its operations at another
24 location in the State, provided that existing operations of a

1 similar nature located within the State are not closed or
2 substantially reduced. This also does not prohibit a Taxpayer
3 from moving its operations from one location in the State to
4 another location in the State for the purpose of expanding the
5 operation provided that the Department determines that
6 expansion cannot reasonably be accommodated within the
7 municipality in which the business is located, or in the case
8 of a business located in an incorporated area of the county,
9 within the county in which the business is located, after
10 conferring with the chief elected official of the municipality
11 or county and taking into consideration any evidence offered
12 by the municipality or county regarding the ability to
13 accommodate expansion within the municipality or county.

14 "Credit" means the amount agreed to between the Department
15 and Applicant under this Act, but not to exceed the lesser of:
16 (1) the sum of (i) 50% of the Incremental Income Tax
17 attributable to New Employees at the Applicant's project and
18 (ii) 10% of the training costs of New Employees; or (2) 100% of
19 the Incremental Income Tax attributable to New Employees at
20 the Applicant's project. However, if the project is located in
21 an underserved area, then the amount of the Credit may not
22 exceed the lesser of: (1) the sum of (i) 75% of the Incremental
23 Income Tax attributable to New Employees at the Applicant's
24 project and (ii) 10% of the training costs of New Employees; or
25 (2) 100% of the Incremental Income Tax attributable to New
26 Employees at the Applicant's project. If the project is not

1 located in an underserved area and the Applicant agrees to
2 hire the required number of New Employees, then the maximum
3 amount of the Credit for that Applicant may be increased by an
4 amount not to exceed 25% of the Incremental Income Tax
5 attributable to retained employees at the Applicant's project.
6 If the project is located in an underserved area and the
7 Applicant agrees to hire the required number of New Employees,
8 then the maximum amount of the credit for that Applicant may be
9 increased by an amount not to exceed 50% of the Incremental
10 Income Tax attributable to retained employees at the
11 Applicant's project.

12 "Department" means the Department of Commerce and Economic
13 Opportunity.

14 "Director" means the Director of Commerce and Economic
15 Opportunity.

16 "Full-time Employee" means an individual who is employed
17 for consideration for at least 35 hours each week or who
18 renders any other standard of service generally accepted by
19 industry custom or practice as full-time employment. An
20 individual for whom a W-2 is issued by a Professional Employer
21 Organization (PEO) is a full-time employee if employed in the
22 service of the Applicant for consideration for at least 35
23 hours each week or who renders any other standard of service
24 generally accepted by industry custom or practice as full-time
25 employment to Applicant.

26 "Incremental Income Tax" means the total amount withheld

1 during the taxable year from the compensation of New Employees
2 and, if applicable, retained employees under Article 7 of the
3 Illinois Income Tax Act arising from employment at a project
4 that is the subject of an Agreement.

5 "New Construction EDGE Agreement" means the Agreement
6 between a Taxpayer and the Department under the provisions of
7 Section 5-51 of this Act.

8 "New Construction EDGE Credit" means an amount agreed to
9 between the Department and the Applicant under this Act as
10 part of a New Construction EDGE Agreement that does not exceed
11 50% of the Incremental Income Tax attributable to New
12 Construction EDGE Employees at the Applicant's project;
13 however, if the New Construction EDGE Project is located in an
14 underserved area, then the amount of the New Construction EDGE
15 Credit may not exceed 75% of the Incremental Income Tax
16 attributable to New Construction EDGE Employees at the
17 Applicant's New Construction EDGE Project.

18 "New Construction EDGE Employee" means a laborer or worker
19 who is employed by an Illinois contractor or subcontractor in
20 the actual construction work on the site of a New Construction
21 EDGE Project, pursuant to a New Construction EDGE Agreement.

22 "New Construction EDGE Incremental Income Tax" means the
23 total amount withheld during the taxable year from the
24 compensation of New Construction EDGE Employees.

25 "New Construction EDGE Project" means the building of a
26 Taxpayer's structure or building, or making improvements of

1 any kind to real property. "New Construction EDGE Project"
2 does not include the routine operation, routine repair, or
3 routine maintenance of existing structures, buildings, or real
4 property.

5 "New Employee" means:

6 (a) A Full-time Employee first employed by a Taxpayer
7 in the project that is the subject of an Agreement and who
8 is hired after the Taxpayer enters into the tax credit
9 Agreement.

10 (b) The term "New Employee" does not include:

11 (1) an employee of the Taxpayer who performs a job
12 that was previously performed by another employee, if
13 that job existed for at least 6 months before hiring
14 the employee;

15 (2) an employee of the Taxpayer who was previously
16 employed in Illinois by a Related Member of the
17 Taxpayer and whose employment was shifted to the
18 Taxpayer after the Taxpayer entered into the tax
19 credit Agreement; or

20 (3) a child, grandchild, parent, or spouse, other
21 than a spouse who is legally separated from the
22 individual, of any individual who has a direct or an
23 indirect ownership interest of at least 5% in the
24 profits, capital, or value of the Taxpayer.

25 (c) Notwithstanding paragraph (1) of subsection (b),
26 an employee may be considered a New Employee under the

1 Agreement if the employee performs a job that was
2 previously performed by an employee who was:

3 (1) treated under the Agreement as a New Employee;

4 and

5 (2) promoted by the Taxpayer to another job.

6 (d) Notwithstanding subsection (a), the Department may
7 award Credit to an Applicant with respect to an employee
8 hired prior to the date of the Agreement if:

9 (1) the Applicant is in receipt of a letter from
10 the Department stating an intent to enter into a
11 credit Agreement;

12 (2) the letter described in paragraph (1) is
13 issued by the Department not later than 15 days after
14 the effective date of this Act; and

15 (3) the employee was hired after the date the
16 letter described in paragraph (1) was issued.

17 "Noncompliance Date" means, in the case of a Taxpayer that
18 is not complying with the requirements of the Agreement or the
19 provisions of this Act, the day following the last date upon
20 which the Taxpayer was in compliance with the requirements of
21 the Agreement and the provisions of this Act, as determined by
22 the Director, pursuant to Section 5-65.

23 "Pass Through Entity" means an entity that is exempt from
24 the tax under subsection (b) or (c) of Section 205 of the
25 Illinois Income Tax Act.

26 "Professional Employer Organization" (PEO) means an

1 employee leasing company, as defined in Section 206.1(A)(2) of
2 the Illinois Unemployment Insurance Act.

3 "Related Member" means a person that, with respect to the
4 Taxpayer during any portion of the taxable year, is any one of
5 the following:

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

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

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

26 (4) A corporation and any party related to that

1 corporation in a manner that would require an attribution
2 of stock from the corporation to the party or from the
3 party to the corporation under the attribution rules of
4 Section 318 of the Internal Revenue Code, if the
5 corporation and all such related parties own in the
6 aggregate at least 50% of the profits, capital, stock, or
7 value of the Taxpayer.

8 (5) A person to or from whom there is attribution of
9 stock ownership in accordance with Section 1563(e) of the
10 Internal Revenue Code, except, for purposes of determining
11 whether a person is a Related Member under this paragraph,
12 20% shall be substituted for 5% wherever 5% appears in
13 Section 1563(e) of the Internal Revenue Code.

14 "Startup taxpayer" means, for Agreements that are executed
15 before the effective date of the changes made to this Section
16 by this amendatory Act of the 103rd General Assembly, a
17 corporation, partnership, or other entity incorporated or
18 organized no more than 5 years before the filing of an
19 application for an Agreement that has never had any Illinois
20 income tax liability, excluding any Illinois income tax
21 liability of a Related Member which shall not be attributed to
22 the startup taxpayer. "Startup taxpayer" means, for Agreements
23 that are executed on or after the effective date of this
24 amendatory Act of the 103rd General Assembly, a corporation,
25 partnership, or other entity that is incorporated or organized
26 no more than 10 years before the filing of an application for

1 an Agreement and that has never had any Illinois income tax
2 liability. For the purpose of determining whether the taxpayer
3 has had any Illinois income tax liability, the Illinois income
4 tax liability of a Related Member shall not be attributed to
5 the startup taxpayer.

6 "Taxpayer" means an individual, corporation, partnership,
7 or other entity that has any Illinois Income Tax liability.

8 Until July 1, 2022, "underserved area" means a geographic
9 area that meets one or more of the following conditions:

10 (1) the area has a poverty rate of at least 20%
11 according to the latest federal decennial census;

12 (2) 75% or more of the children in the area
13 participate in the federal free lunch program according to
14 reported statistics from the State Board of Education;

15 (3) at least 20% of the households in the area receive
16 assistance under the Supplemental Nutrition Assistance
17 Program (SNAP); or

18 (4) the area has an average unemployment rate, as
19 determined by the Illinois Department of Employment
20 Security, that is more than 120% of the national
21 unemployment average, as determined by the U.S. Department
22 of Labor, for a period of at least 2 consecutive calendar
23 years preceding the date of the application.

24 On and after July 1, 2022, "underserved area" means a
25 geographic area that meets one or more of the following
26 conditions:

1 (1) the area has a poverty rate of at least 20%
2 according to the latest American Community Survey;

3 (2) 35% or more of the families with children in the
4 area are living below 130% of the poverty line, according
5 to the latest American Community Survey;

6 (3) at least 20% of the households in the area receive
7 assistance under the Supplemental Nutrition Assistance
8 Program (SNAP); or

9 (4) the area has an average unemployment rate, as
10 determined by the Illinois Department of Employment
11 Security, that is more than 120% of the national
12 unemployment average, as determined by the U.S. Department
13 of Labor, for a period of at least 2 consecutive calendar
14 years preceding the date of the application.

15 (Source: P.A. 101-9, eff. 6-5-19; 102-330, eff. 1-1-22;
16 102-700, eff. 4-19-22; 102-1125, eff. 2-3-23.)

17 (35 ILCS 10/5-15)

18 Sec. 5-15. Tax Credit Awards. Subject to the conditions
19 set forth in this Act, a Taxpayer is entitled to a Credit
20 against or, as described in subsection (g) of this Section, a
21 payment towards taxes imposed pursuant to subsections (a) and
22 (b) of Section 201 of the Illinois Income Tax Act that may be
23 imposed on the Taxpayer for a taxable year beginning on or
24 after January 1, 1999, if the Taxpayer is awarded a Credit by
25 the Department under this Act for that taxable year.

1 (a) The Department shall make Credit awards under this Act
2 to foster job creation and retention in Illinois.

3 (b) A person that proposes a project to create new jobs in
4 Illinois must enter into an Agreement with the Department for
5 the Credit under this Act.

6 (c) The Credit shall be claimed for the taxable years
7 specified in the Agreement.

8 (d) The Credit shall not exceed the Incremental Income Tax
9 attributable to the project that is the subject of the
10 Agreement.

11 (e) Nothing herein shall prohibit a Tax Credit Award to an
12 Applicant that uses a PEO if all other award criteria are
13 satisfied.

14 (f) In lieu of the Credit allowed under this Act against
15 the taxes imposed pursuant to subsections (a) and (b) of
16 Section 201 of the Illinois Income Tax Act for any taxable year
17 ending on or after December 31, 2009, for Taxpayers that
18 entered into Agreements prior to January 1, 2015 and otherwise
19 meet the criteria set forth in this subsection (f), the
20 Taxpayer may elect to claim the Credit against its obligation
21 to pay over withholding under Section 704A of the Illinois
22 Income Tax Act.

23 (1) The election under this subsection (f) may be made
24 only by a Taxpayer that (i) is primarily engaged in one of
25 the following business activities: water purification and
26 treatment, motor vehicle metal stamping, automobile

1 manufacturing, automobile and light duty motor vehicle
2 manufacturing, motor vehicle manufacturing, light truck
3 and utility vehicle manufacturing, heavy duty truck
4 manufacturing, motor vehicle body manufacturing, cable
5 television infrastructure design or manufacturing, or
6 wireless telecommunication or computing terminal device
7 design or manufacturing for use on public networks and
8 (ii) meets the following criteria:

9 (A) the Taxpayer (i) had an Illinois net loss or an
10 Illinois net loss deduction under Section 207 of the
11 Illinois Income Tax Act for the taxable year in which
12 the Credit is awarded, (ii) employed a minimum of
13 1,000 full-time employees in this State during the
14 taxable year in which the Credit is awarded, (iii) has
15 an Agreement under this Act on December 14, 2009 (the
16 effective date of Public Act 96-834), and (iv) is in
17 compliance with all provisions of that Agreement;

18 (B) the Taxpayer (i) had an Illinois net loss or an
19 Illinois net loss deduction under Section 207 of the
20 Illinois Income Tax Act for the taxable year in which
21 the Credit is awarded, (ii) employed a minimum of
22 1,000 full-time employees in this State during the
23 taxable year in which the Credit is awarded, and (iii)
24 has applied for an Agreement within 365 days after
25 December 14, 2009 (the effective date of Public Act
26 96-834);

1 (C) the Taxpayer (i) had an Illinois net operating
2 loss carryforward under Section 207 of the Illinois
3 Income Tax Act in a taxable year ending during
4 calendar year 2008, (ii) has applied for an Agreement
5 within 150 days after the effective date of this
6 amendatory Act of the 96th General Assembly, (iii)
7 creates at least 400 new jobs in Illinois, (iv)
8 retains at least 2,000 jobs in Illinois that would
9 have been at risk of relocation out of Illinois over a
10 10-year period, and (v) makes a capital investment of
11 at least \$75,000,000;

12 (D) the Taxpayer (i) had an Illinois net operating
13 loss carryforward under Section 207 of the Illinois
14 Income Tax Act in a taxable year ending during
15 calendar year 2009, (ii) has applied for an Agreement
16 within 150 days after the effective date of this
17 amendatory Act of the 96th General Assembly, (iii)
18 creates at least 150 new jobs, (iv) retains at least
19 1,000 jobs in Illinois that would have been at risk of
20 relocation out of Illinois over a 10-year period, and
21 (v) makes a capital investment of at least
22 \$57,000,000; or

23 (E) the Taxpayer (i) employed at least 2,500
24 full-time employees in the State during the year in
25 which the Credit is awarded, (ii) commits to make at
26 least \$500,000,000 in combined capital improvements

1 and project costs under the Agreement, (iii) applies
2 for an Agreement between January 1, 2011 and June 30,
3 2011, (iv) executes an Agreement for the Credit during
4 calendar year 2011, and (v) was incorporated no more
5 than 5 years before the filing of an application for an
6 Agreement.

7 (1.5) The election under this subsection (f) may also
8 be made by a Taxpayer for any Credit awarded pursuant to an
9 agreement that was executed between January 1, 2011 and
10 June 30, 2011, if the Taxpayer (i) is primarily engaged in
11 the manufacture of inner tubes or tires, or both, from
12 natural and synthetic rubber, (ii) employs a minimum of
13 2,400 full-time employees in Illinois at the time of
14 application, (iii) creates at least 350 full-time jobs and
15 retains at least 250 full-time jobs in Illinois that would
16 have been at risk of being created or retained outside of
17 Illinois, and (iv) makes a capital investment of at least
18 \$200,000,000 at the project location.

19 (1.6) The election under this subsection (f) may also
20 be made by a Taxpayer for any Credit awarded pursuant to an
21 agreement that was executed within 150 days after the
22 effective date of this amendatory Act of the 97th General
23 Assembly, if the Taxpayer (i) is primarily engaged in the
24 operation of a discount department store, (ii) maintains
25 its corporate headquarters in Illinois, (iii) employs a
26 minimum of 4,250 full-time employees at its corporate

1 headquarters in Illinois at the time of application, (iv)
2 retains at least 4,250 full-time jobs in Illinois that
3 would have been at risk of being relocated outside of
4 Illinois, (v) had a minimum of \$40,000,000,000 in total
5 revenue in 2010, and (vi) makes a capital investment of at
6 least \$300,000,000 at the project location.

7 (1.7) Notwithstanding any other provision of law, the
8 election under this subsection (f) may also be made by a
9 Taxpayer for any Credit awarded pursuant to an agreement
10 that was executed or applied for on or after July 1, 2011
11 and on or before March 31, 2012, if the Taxpayer is
12 primarily engaged in the manufacture of original and
13 aftermarket filtration parts and products for automobiles,
14 motor vehicles, light duty motor vehicles, light trucks
15 and utility vehicles, and heavy duty trucks, (ii) employs
16 a minimum of 1,000 full-time employees in Illinois at the
17 time of application, (iii) creates at least 250 full-time
18 jobs in Illinois, (iv) relocates its corporate
19 headquarters to Illinois from another state, and (v) makes
20 a capital investment of at least \$4,000,000 at the project
21 location.

22 (1.8) Notwithstanding any other provision of law, the
23 election under this subsection (f) may also be made by a
24 startup taxpayer for any Credit awarded pursuant to an
25 Agreement that was executed ~~or applied for~~ on or after the
26 effective date of this amendatory Act of the 102nd General

1 ~~Assembly, if the startup taxpayer, without considering any~~
2 ~~Related Member or other investor, (i) has never had any~~
3 ~~Illinois income tax liability and (ii) was incorporated no~~
4 ~~more than 5 years before the filing of an application for~~
5 ~~an Agreement.~~ Any such election under this paragraph (1.8)
6 shall be effective unless and until such startup taxpayer
7 has any Illinois income tax liability. This election under
8 this paragraph (1.8) shall automatically terminate when
9 the startup taxpayer has any Illinois income tax liability
10 at the end of any taxable year during the term of the
11 Agreement. Thereafter, the startup taxpayer may receive a
12 Credit, taking into account any benefits previously
13 enjoyed or received by way of the election under this
14 paragraph (1.8), so long as the startup taxpayer remains
15 in compliance with the terms and conditions of the
16 Agreement.

17 (2) An election under this subsection shall allow the
18 credit to be taken against payments otherwise due under
19 Section 704A of the Illinois Income Tax Act during the
20 first calendar quarter ~~year~~ beginning after the end of the
21 taxable quarter ~~year~~ in which the credit is awarded under
22 this Act.

23 (3) The election shall be made in the form and manner
24 required by the Illinois Department of Revenue and, once
25 made, shall be irrevocable.

26 (4) If a Taxpayer who meets the requirements of

1 subparagraph (A) of paragraph (1) of this subsection (f)
2 elects to claim the Credit against its withholdings as
3 provided in this subsection (f), then, on and after the
4 date of the election, the terms of the Agreement between
5 the Taxpayer and the Department may not be further amended
6 during the term of the Agreement.

7 (g) A pass-through entity that has been awarded a credit
8 under this Act, its shareholders, or its partners may treat
9 some or all of the credit awarded pursuant to this Act as a tax
10 payment for purposes of the Illinois Income Tax Act. The term
11 "tax payment" means a payment as described in Article 6 or
12 Article 8 of the Illinois Income Tax Act or a composite payment
13 made by a pass-through entity on behalf of any of its
14 shareholders or partners to satisfy such shareholders' or
15 partners' taxes imposed pursuant to subsections (a) and (b) of
16 Section 201 of the Illinois Income Tax Act. In no event shall
17 the amount of the award credited pursuant to this Act exceed
18 the Illinois income tax liability of the pass-through entity
19 or its shareholders or partners for the taxable year.

20 (Source: P.A. 102-700, eff. 4-19-22.)

21 Section 45-15. The Public Utilities Act is amended by
22 changing Section 9-222.1A as follows:

23 (220 ILCS 5/9-222.1A)

24 Sec. 9-222.1A. High impact business. Beginning on August

1 1, 1998 and thereafter, a business enterprise that is
2 certified as a High Impact Business by the Department of
3 Commerce and Economic Opportunity (formerly Department of
4 Commerce and Community Affairs) is exempt from the tax imposed
5 by Section 2-4 of the Electricity Excise Tax Law, if the High
6 Impact Business is registered to self-assess that tax, and is
7 exempt from any additional charges added to the business
8 enterprise's utility bills as a pass-on of State utility taxes
9 under Section 9-222 of this Act, to the extent the tax or
10 charges are exempted by the percentage specified by the
11 Department of Commerce and Economic Opportunity for State
12 utility taxes, provided the business enterprise meets the
13 following criteria:

14 (1) (A) it intends either (i) to make a minimum
15 eligible investment of \$12,000,000 that will be placed
16 in service in qualified property in Illinois and is
17 intended to create at least 500 full-time equivalent
18 jobs at a designated location in Illinois; or (ii) to
19 make a minimum eligible investment of \$30,000,000 that
20 will be placed in service in qualified property in
21 Illinois and is intended to retain at least 1,500
22 full-time equivalent jobs at a designated location in
23 Illinois; or

24 (B) it meets the criteria of subdivision
25 (a) (3) (B), (a) (3) (C), (a) (3) (D), ~~or~~ (a) (3) (F), or
26 (a) (3) (G) of Section 5.5 of the Illinois Enterprise

1 Zone Act;

2 (2) it is designated as a High Impact Business by the
3 Department of Commerce and Economic Opportunity; and

4 (3) it is certified by the Department of Commerce and
5 Economic Opportunity as complying with the requirements
6 specified in clauses (1) and (2) of this Section.

7 The Department of Commerce and Economic Opportunity shall
8 determine the period during which the exemption from the
9 Electricity Excise Tax Law and the charges imposed under
10 Section 9-222 are in effect and shall specify the percentage
11 of the exemption from those taxes or additional charges.

12 The Department of Commerce and Economic Opportunity is
13 authorized to promulgate rules and regulations to carry out
14 the provisions of this Section, including procedures for
15 complying with the requirements specified in clauses (1) and
16 (2) of this Section and procedures for applying for the
17 exemptions authorized under this Section; to define the
18 amounts and types of eligible investments that business
19 enterprises must make in order to receive State utility tax
20 exemptions or exemptions from the additional charges imposed
21 under Section 9-222 and this Section; to approve such utility
22 tax exemptions for business enterprises whose investments are
23 not yet placed in service; and to require that business
24 enterprises granted tax exemptions or exemptions from
25 additional charges under Section 9-222 repay the exempted
26 amount if the business enterprise fails to comply with the

1 terms and conditions of the certification.

2 Upon certification of the business enterprises by the
3 Department of Commerce and Economic Opportunity, the
4 Department of Commerce and Economic Opportunity shall notify
5 the Department of Revenue of the certification. The Department
6 of Revenue shall notify the public utilities of the exemption
7 status of business enterprises from the tax or pass-on charges
8 of State utility taxes. The exemption status shall take effect
9 within 3 months after certification of the business
10 enterprise.

11 (Source: P.A. 102-1125, eff. 2-3-23.)

12 ARTICLE 50. INVESTMENT PARTNERSHIPS

13 Section 50-5. The Illinois Income Tax Act is amended by
14 changing Sections 709.5 and 1501 as follows:

15 (35 ILCS 5/709.5)

16 Sec. 709.5. Withholding by partnerships, Subchapter S
17 corporations, and trusts.

18 (a) In general. For each taxable year ending on or after
19 December 31, 2008, every partnership (other than a publicly
20 traded partnership under Section 7704 of the Internal Revenue
21 Code or investment partnership), Subchapter S corporation, and
22 trust must withhold from each nonresident partner,
23 shareholder, or beneficiary (other than a partner,

1 shareholder, or beneficiary who is exempt from tax under
2 Section 501(a) of the Internal Revenue Code or under Section
3 205 of this Act, who is included on a composite return filed by
4 the partnership or Subchapter S corporation for the taxable
5 year under subsection (f) of Section 502 of this Act), or who
6 is a retired partner, to the extent that partner's
7 distributions are exempt from tax under Section 203(a)(2)(F)
8 of this Act) an amount equal to the sum of (i) the share of
9 business income of the partnership, Subchapter S corporation,
10 or trust apportionable to Illinois plus (ii) for taxable years
11 ending on or after December 31, 2014, the share of nonbusiness
12 income of the partnership, Subchapter S corporation, or trust
13 allocated to Illinois under Section 303 of this Act (other
14 than an amount allocated to the commercial domicile of the
15 taxpayer under Section 303 of this Act) that is distributable
16 to that partner, shareholder, or beneficiary under Sections
17 702 and 704 and Subchapter S of the Internal Revenue Code,
18 whether or not distributed, (iii) multiplied by the applicable
19 rates of tax for that partner, shareholder, or beneficiary
20 under subsections (a) through (d) of Section 201 of this Act,
21 and (iv) net of the share of any credit under Article 2 of this
22 Act that is distributable by the partnership, Subchapter S
23 corporation, or trust and allowable against the tax liability
24 of that partner, shareholder, or beneficiary for a taxable
25 year ending on or after December 31, 2014.

26 (b) Credit for taxes withheld. Any amount withheld under

1 subsection (a) of this Section and paid to the Department
2 shall be treated as a payment of the estimated tax liability or
3 of the liability for withholding under this Section of the
4 partner, shareholder, or beneficiary to whom the income is
5 distributable for the taxable year in which that person
6 incurred a liability under this Act with respect to that
7 income. The Department shall adopt rules pursuant to which a
8 partner, shareholder, or beneficiary may claim a credit
9 against its obligation for withholding under this Section for
10 amounts withheld under this Section with respect to income
11 distributable to it by a partnership, Subchapter S
12 corporation, or trust and allowing its partners, shareholders,
13 or beneficiaries to claim a credit under this subsection (b)
14 for those withheld amounts.

15 (c) Exemption from withholding.

16 (1) A partnership, Subchapter S corporation, or trust
17 shall not be required to withhold tax under subsection (a)
18 of this Section with respect to any nonresident partner,
19 shareholder, or beneficiary (other than an individual)
20 from whom the partnership, S corporation, or trust has
21 received a certificate, completed in the form and manner
22 prescribed by the Department, stating that such
23 nonresident partner, shareholder, or beneficiary shall:

24 (A) file all returns that the partner,
25 shareholder, or beneficiary is required to file under
26 Section 502 of this Act and make timely payment of all

1 taxes imposed under Section 201 of this Act or under
2 this Section on the partner, shareholder, or
3 beneficiary with respect to income of the partnership,
4 S corporation, or trust; and

5 (B) be subject to personal jurisdiction in this
6 State for purposes of the collection of income taxes,
7 together with related interest and penalties, imposed
8 on the partner, shareholder, or beneficiary with
9 respect to the income of the partnership, S
10 corporation, or trust.

11 (2) The Department may revoke the exemption provided
12 by this subsection (c) at any time that it determines that
13 the nonresident partner, shareholder, or beneficiary is
14 not abiding by the terms of the certificate. The
15 Department shall notify the partnership, S corporation, or
16 trust that it has revoked a certificate by notice left at
17 the usual place of business of the partnership, S
18 corporation, or trust or by mail to the last known address
19 of the partnership, S corporation, or trust.

20 (3) A partnership, S corporation, or trust that
21 receives a certificate under this subsection (c) properly
22 completed by a nonresident partner, shareholder, or
23 beneficiary shall not be required to withhold any amount
24 from that partner, shareholder, or beneficiary, the
25 payment of which would be due under Section 711(a-5) of
26 this Act after the receipt of the certificate and no

1 earlier than 60 days after the Department has notified the
2 partnership, S corporation, or trust that the certificate
3 has been revoked.

4 (4) Certificates received by a partnership, S
5 corporation, or trust under this subsection (c) must be
6 retained by the partnership, S corporation, or trust and a
7 record of such certificates must be provided to the
8 Department, in a format in which the record is available
9 for review by the Department, upon request by the
10 Department. The Department may, by rule, require the
11 record of certificates to be maintained and provided to
12 the Department electronically.

13 (d) For taxable years ending on and after December 31,
14 2023, every investment partnership, as defined in Section 1501
15 of this Act, shall withhold from each nonresident partner
16 (other than a partner who is exempt from tax under Section
17 501(a) of the Internal Revenue Code or under Section 205 of
18 this Act, or who is a retired partner, to the extent that
19 partner's distributions are exempt from tax under Section
20 203(a) (2) (F) of this Act) an amount calculated as follows:

21 (1) the sum of (i) the share of income that, but for
22 the provisions of subsection (c-5) of Section 305 of this
23 Act, would be apportioned to Illinois by the investment
24 partnership under subsection (a) of Section 305 of this
25 Act and (ii) the share of nonbusiness income that, but for
26 the provisions of subsection (c-5) of Section 305 of this

1 Act, would be allocated to Illinois by the investment
2 partnership under subsection (b) of Sections 305 and
3 Section 303 of this Act (other than an amount allocated to
4 the commercial domicile of the taxpayer under Section 303
5 of this Act) that is distributable to that partner under
6 Sections 702 and 704 of the Internal Revenue Code, whether
7 or not distributed; multiplied by

8 (2) the applicable rates of tax for that partner under
9 subsections (a) through (d) of Section 201 of this Act
10 (except that, if the partner is a partnership or
11 subchapter S corporation, the rate shall be equal to the
12 rate imposed on individuals under subsection (b) of
13 Section 201 of this Act); and

14 (3) net of the investment partnership's distributive
15 share of any credit under Article 2 of this Act that is
16 distributable by the partnership and first allowable
17 against the tax liability of that partner for a taxable
18 year ending on or after December 31, 2023.

19 Except to the extent that the income of the investment
20 partnership is business income in the hands of the partner
21 under subsection (c-5) of Section 305 of this Act, no credit
22 for taxes withheld shall be allowed under subsection (b) of
23 this Section for amounts withheld under this subsection.

24 The provisions of subsection (c) of this Section, allowing
25 for exemption from withholding, shall not apply for purposes
26 of this subsection.

1 (Source: P.A. 100-201, eff. 8-18-17.)

2 (35 ILCS 5/1501) (from Ch. 120, par. 15-1501)

3 Sec. 1501. Definitions.

4 (a) In general. When used in this Act, where not otherwise
5 distinctly expressed or manifestly incompatible with the
6 intent thereof:

7 (1) Business income. The term "business income" means
8 all income that may be treated as apportionable business
9 income under the Constitution of the United States.
10 Business income is net of the deductions allocable
11 thereto. Such term does not include compensation or the
12 deductions allocable thereto. For each taxable year
13 beginning on or after January 1, 2003, a taxpayer may
14 elect to treat all income other than compensation as
15 business income. This election shall be made in accordance
16 with rules adopted by the Department and, once made, shall
17 be irrevocable.

18 (1.5) Captive real estate investment trust:

19 (A) The term "captive real estate investment
20 trust" means a corporation, trust, or association:

21 (i) that is considered a real estate
22 investment trust for the taxable year under
23 Section 856 of the Internal Revenue Code;

24 (ii) the certificates of beneficial interest
25 or shares of which are not regularly traded on an

1 established securities market; and

2 (iii) of which more than 50% of the voting
3 power or value of the beneficial interest or
4 shares, at any time during the last half of the
5 taxable year, is owned or controlled, directly,
6 indirectly, or constructively, by a single
7 corporation.

8 (B) The term "captive real estate investment
9 trust" does not include:

10 (i) a real estate investment trust of which
11 more than 50% of the voting power or value of the
12 beneficial interest or shares is owned or
13 controlled, directly, indirectly, or
14 constructively, by:

15 (a) a real estate investment trust, other
16 than a captive real estate investment trust;

17 (b) a person who is exempt from taxation
18 under Section 501 of the Internal Revenue
19 Code, and who is not required to treat income
20 received from the real estate investment trust
21 as unrelated business taxable income under
22 Section 512 of the Internal Revenue Code;

23 (c) a listed Australian property trust, if
24 no more than 50% of the voting power or value
25 of the beneficial interest or shares of that
26 trust, at any time during the last half of the

1 taxable year, is owned or controlled, directly
2 or indirectly, by a single person;

3 (d) an entity organized as a trust,
4 provided a listed Australian property trust
5 described in subparagraph (c) owns or
6 controls, directly or indirectly, or
7 constructively, 75% or more of the voting
8 power or value of the beneficial interests or
9 shares of such entity; or

10 (e) an entity that is organized outside of
11 the laws of the United States and that
12 satisfies all of the following criteria:

13 (1) at least 75% of the entity's total
14 asset value at the close of its taxable
15 year is represented by real estate assets
16 (as defined in Section 856(c)(5)(B) of the
17 Internal Revenue Code, thereby including
18 shares or certificates of beneficial
19 interest in any real estate investment
20 trust), cash and cash equivalents, and
21 U.S. Government securities;

22 (2) the entity is not subject to tax
23 on amounts that are distributed to its
24 beneficial owners or is exempt from
25 entity-level taxation;

26 (3) the entity distributes at least

1 85% of its taxable income (as computed in
2 the jurisdiction in which it is organized)
3 to the holders of its shares or
4 certificates of beneficial interest on an
5 annual basis;

6 (4) either (i) the shares or
7 beneficial interests of the entity are
8 regularly traded on an established
9 securities market or (ii) not more than
10 10% of the voting power or value in the
11 entity is held, directly, indirectly, or
12 constructively, by a single entity or
13 individual; and

14 (5) the entity is organized in a
15 country that has entered into a tax treaty
16 with the United States; or

17 (ii) during its first taxable year for which
18 it elects to be treated as a real estate
19 investment trust under Section 856(c)(1) of the
20 Internal Revenue Code, a real estate investment
21 trust the certificates of beneficial interest or
22 shares of which are not regularly traded on an
23 established securities market, but only if the
24 certificates of beneficial interest or shares of
25 the real estate investment trust are regularly
26 traded on an established securities market prior

1 to the earlier of the due date (including
2 extensions) for filing its return under this Act
3 for that first taxable year or the date it
4 actually files that return.

5 (C) For the purposes of this subsection (1.5), the
6 constructive ownership rules prescribed under Section
7 318(a) of the Internal Revenue Code, as modified by
8 Section 856(d) (5) of the Internal Revenue Code, apply
9 in determining the ownership of stock, assets, or net
10 profits of any person.

11 (D) For the purposes of this item (1.5), for
12 taxable years ending on or after August 16, 2007, the
13 voting power or value of the beneficial interest or
14 shares of a real estate investment trust does not
15 include any voting power or value of beneficial
16 interest or shares in a real estate investment trust
17 held directly or indirectly in a segregated asset
18 account by a life insurance company (as described in
19 Section 817 of the Internal Revenue Code) to the
20 extent such voting power or value is for the benefit of
21 entities or persons who are either immune from
22 taxation or exempt from taxation under subtitle A of
23 the Internal Revenue Code.

24 (2) Commercial domicile. The term "commercial
25 domicile" means the principal place from which the trade
26 or business of the taxpayer is directed or managed.

1 (3) Compensation. The term "compensation" means wages,
2 salaries, commissions and any other form of remuneration
3 paid to employees for personal services.

4 (4) Corporation. The term "corporation" includes
5 associations, joint-stock companies, insurance companies
6 and cooperatives. Any entity, including a limited
7 liability company formed under the Illinois Limited
8 Liability Company Act, shall be treated as a corporation
9 if it is so classified for federal income tax purposes.

10 (5) Department. The term "Department" means the
11 Department of Revenue of this State.

12 (6) Director. The term "Director" means the Director
13 of Revenue of this State.

14 (7) Fiduciary. The term "fiduciary" means a guardian,
15 trustee, executor, administrator, receiver, or any person
16 acting in any fiduciary capacity for any person.

17 (8) Financial organization.

18 (A) The term "financial organization" means any
19 bank, bank holding company, trust company, savings
20 bank, industrial bank, land bank, safe deposit
21 company, private banker, savings and loan association,
22 building and loan association, credit union, currency
23 exchange, cooperative bank, small loan company, sales
24 finance company, investment company, or any person
25 which is owned by a bank or bank holding company. For
26 the purpose of this Section a "person" will include

1 only those persons which a bank holding company may
2 acquire and hold an interest in, directly or
3 indirectly, under the provisions of the Bank Holding
4 Company Act of 1956 (12 U.S.C. 1841, et seq.), except
5 where interests in any person must be disposed of
6 within certain required time limits under the Bank
7 Holding Company Act of 1956.

8 (B) For purposes of subparagraph (A) of this
9 paragraph, the term "bank" includes (i) any entity
10 that is regulated by the Comptroller of the Currency
11 under the National Bank Act, or by the Federal Reserve
12 Board, or by the Federal Deposit Insurance Corporation
13 and (ii) any federally or State chartered bank
14 operating as a credit card bank.

15 (C) For purposes of subparagraph (A) of this
16 paragraph, the term "sales finance company" has the
17 meaning provided in the following item (i) or (ii):

18 (i) A person primarily engaged in one or more
19 of the following businesses: the business of
20 purchasing customer receivables, the business of
21 making loans upon the security of customer
22 receivables, the business of making loans for the
23 express purpose of funding purchases of tangible
24 personal property or services by the borrower, or
25 the business of finance leasing. For purposes of
26 this item (i), "customer receivable" means:

1 (a) a retail installment contract or
2 retail charge agreement within the meaning of
3 the Sales Finance Agency Act, the Retail
4 Installment Sales Act, or the Motor Vehicle
5 Retail Installment Sales Act;

6 (b) an installment, charge, credit, or
7 similar contract or agreement arising from the
8 sale of tangible personal property or services
9 in a transaction involving a deferred payment
10 price payable in one or more installments
11 subsequent to the sale; or

12 (c) the outstanding balance of a contract
13 or agreement described in provisions (a) or
14 (b) of this item (i).

15 A customer receivable need not provide for
16 payment of interest on deferred payments. A sales
17 finance company may purchase a customer receivable
18 from, or make a loan secured by a customer
19 receivable to, the seller in the original
20 transaction or to a person who purchased the
21 customer receivable directly or indirectly from
22 that seller.

23 (ii) A corporation meeting each of the
24 following criteria:

25 (a) the corporation must be a member of an
26 "affiliated group" within the meaning of

1 Section 1504(a) of the Internal Revenue Code,
2 determined without regard to Section 1504(b)
3 of the Internal Revenue Code;

4 (b) more than 50% of the gross income of
5 the corporation for the taxable year must be
6 interest income derived from qualifying loans.
7 A "qualifying loan" is a loan made to a member
8 of the corporation's affiliated group that
9 originates customer receivables (within the
10 meaning of item (i)) or to whom customer
11 receivables originated by a member of the
12 affiliated group have been transferred, to the
13 extent the average outstanding balance of
14 loans from that corporation to members of its
15 affiliated group during the taxable year do
16 not exceed the limitation amount for that
17 corporation. The "limitation amount" for a
18 corporation is the average outstanding
19 balances during the taxable year of customer
20 receivables (within the meaning of item (i))
21 originated by all members of the affiliated
22 group. If the average outstanding balances of
23 the loans made by a corporation to members of
24 its affiliated group exceed the limitation
25 amount, the interest income of that
26 corporation from qualifying loans shall be

1 equal to its interest income from loans to
2 members of its affiliated groups times a
3 fraction equal to the limitation amount
4 divided by the average outstanding balances of
5 the loans made by that corporation to members
6 of its affiliated group;

7 (c) the total of all shareholder's equity
8 (including, without limitation, paid-in
9 capital on common and preferred stock and
10 retained earnings) of the corporation plus the
11 total of all of its loans, advances, and other
12 obligations payable or owed to members of its
13 affiliated group may not exceed 20% of the
14 total assets of the corporation at any time
15 during the tax year; and

16 (d) more than 50% of all interest-bearing
17 obligations of the affiliated group payable to
18 persons outside the group determined in
19 accordance with generally accepted accounting
20 principles must be obligations of the
21 corporation.

22 This amendatory Act of the 91st General Assembly
23 is declaratory of existing law.

24 (D) Subparagraphs (B) and (C) of this paragraph
25 are declaratory of existing law and apply
26 retroactively, for all tax years beginning on or

1 before December 31, 1996, to all original returns, to
2 all amended returns filed no later than 30 days after
3 the effective date of this amendatory Act of 1996, and
4 to all notices issued on or before the effective date
5 of this amendatory Act of 1996 under subsection (a) of
6 Section 903, subsection (a) of Section 904, subsection
7 (e) of Section 909, or Section 912. A taxpayer that is
8 a "financial organization" that engages in any
9 transaction with an affiliate shall be a "financial
10 organization" for all purposes of this Act.

11 (E) For all tax years beginning on or before
12 December 31, 1996, a taxpayer that falls within the
13 definition of a "financial organization" under
14 subparagraphs (B) or (C) of this paragraph, but who
15 does not fall within the definition of a "financial
16 organization" under the Proposed Regulations issued by
17 the Department of Revenue on July 19, 1996, may
18 irrevocably elect to apply the Proposed Regulations
19 for all of those years as though the Proposed
20 Regulations had been lawfully promulgated, adopted,
21 and in effect for all of those years. For purposes of
22 applying subparagraphs (B) or (C) of this paragraph to
23 all of those years, the election allowed by this
24 subparagraph applies only to the taxpayer making the
25 election and to those members of the taxpayer's
26 unitary business group who are ordinarily required to

1 apportion business income under the same subsection of
2 Section 304 of this Act as the taxpayer making the
3 election. No election allowed by this subparagraph
4 shall be made under a claim filed under subsection (d)
5 of Section 909 more than 30 days after the effective
6 date of this amendatory Act of 1996.

7 (F) Finance Leases. For purposes of this
8 subsection, a finance lease shall be treated as a loan
9 or other extension of credit, rather than as a lease,
10 regardless of how the transaction is characterized for
11 any other purpose, including the purposes of any
12 regulatory agency to which the lessor is subject. A
13 finance lease is any transaction in the form of a lease
14 in which the lessee is treated as the owner of the
15 leased asset entitled to any deduction for
16 depreciation allowed under Section 167 of the Internal
17 Revenue Code.

18 (9) Fiscal year. The term "fiscal year" means an
19 accounting period of 12 months ending on the last day of
20 any month other than December.

21 (9.5) Fixed place of business. The term "fixed place
22 of business" has the same meaning as that term is given in
23 Section 864 of the Internal Revenue Code and the related
24 Treasury regulations.

25 (10) Includes and including. The terms "includes" and
26 "including" when used in a definition contained in this

1 Act shall not be deemed to exclude other things otherwise
2 within the meaning of the term defined.

3 (11) Internal Revenue Code. The term "Internal Revenue
4 Code" means the United States Internal Revenue Code of
5 1954 or any successor law or laws relating to federal
6 income taxes in effect for the taxable year.

7 (11.5) Investment partnership.

8 (A) For tax years ending before December 31, 2023,
9 the ~~The~~ term "investment partnership" means any entity
10 that is treated as a partnership for federal income
11 tax purposes that meets the following requirements:

12 (i) no less than 90% of the partnership's cost
13 of its total assets consists of qualifying
14 investment securities, deposits at banks or other
15 financial institutions, and office space and
16 equipment reasonably necessary to carry on its
17 activities as an investment partnership;

18 (ii) no less than 90% of its gross income
19 consists of interest, dividends, and gains from
20 the sale or exchange of qualifying investment
21 securities; and

22 (iii) the partnership is not a dealer in
23 qualifying investment securities.

24 (A-5) For tax years ending on or after December
25 31, 2023, the term "investment partnership" means any
26 entity that is treated as a partnership for federal

1 income tax purposes that meets the following
2 requirements:

3 (i) no less than 90% of the partnership's cost
4 of its total assets consists of qualifying
5 investment securities, deposits at banks or other
6 financial institutions, and office space and
7 equipment reasonably necessary to carry on its
8 activities as an investment partnership; and

9 (ii) no less than 90% of its gross income
10 consists of interest, dividends, gains from the
11 sale or exchange of qualifying investment
12 securities, and the distributive share of
13 partnership income from lower-tier partnership
14 interests meeting the definition of qualifying
15 investment security under subparagraph (B)(xiii);
16 for the purposes of this subparagraph (ii), "gross
17 income" does not include income from partnerships
18 that are operating at a federal taxable loss.

19 (B) For purposes of this paragraph (11.5), the
20 term "qualifying investment securities" (other than,
21 for tax years ending on or after December 31, 2023,
22 securities with respect to which the taxpayer is
23 required to apply the rules of Internal Revenue Code
24 Section 475(a)) includes all of the following:

25 (i) common stock, including preferred or debt
26 securities convertible into common stock, and

1 preferred stock;

2 (ii) bonds, debentures, and other debt
3 securities;

4 (iii) foreign and domestic currency deposits
5 secured by federal, state, or local governmental
6 agencies;

7 (iv) mortgage or asset-backed securities
8 secured by federal, state, or local governmental
9 agencies;

10 (v) repurchase agreements and loan
11 participations;

12 (vi) foreign currency exchange contracts and
13 forward and futures contracts on foreign
14 currencies;

15 (vii) stock and bond index securities and
16 futures contracts and other similar financial
17 securities and futures contracts on those
18 securities;

19 (viii) options for the purchase or sale of any
20 of the securities, currencies, contracts, or
21 financial instruments described in items (i) to
22 (vii), inclusive;

23 (ix) regulated futures contracts;

24 (x) commodities (not described in Section
25 1221(a)(1) of the Internal Revenue Code) or
26 futures, forwards, and options with respect to

1 such commodities, provided, however, that any item
2 of a physical commodity to which title is actually
3 acquired in the partnership's capacity as a dealer
4 in such commodity shall not be a qualifying
5 investment security;

6 (xi) derivatives; ~~and~~

7 (xii) a partnership interest in another
8 partnership that is an investment partnership; and

9 -
10 (xiii) for tax years ending on or after
11 December 31, 2023, a partnership interest that, in
12 the hands of the partnership, qualifies as a
13 security within the meaning of subsection (a)(1)
14 of Subchapter 77b of Chapter 2A of Title 15 of the
15 United States Code.

16 (12) Mathematical error. The term "mathematical error"
17 includes the following types of errors, omissions, or
18 defects in a return filed by a taxpayer which prevents
19 acceptance of the return as filed for processing:

20 (A) arithmetic errors or incorrect computations on
21 the return or supporting schedules;

22 (B) entries on the wrong lines;

23 (C) omission of required supporting forms or
24 schedules or the omission of the information in whole
25 or in part called for thereon; and

26 (D) an attempt to claim, exclude, deduct, or

1 improperly report, in a manner directly contrary to
2 the provisions of the Act and regulations thereunder
3 any item of income, exemption, deduction, or credit.

4 (13) Nonbusiness income. The term "nonbusiness income"
5 means all income other than business income or
6 compensation.

7 (14) Nonresident. The term "nonresident" means a
8 person who is not a resident.

9 (15) Paid, incurred and accrued. The terms "paid",
10 "incurring" and "accrued" shall be construed according to
11 the method of accounting upon the basis of which the
12 person's base income is computed under this Act.

13 (16) Partnership and partner. The term "partnership"
14 includes a syndicate, group, pool, joint venture or other
15 unincorporated organization, through or by means of which
16 any business, financial operation, or venture is carried
17 on, and which is not, within the meaning of this Act, a
18 trust or estate or a corporation; and the term "partner"
19 includes a member in such syndicate, group, pool, joint
20 venture or organization.

21 The term "partnership" includes any entity, including
22 a limited liability company formed under the Illinois
23 Limited Liability Company Act, classified as a partnership
24 for federal income tax purposes.

25 The term "partnership" does not include a syndicate,
26 group, pool, joint venture, or other unincorporated

1 organization established for the sole purpose of playing
2 the Illinois State Lottery.

3 (17) Part-year resident. The term "part-year resident"
4 means an individual who became a resident during the
5 taxable year or ceased to be a resident during the taxable
6 year. Under Section 1501(a)(20)(A)(i) residence commences
7 with presence in this State for other than a temporary or
8 transitory purpose and ceases with absence from this State
9 for other than a temporary or transitory purpose. Under
10 Section 1501(a)(20)(A)(ii) residence commences with the
11 establishment of domicile in this State and ceases with
12 the establishment of domicile in another State.

13 (18) Person. The term "person" shall be construed to
14 mean and include an individual, a trust, estate,
15 partnership, association, firm, company, corporation,
16 limited liability company, or fiduciary. For purposes of
17 Section 1301 and 1302 of this Act, a "person" means (i) an
18 individual, (ii) a corporation, (iii) an officer, agent,
19 or employee of a corporation, (iv) a member, agent or
20 employee of a partnership, or (v) a member, manager,
21 employee, officer, director, or agent of a limited
22 liability company who in such capacity commits an offense
23 specified in Section 1301 and 1302.

24 (18A) Records. The term "records" includes all data
25 maintained by the taxpayer, whether on paper, microfilm,
26 microfiche, or any type of machine-sensible data

1 compilation.

2 (19) Regulations. The term "regulations" includes
3 rules promulgated and forms prescribed by the Department.

4 (20) Resident. The term "resident" means:

5 (A) an individual (i) who is in this State for
6 other than a temporary or transitory purpose during
7 the taxable year; or (ii) who is domiciled in this
8 State but is absent from the State for a temporary or
9 transitory purpose during the taxable year;

10 (B) The estate of a decedent who at his or her
11 death was domiciled in this State;

12 (C) A trust created by a will of a decedent who at
13 his death was domiciled in this State; and

14 (D) An irrevocable trust, the grantor of which was
15 domiciled in this State at the time such trust became
16 irrevocable. For purpose of this subparagraph, a trust
17 shall be considered irrevocable to the extent that the
18 grantor is not treated as the owner thereof under
19 Sections 671 through 678 of the Internal Revenue Code.

20 (21) Sales. The term "sales" means all gross receipts
21 of the taxpayer not allocated under Sections 301, 302 and
22 303.

23 (22) State. The term "state" when applied to a
24 jurisdiction other than this State means any state of the
25 United States, the District of Columbia, the Commonwealth
26 of Puerto Rico, any Territory or Possession of the United

1 States, and any foreign country, or any political
2 subdivision of any of the foregoing. For purposes of the
3 foreign tax credit under Section 601, the term "state"
4 means any state of the United States, the District of
5 Columbia, the Commonwealth of Puerto Rico, and any
6 territory or possession of the United States, or any
7 political subdivision of any of the foregoing, effective
8 for tax years ending on or after December 31, 1989.

9 (23) Taxable year. The term "taxable year" means the
10 calendar year, or the fiscal year ending during such
11 calendar year, upon the basis of which the base income is
12 computed under this Act. "Taxable year" means, in the case
13 of a return made for a fractional part of a year under the
14 provisions of this Act, the period for which such return
15 is made.

16 (24) Taxpayer. The term "taxpayer" means any person
17 subject to the tax imposed by this Act.

18 (25) International banking facility. The term
19 international banking facility shall have the same meaning
20 as is set forth in the Illinois Banking Act or as is set
21 forth in the laws of the United States or regulations of
22 the Board of Governors of the Federal Reserve System.

23 (26) Income Tax Return Preparer.

24 (A) The term "income tax return preparer" means
25 any person who prepares for compensation, or who
26 employs one or more persons to prepare for

1 compensation, any return of tax imposed by this Act or
2 any claim for refund of tax imposed by this Act. The
3 preparation of a substantial portion of a return or
4 claim for refund shall be treated as the preparation
5 of that return or claim for refund.

6 (B) A person is not an income tax return preparer
7 if all he or she does is

8 (i) furnish typing, reproducing, or other
9 mechanical assistance;

10 (ii) prepare returns or claims for refunds for
11 the employer by whom he or she is regularly and
12 continuously employed;

13 (iii) prepare as a fiduciary returns or claims
14 for refunds for any person; or

15 (iv) prepare claims for refunds for a taxpayer
16 in response to any notice of deficiency issued to
17 that taxpayer or in response to any waiver of
18 restriction after the commencement of an audit of
19 that taxpayer or of another taxpayer if a
20 determination in the audit of the other taxpayer
21 directly or indirectly affects the tax liability
22 of the taxpayer whose claims he or she is
23 preparing.

24 (27) Unitary business group.

25 (A) The term "unitary business group" means a
26 group of persons related through common ownership

1 whose business activities are integrated with,
2 dependent upon and contribute to each other. The group
3 will not include those members whose business activity
4 outside the United States is 80% or more of any such
5 member's total business activity; for purposes of this
6 paragraph and clause (a)(3)(B)(ii) of Section 304,
7 business activity within the United States shall be
8 measured by means of the factors ordinarily applicable
9 under subsections (a), (b), (c), (d), or (h) of
10 Section 304 except that, in the case of members
11 ordinarily required to apportion business income by
12 means of the 3 factor formula of property, payroll and
13 sales specified in subsection (a) of Section 304,
14 including the formula as weighted in subsection (h) of
15 Section 304, such members shall not use the sales
16 factor in the computation and the results of the
17 property and payroll factor computations of subsection
18 (a) of Section 304 shall be divided by 2 (by one if
19 either the property or payroll factor has a
20 denominator of zero). The computation required by the
21 preceding sentence shall, in each case, involve the
22 division of the member's property, payroll, or revenue
23 miles in the United States, insurance premiums on
24 property or risk in the United States, or financial
25 organization business income from sources within the
26 United States, as the case may be, by the respective

1 worldwide figures for such items. Common ownership in
2 the case of corporations is the direct or indirect
3 control or ownership of more than 50% of the
4 outstanding voting stock of the persons carrying on
5 unitary business activity. Unitary business activity
6 can ordinarily be illustrated where the activities of
7 the members are: (1) in the same general line (such as
8 manufacturing, wholesaling, retailing of tangible
9 personal property, insurance, transportation or
10 finance); or (2) are steps in a vertically structured
11 enterprise or process (such as the steps involved in
12 the production of natural resources, which might
13 include exploration, mining, refining, and marketing);
14 and, in either instance, the members are functionally
15 integrated through the exercise of strong centralized
16 management (where, for example, authority over such
17 matters as purchasing, financing, tax compliance,
18 product line, personnel, marketing and capital
19 investment is not left to each member).

20 (B) In no event, for taxable years ending prior to
21 December 31, 2017, shall any unitary business group
22 include members which are ordinarily required to
23 apportion business income under different subsections
24 of Section 304 except that for tax years ending on or
25 after December 31, 1987 this prohibition shall not
26 apply to a holding company that would otherwise be a

1 member of a unitary business group with taxpayers that
2 apportion business income under any of subsections
3 (b), (c), (c-1), or (d) of Section 304. If a unitary
4 business group would, but for the preceding sentence,
5 include members that are ordinarily required to
6 apportion business income under different subsections
7 of Section 304, then for each subsection of Section
8 304 for which there are two or more members, there
9 shall be a separate unitary business group composed of
10 such members. For purposes of the preceding two
11 sentences, a member is "ordinarily required to
12 apportion business income" under a particular
13 subsection of Section 304 if it would be required to
14 use the apportionment method prescribed by such
15 subsection except for the fact that it derives
16 business income solely from Illinois. As used in this
17 paragraph, for taxable years ending before December
18 31, 2017, the phrase "United States" means only the 50
19 states and the District of Columbia, but does not
20 include any territory or possession of the United
21 States or any area over which the United States has
22 asserted jurisdiction or claimed exclusive rights with
23 respect to the exploration for or exploitation of
24 natural resources. For taxable years ending on or
25 after December 31, 2017, the phrase "United States",
26 as used in this paragraph, means only the 50 states,

1 the District of Columbia, and any area over which the
2 United States has asserted jurisdiction or claimed
3 exclusive rights with respect to the exploration for
4 or exploitation of natural resources, but does not
5 include any territory or possession of the United
6 States.

7 (C) Holding companies.

8 (i) For purposes of this subparagraph, a
9 "holding company" is a corporation (other than a
10 corporation that is a financial organization under
11 paragraph (8) of this subsection (a) of Section
12 1501 because it is a bank holding company under
13 the provisions of the Bank Holding Company Act of
14 1956 (12 U.S.C. 1841, et seq.) or because it is
15 owned by a bank or a bank holding company) that
16 owns a controlling interest in one or more other
17 taxpayers ("controlled taxpayers"); that, during
18 the period that includes the taxable year and the
19 2 immediately preceding taxable years or, if the
20 corporation was formed during the current or
21 immediately preceding taxable year, the taxable
22 years in which the corporation has been in
23 existence, derived substantially all its gross
24 income from dividends, interest, rents, royalties,
25 fees or other charges received from controlled
26 taxpayers for the provision of services, and gains

1 on the sale or other disposition of interests in
2 controlled taxpayers or in property leased or
3 licensed to controlled taxpayers or used by the
4 taxpayer in providing services to controlled
5 taxpayers; and that incurs no substantial expenses
6 other than expenses (including interest and other
7 costs of borrowing) incurred in connection with
8 the acquisition and holding of interests in
9 controlled taxpayers and in the provision of
10 services to controlled taxpayers or in the leasing
11 or licensing of property to controlled taxpayers.

12 (ii) The income of a holding company which is
13 a member of more than one unitary business group
14 shall be included in each unitary business group
15 of which it is a member on a pro rata basis, by
16 including in each unitary business group that
17 portion of the base income of the holding company
18 that bears the same proportion to the total base
19 income of the holding company as the gross
20 receipts of the unitary business group bears to
21 the combined gross receipts of all unitary
22 business groups (in both cases without regard to
23 the holding company) or on any other reasonable
24 basis, consistently applied.

25 (iii) A holding company shall apportion its
26 business income under the subsection of Section

1 304 used by the other members of its unitary
2 business group. The apportionment factors of a
3 holding company which would be a member of more
4 than one unitary business group shall be included
5 with the apportionment factors of each unitary
6 business group of which it is a member on a pro
7 rata basis using the same method used in clause
8 (ii).

9 (iv) The provisions of this subparagraph (C)
10 are intended to clarify existing law.

11 (D) If including the base income and factors of a
12 holding company in more than one unitary business
13 group under subparagraph (C) does not fairly reflect
14 the degree of integration between the holding company
15 and one or more of the unitary business groups, the
16 dependence of the holding company and one or more of
17 the unitary business groups upon each other, or the
18 contributions between the holding company and one or
19 more of the unitary business groups, the holding
20 company may petition the Director, under the
21 procedures provided under Section 304(f), for
22 permission to include all base income and factors of
23 the holding company only with members of a unitary
24 business group apportioning their business income
25 under one subsection of subsections (a), (b), (c), or
26 (d) of Section 304. If the petition is granted, the

1 holding company shall be included in a unitary
2 business group only with persons apportioning their
3 business income under the selected subsection of
4 Section 304 until the Director grants a petition of
5 the holding company either to be included in more than
6 one unitary business group under subparagraph (C) or
7 to include its base income and factors only with
8 members of a unitary business group apportioning their
9 business income under a different subsection of
10 Section 304.

11 (E) If the unitary business group members'
12 accounting periods differ, the common parent's
13 accounting period or, if there is no common parent,
14 the accounting period of the member that is expected
15 to have, on a recurring basis, the greatest Illinois
16 income tax liability must be used to determine whether
17 to use the apportionment method provided in subsection
18 (a) or subsection (h) of Section 304. The prohibition
19 against membership in a unitary business group for
20 taxpayers ordinarily required to apportion income
21 under different subsections of Section 304 does not
22 apply to taxpayers required to apportion income under
23 subsection (a) and subsection (h) of Section 304. The
24 provisions of this amendatory Act of 1998 apply to tax
25 years ending on or after December 31, 1998.

26 (28) Subchapter S corporation. The term "Subchapter S

1 corporation" means a corporation for which there is in
2 effect an election under Section 1362 of the Internal
3 Revenue Code, or for which there is a federal election to
4 opt out of the provisions of the Subchapter S Revision Act
5 of 1982 and have applied instead the prior federal
6 Subchapter S rules as in effect on July 1, 1982.

7 (30) Foreign person. The term "foreign person" means
8 any person who is a nonresident individual who is a
9 national or citizen of a country other than the United
10 States and any nonindividual entity, regardless of where
11 created or organized, whose business activity outside the
12 United States is 80% or more of the entity's total
13 business activity.

14 (b) Other definitions.

15 (1) Words denoting number, gender, and so forth, when
16 used in this Act, where not otherwise distinctly expressed
17 or manifestly incompatible with the intent thereof:

18 (A) Words importing the singular include and apply
19 to several persons, parties or things;

20 (B) Words importing the plural include the
21 singular; and

22 (C) Words importing the masculine gender include
23 the feminine as well.

24 (2) "Company" or "association" as including successors
25 and assigns. The word "company" or "association", when
26 used in reference to a corporation, shall be deemed to

1 embrace the words "successors and assigns of such company
2 or association", and in like manner as if these last-named
3 words, or words of similar import, were expressed.

4 (3) Other terms. Any term used in any Section of this
5 Act with respect to the application of, or in connection
6 with, the provisions of any other Section of this Act
7 shall have the same meaning as in such other Section.

8 (Source: P.A. 102-1030, eff. 5-27-22.)

9 ARTICLE 55. ANGEL INVESTMENT CREDIT

10 Section 55-5. The Illinois Income Tax Act is amended by
11 changing Section 220 as follows:

12 (35 ILCS 5/220)

13 Sec. 220. Angel investment credit.

14 (a) As used in this Section:

15 "Applicant" means a corporation, partnership, limited
16 liability company, or a natural person that makes an
17 investment in a qualified new business venture. The term
18 "applicant" does not include (i) a corporation, partnership,
19 limited liability company, or a natural person who has a
20 direct or indirect ownership interest of at least 51% in the
21 profits, capital, or value of the qualified new business
22 venture receiving the investment or (ii) a related member.

23 "Claimant" means an applicant certified by the Department

1 who files a claim for a credit under this Section.

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

4 "Investment" means money (or its equivalent) given to a
5 qualified new business venture, at a risk of loss, in
6 consideration for an equity interest of the qualified new
7 business venture. The Department may adopt rules to permit
8 certain forms of contingent equity investments to be
9 considered eligible for a tax credit under this Section.

10 "Qualified new business venture" means a business that is
11 registered with the Department under this Section.

12 "Related member" means a person that, with respect to the
13 applicant, is any one of the following:

14 (1) An individual, if the individual and the members
15 of the individual's family (as defined in Section 318 of
16 the Internal Revenue Code) own directly, indirectly,
17 beneficially, or constructively, in the aggregate, at
18 least 50% of the value of the outstanding profits,
19 capital, stock, or other ownership interest in the
20 qualified new business venture that is the recipient of
21 the applicant's investment.

22 (2) A partnership, estate, or trust and any partner or
23 beneficiary, if the partnership, estate, or trust and its
24 partners or beneficiaries own directly, indirectly,
25 beneficially, or constructively, in the aggregate, at
26 least 50% of the profits, capital, stock, or other

1 ownership interest in the qualified new business venture
2 that is the recipient of the applicant's investment.

3 (3) A corporation, and any party related to the
4 corporation in a manner that would require an attribution
5 of stock from the corporation under the attribution rules
6 of Section 318 of the Internal Revenue Code, if the
7 applicant and any other related member own, in the
8 aggregate, directly, indirectly, beneficially, or
9 constructively, at least 50% of the value of the
10 outstanding stock of the qualified new business venture
11 that is the recipient of the applicant's investment.

12 (4) A corporation and any party related to that
13 corporation in a manner that would require an attribution
14 of stock from the corporation to the party or from the
15 party to the corporation under the attribution rules of
16 Section 318 of the Internal Revenue Code, if the
17 corporation and all such related parties own, in the
18 aggregate, at least 50% of the profits, capital, stock, or
19 other ownership interest in the qualified new business
20 venture that is the recipient of the applicant's
21 investment.

22 (5) A person to or from whom there is attribution of
23 ownership of stock in the qualified new business venture
24 that is the recipient of the applicant's investment in
25 accordance with Section 1563(e) of the Internal Revenue
26 Code, except that for purposes of determining whether a

1 person is a related member under this paragraph, "20%"
2 shall be substituted for "5%" whenever "5%" appears in
3 Section 1563(e) of the Internal Revenue Code.

4 (b) For taxable years beginning after December 31, 2010,
5 and ending on or before December 31, 2026, subject to the
6 limitations provided in this Section, a claimant may claim, as
7 a credit against the tax imposed under subsections (a) and (b)
8 of Section 201 of this Act, an amount equal to 25% of the
9 claimant's investment made directly in a qualified new
10 business venture. However, the amount of the credit is 35% of
11 the claimant's investment made directly in the qualified new
12 business venture if the investment is made in: (1) a qualified
13 new business venture that is a minority-owned business, a
14 women-owned business, or a business owned a person with a
15 disability (as those terms are used and defined in the
16 Business Enterprise for Minorities, Women, and Persons with
17 Disabilities Act); or (2) a qualified new business venture in
18 which the principal place of business is located in a county
19 with a population of not more than 250,000. In order for an
20 investment in a qualified new business venture to be eligible
21 for tax credits, the business must have applied for and
22 received certification under subsection (e) for the taxable
23 year in which the investment was made prior to the date on
24 which the investment was made. The credit under this Section
25 may not exceed the taxpayer's Illinois income tax liability
26 for the taxable year. If the amount of the credit exceeds the

1 tax liability for the year, the excess may be carried forward
2 and applied to the tax liability of the 5 taxable years
3 following the excess credit year. The credit shall be applied
4 to the earliest year for which there is a tax liability. If
5 there are credits from more than one tax year that are
6 available to offset a liability, the earlier credit shall be
7 applied first. In the case of a partnership or Subchapter S
8 Corporation, the credit is allowed to the partners or
9 shareholders in accordance with the determination of income
10 and distributive share of income under Sections 702 and 704
11 and Subchapter S of the Internal Revenue Code.

12 (c) The minimum amount an applicant must invest in any
13 single qualified new business venture in order to be eligible
14 for a credit under this Section is \$10,000. The maximum amount
15 of an applicant's total investment made in any single
16 qualified new business venture that may be used as the basis
17 for a credit under this Section is \$2,000,000.

18 (d) The Department shall implement a program to certify an
19 applicant for an angel investment credit. Upon satisfactory
20 review, the Department shall issue a tax credit certificate
21 stating the amount of the tax credit to which the applicant is
22 entitled. The Department shall annually certify that: (i) each
23 qualified new business venture that receives an angel
24 investment under this Section has maintained a minimum
25 employment threshold, as defined by rule, in the State (and
26 continues to maintain a minimum employment threshold in the

1 State for a period of no less than 3 years from the issue date
2 of the last tax credit certificate issued by the Department
3 with respect to such business pursuant to this Section); and
4 (ii) the claimant's investment has been made and remains,
5 except in the event of a qualifying liquidity event, in the
6 qualified new business venture for no less than 3 years.

7 If an investment for which a claimant is allowed a credit
8 under subsection (b) is held by the claimant for less than 3
9 years, other than as a result of a permitted sale of the
10 investment to person who is not a related member, the claimant
11 shall pay to the Department of Revenue, in the manner
12 prescribed by the Department of Revenue, the aggregate amount
13 of the disqualified credits that the claimant received related
14 to the subject investment.

15 If the Department determines that a qualified new business
16 venture failed to maintain a minimum employment threshold in
17 the State through the date which is 3 years from the issue date
18 of the last tax credit certificate issued by the Department
19 with respect to the subject business pursuant to this Section,
20 the claimant or claimants shall pay to the Department of
21 Revenue, in the manner prescribed by the Department of
22 Revenue, the aggregate amount of the disqualified credits that
23 claimant or claimants received related to investments in that
24 business.

25 (e) The Department shall implement a program to register
26 qualified new business ventures for purposes of this Section.

1 A business desiring registration under this Section shall be
2 required to submit a full and complete application to the
3 Department. A submitted application shall be effective only
4 for the taxable year in which it is submitted, and a business
5 desiring registration under this Section shall be required to
6 submit a separate application in and for each taxable year for
7 which the business desires registration. Further, if at any
8 time prior to the acceptance of an application for
9 registration under this Section by the Department one or more
10 events occurs which makes the information provided in that
11 application materially false or incomplete (in whole or in
12 part), the business shall promptly notify the Department of
13 the same. Any failure of a business to promptly provide the
14 foregoing information to the Department may, at the discretion
15 of the Department, result in a revocation of a previously
16 approved application for that business, or disqualification of
17 the business from future registration under this Section, or
18 both. The Department may register the business only if all of
19 the following conditions are satisfied:

20 (1) it has its principal place of business in this
21 State;

22 (2) at least 51% of the employees employed by the
23 business are employed in this State;

24 (3) the business has the potential for increasing jobs
25 in this State, increasing capital investment in this
26 State, or both, as determined by the Department, and

1 either of the following apply:

2 (A) it is principally engaged in innovation in any
3 of the following: manufacturing; biotechnology;
4 nanotechnology; communications; agricultural
5 sciences; clean energy creation or storage technology;
6 processing or assembling products, including medical
7 devices, pharmaceuticals, computer software, computer
8 hardware, semiconductors, other innovative technology
9 products, or other products that are produced using
10 manufacturing methods that are enabled by applying
11 proprietary technology; or providing services that are
12 enabled by applying proprietary technology; or

13 (B) it is undertaking pre-commercialization
14 activity related to proprietary technology that
15 includes conducting research, developing a new product
16 or business process, or developing a service that is
17 principally reliant on applying proprietary
18 technology;

19 (4) it is not principally engaged in real estate
20 development, insurance, banking, lending, lobbying,
21 political consulting, professional services provided by
22 attorneys, accountants, business consultants, physicians,
23 or health care consultants, wholesale or retail trade,
24 leisure, hospitality, transportation, or construction,
25 except construction of power production plants that derive
26 energy from a renewable energy resource, as defined in

1 Section 1 of the Illinois Power Agency Act;

2 (5) at the time it is first certified:

3 (A) it has fewer than 100 employees;

4 (B) it has been in operation in Illinois for not
5 more than 10 consecutive years prior to the year of
6 certification; and

7 (C) it has received not more than \$10,000,000 in
8 aggregate investments;

9 (5.1) it agrees to maintain a minimum employment
10 threshold in the State of Illinois prior to the date which
11 is 3 years from the issue date of the last tax credit
12 certificate issued by the Department with respect to that
13 business pursuant to this Section;

14 (6) (blank); and

15 (7) it has received not more than \$4,000,000 in
16 investments that qualified for tax credits under this
17 Section.

18 (f) The Department, in consultation with the Department of
19 Revenue, shall adopt rules to administer this Section. For
20 taxable years beginning before January 1, 2024, the ~~The~~
21 aggregate amount of the tax credits that may be claimed under
22 this Section for investments made in qualified new business
23 ventures shall be limited to ~~at~~ \$10,000,000 per calendar year,
24 of which \$500,000 shall be reserved for investments made in
25 qualified new business ventures which are minority-owned
26 businesses, women-owned businesses, or businesses owned by a

1 person with a disability (as those terms are used and defined
2 in the Business Enterprise for Minorities, Women, and Persons
3 with Disabilities Act), and an additional \$500,000 shall be
4 reserved for investments made in qualified new business
5 ventures with their principal place of business in counties
6 with a population of not more than 250,000. For taxable years
7 beginning on or after January 1, 2024, the aggregate amount of
8 the tax credits that may be claimed under this Section for
9 investments made in qualified new business ventures shall be
10 limited to \$15,000,000 per calendar year, of which \$2,500,000
11 shall be reserved for investments made in qualified new
12 business ventures that are minority-owned businesses (as the
13 term is defined in the Business Enterprise for Minorities,
14 Women, and Persons with Disabilities Act), \$1,250,000 shall be
15 reserved for investments made in qualified new business
16 ventures that are women-owned businesses or businesses owned
17 by a person with a disability (as those terms are defined in
18 the Business Enterprise for Minorities, Women, and Persons
19 with Disabilities Act), and \$1,250,000 shall be reserved for
20 investments made in qualified new business ventures with their
21 principal place of business in a county with a population of
22 not more than 250,000. The ~~foregoing~~ annual allowable amounts
23 set forth in this Section shall be allocated by the
24 Department, on a per calendar quarter basis and prior to the
25 commencement of each calendar year, in such proportion as
26 determined by the Department, provided that: (i) the amount

1 initially allocated by the Department for any one calendar
2 quarter shall not exceed 35% of the total allowable amount;
3 (ii) any portion of the allocated allowable amount remaining
4 unused as of the end of any of the first 3 calendar quarters of
5 a given calendar year shall be rolled into, and added to, the
6 total allocated amount for the next available calendar
7 quarter; and (iii) the reservation of tax credits for
8 investments in minority-owned businesses, women-owned
9 businesses, businesses owned by a person with a disability,
10 and in businesses in counties with a population of not more
11 than 250,000 is limited to the first 3 calendar quarters of a
12 given calendar year, after which they may be claimed by
13 investors in any qualified new business venture.

14 (g) A claimant may not sell or otherwise transfer a credit
15 awarded under this Section to another person.

16 (h) On or before March 1 of each year, the Department shall
17 report to the Governor and to the General Assembly on the tax
18 credit certificates awarded under this Section for the prior
19 calendar year.

20 (1) This report must include, for each tax credit
21 certificate awarded:

22 (A) the name of the claimant and the amount of
23 credit awarded or allocated to that claimant;

24 (B) the name and address (including the county) of
25 the qualified new business venture that received the
26 investment giving rise to the credit, the North

1 American Industry Classification System (NAICS) code
2 applicable to that qualified new business venture, and
3 the number of employees of the qualified new business
4 venture; and

5 (C) the date of approval by the Department of each
6 claimant's tax credit certificate.

7 (2) The report must also include:

8 (A) the total number of applicants and the total
9 number of claimants, including the amount of each tax
10 credit certificate awarded to a claimant under this
11 Section in the prior calendar year;

12 (B) the total number of applications from
13 businesses seeking registration under this Section,
14 the total number of new qualified business ventures
15 registered by the Department, and the aggregate amount
16 of investment upon which tax credit certificates were
17 issued in the prior calendar year; and

18 (C) the total amount of tax credit certificates
19 sought by applicants, the amount of each tax credit
20 certificate issued to a claimant, the aggregate amount
21 of all tax credit certificates issued in the prior
22 calendar year and the aggregate amount of tax credit
23 certificates issued as authorized under this Section
24 for all calendar years.

25 (i) For each business seeking registration under this
26 Section after December 31, 2016, the Department shall require

1 the business to include in its application the North American
2 Industry Classification System (NAICS) code applicable to the
3 business and the number of employees of the business at the
4 time of application. Each business registered by the
5 Department as a qualified new business venture that receives
6 an investment giving rise to the issuance of a tax credit
7 certificate pursuant to this Section shall, for each of the 3
8 years following the issue date of the last tax credit
9 certificate issued by the Department with respect to such
10 business pursuant to this Section, report to the Department
11 the following:

12 (1) the number of employees and the location at which
13 those employees are employed, both as of the end of each
14 year;

15 (2) the amount of additional new capital investment
16 raised as of the end of each year, if any; and

17 (3) the terms of any liquidity event occurring during
18 such year; for the purposes of this Section, a "liquidity
19 event" means any event that would be considered an exit
20 for an illiquid investment, including any event that
21 allows the equity holders of the business (or any material
22 portion thereof) to cash out some or all of their
23 respective equity interests.

24 (Source: P.A. 101-81, eff. 7-12-19; 102-16, eff. 6-17-21.)

1 Section 60-5. The New Markets Development Program Act is
2 amended by changing Sections 5, 20, 25, 45, and 50 as follows:

3 (20 ILCS 663/5)

4 Sec. 5. Definitions. As used in this Act:

5 "Applicable percentage" means 0% for each of the first 2
6 credit allowance dates, 7% for the third credit allowance
7 date, and 8% for the next 4 credit allowance dates.

8 "Credit allowance date" means with respect to any
9 qualified equity investment:

10 (1) the date on which the investment is initially
11 made; and

12 (2) each of the 6 anniversary dates of that date
13 thereafter.

14 "Department" means the Department of Commerce and Economic
15 Opportunity.

16 "Long-term debt security" means any debt instrument issued
17 by a qualified community development entity, at par value or a
18 premium, with an original maturity date of at least 7 years
19 from the date of its issuance, with no acceleration of
20 repayment, amortization, or prepayment features prior to its
21 original maturity date. Cumulative cash payments of interest
22 on the qualified debt instrument during the period commencing
23 with the issuance of the qualified debt instrument and ending
24 with the seventh anniversary of its issuance shall not exceed

1 the sum of such cash interest payments and the cumulative net
2 income of the issuing community development entity for the
3 same period. This definition in no way limits the holder's
4 ability to accelerate payments on the debt instrument in
5 situations where the issuer has defaulted on covenants
6 designed to ensure compliance with this Act or Section 45D of
7 the Internal Revenue Code of 1986, as amended.

8 "Purchase price" means the amount paid to the issuer of a
9 qualified equity investment for that qualified equity
10 investment.

11 "Qualified active low-income community business" has the
12 meaning given to that term in Section 45D of the Internal
13 Revenue Code of 1986, as amended; except that any business
14 that derives or projects to derive 15% or more of its annual
15 revenue from the rental or sale of real estate is not
16 considered to be a qualified active low-income community
17 business. This exception does not apply to a business that is
18 controlled by or under common control with another business if
19 the second business (i) does not derive or project to derive
20 15% or more of its annual revenue from the rental or sale of
21 real estate and (ii) is the primary tenant of the real estate
22 leased from the initial business. A business shall be
23 considered a qualified active low-income community business
24 for the duration of the qualified community development
25 entity's investment in or loan to the business if the entity
26 reasonably expects, at the time it makes the investment or

1 loan, that the business will continue to satisfy the
2 requirements for being a qualified active low-income community
3 business throughout the entire period of the investment or
4 loan.

5 "Qualified community development entity" has the meaning
6 given to that term in Section 45D of the Internal Revenue Code
7 of 1986, as amended; provided that such entity has entered
8 into, or is controlled by an entity that has entered into, an
9 allocation agreement with the Community Development Financial
10 Institutions Fund of the U.S. Treasury Department with respect
11 to credits authorized by Section 45D of the Internal Revenue
12 Code of 1986, as amended, that includes the State of Illinois
13 within the service area set forth in that allocation
14 agreement.

15 "Qualified equity investment" means any equity investment
16 in, or long-term debt security issued by, a qualified
17 community development entity that:

18 (1) is acquired after the effective date of this Act
19 at its original issuance solely in exchange for cash;

20 (2) with respect to qualified equity investments made
21 before January 1, 2024 ~~2017~~, has at least 85% of its cash
22 purchase price used by the issuer to make qualified
23 low-income community investments in the State of Illinois,
24 and, with respect to qualified equity investments made on
25 or after January 1, 2024 ~~2017~~, has 100% of the cash
26 purchase price used by the issuer to make qualified

1 low-income community investments in the State of Illinois;
2 and

3 (3) is designated by the issuer as a qualified equity
4 investment under this Act; with respect to qualified
5 equity investments made on or after January 1, 2024 ~~2017~~,
6 is designated by the issuer as a qualified equity
7 investment under Section 45D of the Internal Revenue Code
8 of 1986, as amended; and is certified by the Department as
9 not exceeding the limitation contained in Section 20.

10 This term includes any qualified equity investment that
11 does not meet the provisions of item (1) of this definition if
12 the investment was a qualified equity investment in the hands
13 of a prior holder.

14 "Qualified low-income community investment" means any
15 capital or equity investment in, or loan to, any qualified
16 active low-income community business. With respect to any one
17 qualified active low-income community business, the maximum
18 amount of qualified low-income community investments made in
19 that business, on a collective basis with all of its
20 affiliates that may be counted towards the satisfaction of
21 paragraph (2) of the definition of qualified equity
22 investment, shall be \$10,000,000 whether issued to one or
23 several qualified community development entities.

24 "Tax credit" means a credit against any income, franchise,
25 or insurance premium taxes, including insurance retaliatory
26 taxes, otherwise due under Illinois law.

1 "Taxpayer" means any individual or entity subject to any
2 income, franchise, or insurance premium tax under Illinois
3 law.

4 (Source: P.A. 100-408, eff. 8-25-17.)

5 (20 ILCS 663/20)

6 Sec. 20. Annual cap on credits. The Department shall limit
7 the monetary amount of qualified equity investments permitted
8 under this Act to a level necessary to limit tax credit use at
9 no more than (i) \$20,000,000 in ~~of~~ tax credits for fiscal years
10 beginning before July 1, 2023 and (ii) \$25,000,000 in tax
11 credits for fiscal years beginning on or after July 1, 2023 ~~in~~
12 any fiscal year. This limitation on qualified equity
13 investments shall be based on the anticipated use of credits
14 without regard to the potential for taxpayers to carry forward
15 tax credits to later tax years.

16 (Source: P.A. 100-408, eff. 8-25-17.)

17 (20 ILCS 663/25)

18 Sec. 25. Certification of qualified equity investments.

19 (a) A qualified community development entity that seeks to
20 have an equity investment or long-term debt security
21 designated as a qualified equity investment and eligible for
22 tax credits under this Section shall apply to the Department.
23 The qualified community development entity must submit an
24 application on a form that the Department provides that

1 includes:

2 (1) The name, address, tax identification number of
3 the entity, and evidence of the entity's certification as
4 a qualified community development entity.

5 (2) A copy of the allocation agreement executed by the
6 entity, or its controlling entity, and the Community
7 Development Financial Institutions Fund.

8 (3) A certificate executed by an executive officer of
9 the entity attesting that the allocation agreement remains
10 in effect and has not been revoked or cancelled by the
11 Community Development Financial Institutions Fund.

12 (4) A description of the proposed amount, structure,
13 and purchaser of the equity investment or long-term debt
14 security.

15 (5) The name and tax identification number of any
16 taxpayer eligible to utilize tax credits earned as a
17 result of the issuance of the qualified equity investment.

18 (6) Information regarding the proposed use of proceeds
19 from the issuance of the qualified equity investment.

20 (7) A nonrefundable application fee of \$5,000. This
21 fee shall be paid to the Department and shall be required
22 of each application submitted.

23 (8) With respect to qualified equity investments made
24 on or after January 1, 2017, the amount of qualified
25 equity investment authority the applicant agrees to
26 designate as a federal qualified equity investment under

1 Section 45D of the Internal Revenue Code, including a copy
2 of the screen shot from the Community Development
3 Financial Institutions Fund's Allocation Tracking System
4 of the applicant's remaining federal qualified equity
5 investment authority.

6 (b) Within 30 days after receipt of a completed
7 application containing the information necessary for the
8 Department to certify a potential qualified equity investment,
9 including the payment of the application fee, the Department
10 shall grant or deny the application in full or in part. If the
11 Department denies any part of the application, it shall inform
12 the qualified community development entity of the grounds for
13 the denial. If the qualified community development entity
14 provides any additional information required by the Department
15 or otherwise completes its application within 15 days of the
16 notice of denial, the application shall be considered
17 completed as of the original date of submission. If the
18 qualified community development entity fails to provide the
19 information or complete its application within the 15-day
20 period, the application remains denied and must be resubmitted
21 in full with a new submission date.

22 (c) If the application is deemed complete, the Department
23 shall certify the proposed equity investment or long-term debt
24 security as a qualified equity investment that is eligible for
25 tax credits under this Section, subject to the limitations
26 contained in Section 20. The Department shall provide written

1 notice of the certification to the qualified community
2 development entity. The notice shall include the names of
3 those taxpayers who are eligible to utilize the credits and
4 their respective credit amounts. If the names of the taxpayers
5 who are eligible to utilize the credits change due to a
6 transfer of a qualified equity investment or a change in an
7 allocation pursuant to Section 15, the qualified community
8 development entity shall notify the Department of such change.

9 (d) With respect to applications received before January
10 1, 2017, the Department shall certify qualified equity
11 investments in the order applications are received by the
12 Department. Applications received on the same day shall be
13 deemed to have been received simultaneously. For applications
14 received on the same day and deemed complete, the Department
15 shall certify, consistent with remaining tax credit capacity,
16 qualified equity investments in proportionate percentages
17 based upon the ratio of the amount of qualified equity
18 investment requested in an application to the total amount of
19 qualified equity investments requested in all applications
20 received on the same day.

21 (d-5) With respect to applications received on or after
22 January 1, 2017, the Department shall certify applications by
23 applicants that agree to designate qualified equity
24 investments as federal qualified equity investments in
25 accordance with item (8) of subsection (a) of this Section in
26 proportionate percentages based upon the ratio of the amount

1 of qualified equity investments requested in an application to
2 be designated as federal qualified equity investments to the
3 total amount of qualified equity investments to be designated
4 as federal qualified equity investments requested in all
5 applications received on the same day.

6 (d-10) With respect to applications received on or after
7 January 1, 2017, after complying with subsection (d-5), the
8 Department shall certify the qualified equity investments of
9 all other applicants, including the remaining qualified equity
10 investment authority requested by applicants not designated as
11 federal qualified equity investments in accordance with item
12 (8) of subsection (a) of this Section, in proportionate
13 percentages based upon the ratio of the amount of qualified
14 equity investments requested in the applications to the total
15 amount of qualified equity investments requested in all
16 applications received on the same day.

17 (e) Once the Department has certified qualified equity
18 investments that, on a cumulative basis, are eligible for
19 \$20,000,000 in tax credits (for taxable years beginning before
20 July 1, 2023) or \$25,000,000 in tax credits (for taxable years
21 beginning on or after July 1, 2023), the Department may not
22 certify any more qualified equity investments. If a pending
23 request cannot be fully certified, the Department shall
24 certify the portion that may be certified unless the qualified
25 community development entity elects to withdraw its request
26 rather than receive partial credit.

1 (f) Within 30 days after receiving notice of
2 certification, the qualified community development entity
3 shall (i) issue the qualified equity investment and receive
4 cash in the amount of the certified amount and (ii) with
5 respect to qualified equity investments made on or after
6 January 1, 2017, if applicable, designate the required amount
7 of qualified equity investment authority as a federal
8 qualified equity investment. The qualified community
9 development entity must provide the Department with evidence
10 of the receipt of the cash investment within 10 business days
11 after receipt and, with respect to qualified equity
12 investments made on or after January 1, 2017, if applicable,
13 provide evidence that the required amount of qualified equity
14 investment authority was designated as a federal qualified
15 equity investment. If the qualified community development
16 entity does not receive the cash investment and issue the
17 qualified equity investment within 30 days following receipt
18 of the certification notice, the certification shall lapse and
19 the entity may not issue the qualified equity investment
20 without reapplying to the Department for certification. A
21 certification that lapses reverts back to the Department and
22 may be reissued only in accordance with the application
23 process outline in this Section 25.

24 (g) Allocation rounds enabled by this Act shall be applied
25 for according to the following schedule:

26 (1) on January 2, 2019, \$125,000,000 of qualified

1 equity investments; ~~and~~

2 (2) not less than 45 days after but not more than 90
3 days after the Community Development Financial
4 Institutions Fund of the United States Department of the
5 Treasury announces allocation awards under a Notice of
6 Funding Availability that is published in the Federal
7 Register after September 6, 2019, \$125,000,000 of
8 qualified equity investments; and -

9 (3) on or after January 1, 2024, but not more than 120
10 days after the Community Development Financial
11 Institutions Fund of the United States Department of the
12 Treasury announces allocation awards under a Notice of
13 Funding Availability that was published in the Federal
14 Register on November 22, 2022, \$312,500,000 of qualified
15 equity investments.

16 (Source: P.A. 100-408, eff. 8-25-17; 101-604, eff. 12-13-19.)

17 (20 ILCS 663/45)

18 Sec. 45. Examination and Rulemaking.

19 (a) The Department may conduct examinations to verify that
20 the tax credits under this Act have been received and applied
21 according to the requirements of this Act and to verify that no
22 event has occurred that would result in a recapture of tax
23 credits under Section 40.

24 (b) Neither the Department nor the Department of Revenue
25 shall have the authority to promulgate rules under the Act,

1 but, with respect to qualified equity investments issued
2 before January 1, 2024, the Department and the Department of
3 Revenue shall have the authority to issue advisory letters to
4 individual qualified community development entities and their
5 investors that are limited to the specific facts outlined in
6 an advisory letter request from a qualified community
7 development entity. Such rulings cannot be relied upon by any
8 person or entity other than the qualified community
9 development entity that requested the letter and the taxpayers
10 that are entitled to any tax credits generated from
11 investments in such entity. For purposes of this subsection,
12 "rules" is given the meaning contained in Section 1-70 of the
13 Illinois Administrative Procedure Act.

14 (c) In rendering advisory letters and making other
15 determinations under this Act prior to January 1, 2024, to the
16 extent applicable, the Department and the Department of
17 Revenue shall look for guidance to Section 45D of the Internal
18 Revenue Code of 1986, as amended, and the rules and
19 regulations issued thereunder.

20 (d) It is the intent of the General Assembly that
21 qualified equity investment structures allowed pursuant to
22 advisory letters and other determinations by the Department
23 and the Department of Revenue prior to January 1, 2024 shall be
24 allowed and that qualified community development entities may
25 rely on the rules and regulations issued under Section 45D of
26 the Internal Revenue Code of 1986, as amended, where

1 applicable.

2 (Source: P.A. 95-1024, eff. 12-31-08.)

3 (20 ILCS 663/50)

4 Sec. 50. Sunset. For fiscal years following fiscal year
5 2031 ~~2024~~, qualified equity investments shall not be made
6 under this Act unless reauthorization is made pursuant to this
7 Section. For all fiscal years following fiscal year 2031 ~~2024~~,
8 unless the General Assembly adopts a joint resolution granting
9 authority to the Department to approve qualified equity
10 investments for the Illinois new markets development program
11 and clearly describing the amount of tax credits available for
12 the next fiscal year, or otherwise complies with the
13 provisions of this Section, no qualified equity investments
14 may be permitted to be made under this Act. The amount of
15 available tax credits contained in such a resolution shall not
16 exceed the limitation provided under Section 20. Nothing in
17 this Section precludes a taxpayer who makes a qualified equity
18 investment prior to the expiration of authority to make
19 qualified equity investments from claiming tax credits
20 relating to that qualified equity investment for each
21 applicable credit allowance date.

22 (Source: P.A. 102-16, eff. 6-17-21.)

23

ARTICLE 65. STANDARD EXEMPTION

1 Section 65-5. The Illinois Income Tax Act is amended by
2 changing Section 204 as follows:

3 (35 ILCS 5/204) (from Ch. 120, par. 2-204)

4 Sec. 204. Standard exemption.

5 (a) Allowance of exemption. In computing net income under
6 this Act, there shall be allowed as an exemption the sum of the
7 amounts determined under subsections (b), (c) and (d),
8 multiplied by a fraction the numerator of which is the amount
9 of the taxpayer's base income allocable to this State for the
10 taxable year and the denominator of which is the taxpayer's
11 total base income for the taxable year.

12 (b) Basic amount. For the purpose of subsection (a) of
13 this Section, except as provided by subsection (a) of Section
14 205 and in this subsection, each taxpayer shall be allowed a
15 basic amount of \$1000, except that for corporations the basic
16 amount shall be zero for tax years ending on or after December
17 31, 2003, and for individuals the basic amount shall be:

18 (1) for taxable years ending on or after December 31,
19 1998 and prior to December 31, 1999, \$1,300;

20 (2) for taxable years ending on or after December 31,
21 1999 and prior to December 31, 2000, \$1,650;

22 (3) for taxable years ending on or after December 31,
23 2000 and prior to December 31, 2012, \$2,000;

24 (4) for taxable years ending on or after December 31,
25 2012 and prior to December 31, 2013, \$2,050;

1 (5) for taxable years ending on or after December 31,
2 2013 and on or before December 31, 2022 ~~December 31, 2023~~,
3 \$2,050 plus the cost-of-living adjustment under subsection
4 (d-5);

5 (6) for taxable years ending on or after December 31,
6 2023 and prior to December 31, 2024, \$2,425;

7 (7) for taxable years ending on or after December 31,
8 2024 and on or before December 31, 2028, \$2,050 plus the
9 cost-of-living adjustment under subsection (d-5).

10 For taxable years ending on or after December 31, 1992, a
11 taxpayer whose Illinois base income exceeds the basic amount
12 and who is claimed as a dependent on another person's tax
13 return under the Internal Revenue Code shall not be allowed
14 any basic amount under this subsection.

15 (c) Additional amount for individuals. In the case of an
16 individual taxpayer, there shall be allowed for the purpose of
17 subsection (a), in addition to the basic amount provided by
18 subsection (b), an additional exemption equal to the basic
19 amount for each exemption in excess of one allowable to such
20 individual taxpayer for the taxable year under Section 151 of
21 the Internal Revenue Code.

22 (d) Additional exemptions for an individual taxpayer and
23 his or her spouse. In the case of an individual taxpayer and
24 his or her spouse, he or she shall each be allowed additional
25 exemptions as follows:

26 (1) Additional exemption for taxpayer or spouse 65

1 years of age or older.

2 (A) For taxpayer. An additional exemption of
3 \$1,000 for the taxpayer if he or she has attained the
4 age of 65 before the end of the taxable year.

5 (B) For spouse when a joint return is not filed. An
6 additional exemption of \$1,000 for the spouse of the
7 taxpayer if a joint return is not made by the taxpayer
8 and his spouse, and if the spouse has attained the age
9 of 65 before the end of such taxable year, and, for the
10 calendar year in which the taxable year of the
11 taxpayer begins, has no gross income and is not the
12 dependent of another taxpayer.

13 (2) Additional exemption for blindness of taxpayer or
14 spouse.

15 (A) For taxpayer. An additional exemption of
16 \$1,000 for the taxpayer if he or she is blind at the
17 end of the taxable year.

18 (B) For spouse when a joint return is not filed. An
19 additional exemption of \$1,000 for the spouse of the
20 taxpayer if a separate return is made by the taxpayer,
21 and if the spouse is blind and, for the calendar year
22 in which the taxable year of the taxpayer begins, has
23 no gross income and is not the dependent of another
24 taxpayer. For purposes of this paragraph, the
25 determination of whether the spouse is blind shall be
26 made as of the end of the taxable year of the taxpayer;

1 except that if the spouse dies during such taxable
2 year such determination shall be made as of the time of
3 such death.

4 (C) Blindness defined. For purposes of this
5 subsection, an individual is blind only if his or her
6 central visual acuity does not exceed 20/200 in the
7 better eye with correcting lenses, or if his or her
8 visual acuity is greater than 20/200 but is
9 accompanied by a limitation in the fields of vision
10 such that the widest diameter of the visual fields
11 subtends an angle no greater than 20 degrees.

12 (d-5) Cost-of-living adjustment. For purposes of item (5)
13 of subsection (b), the cost-of-living adjustment for any
14 calendar year and for taxable years ending prior to the end of
15 the subsequent calendar year is equal to \$2,050 times the
16 percentage (if any) by which:

17 (1) the Consumer Price Index for the preceding
18 calendar year, exceeds

19 (2) the Consumer Price Index for the calendar year
20 2011.

21 The Consumer Price Index for any calendar year is the
22 average of the Consumer Price Index as of the close of the
23 12-month period ending on August 31 of that calendar year.

24 The term "Consumer Price Index" means the last Consumer
25 Price Index for All Urban Consumers published by the United
26 States Department of Labor or any successor agency.

1 amount of \$1.50 per gallon of sustainable aviation fuel
2 purchased. The credit earned shall be referred to as the
3 Sustainable Aviation Fuel Purchase Credit.

4 Only that portion of each gallon of aviation fuel that
5 consists of sustainable aviation fuel, as defined in this
6 Section, is eligible to earn the credit.

7 The credit is earned at the time sustainable aviation fuel
8 is purchased for use in Illinois. The amount of credit that is
9 earned is based on the number of whole gallons of sustainable
10 aviation fuel purchased for use in Illinois. Partial gallons
11 will not earn a credit. Credits may be used at the same time as
12 they are earned.

13 For a sale or use of aviation fuel to qualify to earn the
14 Sustainable Aviation Fuel Purchase Credit, taxpayers must
15 retain in their books and records a certification from the
16 producer of the aviation fuel that the aviation fuel sold or
17 used and for which a sustainable aviation fuel purchase credit
18 was earned meets the definition of sustainable aviation fuel
19 under this Section. The documentation must include detail
20 sufficient for the Department to determine the number of
21 gallons of sustainable aviation fuel sold or used.

22 A Sustainable Aviation Fuel Purchase Credit earned by an
23 air common carrier expires on December 31, 2032. The
24 Sustainable Aviation Fuel Purchase Credit is non-transferable
25 and non-refundable. Taxpayers shall account for the earning
26 and usage of Sustainable Aviation Fuel Purchase Credits on

1 each monthly return filed with the Department, as deemed
2 necessary by the Department.

3 The purchaser of sustainable aviation fuel shall certify
4 to the seller of the aviation fuel that the purchaser is
5 satisfying all or part of its liability for the 6.25% tax under
6 the Use Tax Act or the Service Use Tax Act that is due on the
7 purchase of aviation fuel by use of the sustainable aviation
8 fuel purchase credit.

9 The Sustainable Aviation Fuel Purchase Credit
10 certification must be dated and shall include the name and
11 address of the purchaser, the purchaser's registration number,
12 if registered, the credit being applied, and a statement that
13 the State Use Tax or Service Use Tax ~~use tax or service use tax~~
14 liability is being satisfied with the air common carrier's
15 ~~accumulated~~ sustainable aviation fuel purchase credit.

16 An air common carrier-purchaser of aviation fuel may
17 utilize the Sustainable Aviation Fuel Purchase Credit in
18 satisfaction of the 6.25% tax arising from the purchase of
19 aviation fuel, but not in satisfaction of penalty or interest.

20 Until January 1, 2033 ~~July 1, 2033~~, on an annual basis,
21 running from January through December each year, no credit may
22 be earned by an air common carrier for soybean oil-derived
23 sustainable aviation fuel once air common carriers in this
24 State have collectively purchased sustainable aviation fuel
25 containing 10,000,000 gallons of soybean oil feedstock. If, in
26 any year, air common carriers collectively purchase

1 sustainable aviation fuel containing more than 10,000,000
2 gallons of soybean oil feedstock for use in this State, then,
3 in the month in which taxpayer reporting shows that the credit
4 earned from these purchases exceeds the cap, the Department
5 shall first determine the remaining number of gallons of
6 soybean oil feedstock available to earn the credit for that
7 year by subtracting from 10,000,000 the number of gallons of
8 soybean oil feedstock collectively purchased that year based
9 on the prior month's taxpayer reporting. The Department shall
10 then allocate the credit from these remaining gallons of
11 soybean oil feedstock available to earn the credit for that
12 year by allowing credit to each air common carrier in the same
13 proportion as the number of gallons of soybean oil feedstock
14 reported as having been purchased by each air common carrier
15 during the month in which the cap is exceeded is to all of the
16 gallons of soybean oil feedstock reported as having been
17 purchased during that month. The earning of any credit in
18 excess of this shall be disallowed for the remainder of the
19 year. For any credit that was used, the earning of which was
20 disallowed in the process described in this paragraph, any
21 resulting tax shall be due on or before April 20th of the year
22 following the year in which the 10,000,000 gallon cap on
23 soybean oil feedstock was exceeded and shall be reported and
24 paid on the aviation fuel tax return. Any credit that is earned
25 for the purchase of soybean oil feedstock but not timely
26 reported in a year in which the cap is exceeded is disallowed.

1 A Sustainable Aviation Fuel Purchase Credit certification
2 provided by the air common carrier may be used to satisfy the
3 retailer's or serviceman's 6.25% tax liability on aviation
4 fuel under the Retailers' Occupation Tax Act or Service
5 Occupation Tax Act for the credit claimed.

6 (b) As used in this Section, "sustainable aviation fuel"
7 means liquid fuel that meets the criteria set forth in
8 subsections (d) and (e) of Section 40B of the federal Internal
9 Revenue Code of 1986 or:

10 (1) consists of synthesized hydrocarbons and meets the
11 requirements of:

12 (A) the American Society for Testing and Materials
13 International Standard D7566; or

14 (B) the Fischer-Tropsch provisions of American
15 Society for Testing and Materials International
16 Standard D1655, Annex A1;

17 (2) prior to June 1, 2028, is derived from biomass
18 resources, waste streams, renewable energy sources, or
19 gaseous carbon oxides, and beginning on June 1, 2028 is
20 derived from domestic biomass resources;

21 (3) is not derived from any palm derivatives; and

22 (4) the fuel production pathway for the sustainable
23 aviation fuel achieves at least a 50% lifecycle greenhouse
24 gas emissions reduction in comparison with petroleum-based
25 jet fuel, as determined by a test that shows:

26 (A) that the fuel production pathway achieves at

1 least a 50% reduction of the aggregate attributional
2 core lifecycle emissions and the positive induced land
3 use change values under the lifecycle methodology for
4 sustainable aviation fuels adopted by the
5 International Civil Aviation Organization with the
6 agreement of the United States; or

7 (B) that the fuel production pathway achieves at
8 least a 50% reduction of the aggregate attributional
9 core lifecycle greenhouse gas emissions values
10 utilizing the most recent version of Argonne National
11 Laboratory's GREET model, inclusive of agricultural
12 practices and carbon capture and sequestration.

13 (Source: P.A. 102-1125, eff. 2-3-23.)

14 Section 70-10. The Service Use Tax Act is amended by
15 changing Section 3-72 as follows:

16 (35 ILCS 110/3-72)

17 Sec. 3-72. Sustainable Aviation Fuel Purchase Credit.

18 (a) From July 1, 2023 through December 31, 2032 ~~June 1,~~
19 ~~2023 through January 1, 2033~~, sustainable aviation fuel sold
20 to or used by an air common carrier, certified by the carrier
21 ~~to the Department~~ to be used in Illinois, earns a credit in the
22 amount of \$1.50 per gallon of sustainable aviation fuel
23 purchased. The credit earned shall be referred to as the
24 Sustainable Aviation Fuel Purchase Credit.

1 Only that portion of each gallon of aviation fuel that
2 consists of sustainable aviation fuel, as defined in this
3 Section, is eligible to earn the credit.

4 The credit is earned at the time sustainable aviation fuel
5 is purchased for use in Illinois. The amount of credit that is
6 earned is based on the number of whole gallons of sustainable
7 aviation fuel purchased for use in Illinois. Partial gallons
8 will not earn a credit. Credits may be used at the same time as
9 they are earned.

10 For a sale or use of aviation fuel to qualify to earn the
11 Sustainable Aviation Fuel Purchase Credit, taxpayers must
12 retain in their books and records a certification from the
13 producer of the aviation fuel that the aviation fuel sold or
14 used and for which a sustainable aviation fuel purchase credit
15 was earned meets the definition of sustainable aviation fuel
16 under this Section. The documentation must include detail
17 sufficient for the Department to determine the number of
18 gallons of sustainable aviation fuel sold or used.

19 A Sustainable Aviation Fuel Purchase Credit earned by an
20 air common carrier expires on December 31, 2032. The
21 Sustainable Aviation Fuel Purchase Credit is a
22 non-transferable and non-refundable credit. Taxpayers shall
23 account for the earning and usage of Sustainable Aviation Fuel
24 Purchase Credits on each monthly return filed with the
25 Department, as deemed necessary by the Department.

26 The purchaser of sustainable aviation fuel shall certify

1 to the seller of the aviation fuel that the purchaser is
2 satisfying all or part of its liability for the 6.25% tax under
3 the Use Tax Act or the Service Use Tax Act that is due on the
4 purchase of aviation fuel by use of the sustainable aviation
5 fuel purchase credit.

6 The Sustainable Aviation Fuel Purchase Credit
7 certification must be dated and shall include the name and
8 address of the purchaser, the purchaser's registration number,
9 if registered, the credit being applied, and a statement that
10 the State Use Tax or Service Use Tax ~~use tax or service use tax~~
11 liability is being satisfied with the air common carrier's
12 ~~accumulated~~ sustainable aviation fuel purchase credit.

13 An air common carrier-purchaser of aviation fuel may
14 utilize the Sustainable Aviation Fuel Purchase Credit in
15 satisfaction of the 6.25% tax arising from the purchase of
16 aviation fuel, but not in satisfaction of penalty or interest.

17 Until January 1, 2033 ~~July 1, 2033~~, on an annual basis
18 running from January through December each year, no credit may
19 be earned by an air common carrier for soybean oil-derived
20 sustainable aviation fuel once air common carriers in this
21 State have collectively purchased sustainable aviation fuel
22 containing 10,000,000 gallons of soybean oil feedstock. If, in
23 any year, air common carriers collectively purchase
24 sustainable aviation fuel containing more than 10,000,000
25 gallons of soybean oil feedstock for use in this State, then,
26 in the month in which taxpayer reporting shows that the credit

1 earned from these purchases exceeds the cap, the Department
2 shall first determine the remaining number of gallons of
3 soybean oil feedstock available to earn the credit for that
4 year by subtracting from 10,000,000 the number of gallons of
5 soybean oil feedstock collectively purchased that year based
6 on the prior month's taxpayer reporting. The Department shall
7 then allocate the credit from these remaining gallons of
8 soybean oil feedstock available to earn the credit for that
9 year by allowing credit to each air common carrier in the same
10 proportion as the number of gallons of soybean oil feedstock
11 reported as having been purchased by each air common carrier
12 during the month in which the cap is exceeded is to all of the
13 gallons of soybean oil feedstock reported as having been
14 purchased during that month. The earning of any credit in
15 excess of this shall be disallowed for the remainder of the
16 year. For any credit that was used, the earning of which was
17 disallowed in the process described in this paragraph, any
18 resulting tax shall be due on or before April 20th of the year
19 following the year in which the 10,000,000 gallon cap on
20 soybean oil feedstock was exceeded and shall be reported and
21 paid on the aviation fuel tax return. Any credit that is earned
22 for the purchase of soybean oil feedstock but not timely
23 reported in a year in which the cap is exceeded is disallowed.

24 A Sustainable Aviation Fuel Purchase Credit certification
25 provided by the air common carrier may be used to satisfy the
26 retailer's or serviceman's 6.25% tax liability on aviation

1 fuel under the Retailers' Occupation Tax Act or Service
2 Occupation Tax Act for the credit claimed.

3 (b) As used in this Section, "sustainable aviation fuel"
4 means liquid fuel that meets the criteria set forth in
5 subsections (d) and (e) of Section 40B of the federal Internal
6 Revenue Code of 1986 or:

7 (1) consists of synthesized hydrocarbons and meets the
8 requirements of:

9 (A) the American Society for Testing and Materials
10 International Standard D7566; or

11 (B) the Fischer-Tropsch provisions of American
12 Society for Testing and Materials International
13 Standard D1655, Annex A1;

14 (2) prior to June 1, 2028, is derived from biomass
15 resources, waste streams, renewable energy sources, or
16 gaseous carbon oxides, and beginning on June 1, 2028 is
17 derived from domestic biomass resources;

18 (3) is not derived from any palm derivatives; and

19 (4) the fuel production pathway for the sustainable
20 aviation fuel achieves at least a 50% lifecycle greenhouse
21 gas emissions reduction in comparison with petroleum-based
22 jet fuel, as determined by a test that shows:

23 (A) that the fuel production pathway achieves at
24 least a 50% reduction of the aggregate attributional
25 core lifecycle emissions and the positive induced land
26 use change values under the lifecycle methodology for

1 sustainable aviation fuels adopted by the
2 International Civil Aviation Organization with the
3 agreement of the United States; or

4 (B) that the fuel production pathway achieves at
5 least a 50% reduction of the aggregate attributional
6 core lifecycle greenhouse gas emissions values
7 utilizing the most recent version of Argonne National
8 Laboratory's GREET model, inclusive of agricultural
9 practices and carbon capture and sequestration.

10 (Source: P.A. 102-1125, eff. 2-3-23.)

11 Section 70-15. The Service Occupation Tax Act is amended
12 by changing Section 9 as follows:

13 (35 ILCS 115/9) (from Ch. 120, par. 439.109)

14 Sec. 9. Each serviceman required or authorized to collect
15 the tax herein imposed shall pay to the Department the amount
16 of such tax at the time when he is required to file his return
17 for the period during which such tax was collectible, less a
18 discount of 2.1% prior to January 1, 1990, and 1.75% on and
19 after January 1, 1990, or \$5 per calendar year, whichever is
20 greater, which is allowed to reimburse the serviceman for
21 expenses incurred in collecting the tax, keeping records,
22 preparing and filing returns, remitting the tax and supplying
23 data to the Department on request. When determining the
24 discount allowed under this Section, servicemen shall include

1 the amount of tax that would have been due at the 1% rate but
2 for the 0% rate imposed under this amendatory Act of the 102nd
3 General Assembly. The discount under this Section is not
4 allowed for the 1.25% portion of taxes paid on aviation fuel
5 that is subject to the revenue use requirements of 49 U.S.C.
6 47107(b) and 49 U.S.C. 47133. The discount allowed under this
7 Section is allowed only for returns that are filed in the
8 manner required by this Act. The Department may disallow the
9 discount for servicemen whose certificate of registration is
10 revoked at the time the return is filed, but only if the
11 Department's decision to revoke the certificate of
12 registration has become final.

13 Where such tangible personal property is sold under a
14 conditional sales contract, or under any other form of sale
15 wherein the payment of the principal sum, or a part thereof, is
16 extended beyond the close of the period for which the return is
17 filed, the serviceman, in collecting the tax may collect, for
18 each tax return period, only the tax applicable to the part of
19 the selling price actually received during such tax return
20 period.

21 Except as provided hereinafter in this Section, on or
22 before the twentieth day of each calendar month, such
23 serviceman shall file a return for the preceding calendar
24 month in accordance with reasonable rules and regulations to
25 be promulgated by the Department of Revenue. Such return shall
26 be filed on a form prescribed by the Department and shall

1 contain such information as the Department may reasonably
2 require. The return shall include the gross receipts which
3 were received during the preceding calendar month or quarter
4 on the following items upon which tax would have been due but
5 for the 0% rate imposed under this amendatory Act of the 102nd
6 General Assembly: (i) food for human consumption that is to be
7 consumed off the premises where it is sold (other than
8 alcoholic beverages, food consisting of or infused with adult
9 use cannabis, soft drinks, and food that has been prepared for
10 immediate consumption); and (ii) food prepared for immediate
11 consumption and transferred incident to a sale of service
12 subject to this Act or the Service Use Tax Act by an entity
13 licensed under the Hospital Licensing Act, the Nursing Home
14 Care Act, the Assisted Living and Shared Housing Act, the
15 ID/DD Community Care Act, the MC/DD Act, the Specialized
16 Mental Health Rehabilitation Act of 2013, or the Child Care
17 Act of 1969, or an entity that holds a permit issued pursuant
18 to the Life Care Facilities Act. The return shall also include
19 the amount of tax that would have been due on the items listed
20 in the previous sentence but for the 0% rate imposed under this
21 amendatory Act of the 102nd General Assembly.

22 On and after January 1, 2018, with respect to servicemen
23 whose annual gross receipts average \$20,000 or more, all
24 returns required to be filed pursuant to this Act shall be
25 filed electronically. Servicemen who demonstrate that they do
26 not have access to the Internet or demonstrate hardship in

1 filing electronically may petition the Department to waive the
2 electronic filing requirement.

3 The Department may require returns to be filed on a
4 quarterly basis. If so required, a return for each calendar
5 quarter shall be filed on or before the twentieth day of the
6 calendar month following the end of such calendar quarter. The
7 taxpayer shall also file a return with the Department for each
8 of the first two months of each calendar quarter, on or before
9 the twentieth day of the following calendar month, stating:

- 10 1. The name of the seller;
- 11 2. The address of the principal place of business from
12 which he engages in business as a serviceman in this
13 State;
- 14 3. The total amount of taxable receipts received by
15 him during the preceding calendar month, including
16 receipts from charge and time sales, but less all
17 deductions allowed by law;
- 18 4. The amount of credit provided in Section 2d of this
19 Act;
- 20 5. The amount of tax due;
- 21 5-5. The signature of the taxpayer; and
- 22 6. Such other reasonable information as the Department
23 may require.

24 Each serviceman required or authorized to collect the tax
25 herein imposed on aviation fuel acquired as an incident to the
26 purchase of a service in this State during the preceding

1 calendar month shall, instead of reporting and paying tax as
2 otherwise required by this Section, report and pay such tax on
3 a separate aviation fuel tax return. The requirements related
4 to the return shall be as otherwise provided in this Section.
5 Notwithstanding any other provisions of this Act to the
6 contrary, servicemen transferring aviation fuel incident to
7 sales of service shall file all aviation fuel tax returns and
8 shall make all aviation fuel tax payments by electronic means
9 in the manner and form required by the Department. For
10 purposes of this Section, "aviation fuel" means jet fuel and
11 aviation gasoline.

12 If a taxpayer fails to sign a return within 30 days after
13 the proper notice and demand for signature by the Department,
14 the return shall be considered valid and any amount shown to be
15 due on the return shall be deemed assessed.

16 Notwithstanding any other provision of this Act to the
17 contrary, servicemen subject to tax on cannabis shall file all
18 cannabis tax returns and shall make all cannabis tax payments
19 by electronic means in the manner and form required by the
20 Department.

21 Prior to October 1, 2003, and on and after September 1,
22 2004 a serviceman may accept a Manufacturer's Purchase Credit
23 certification from a purchaser in satisfaction of Service Use
24 Tax as provided in Section 3-70 of the Service Use Tax Act if
25 the purchaser provides the appropriate documentation as
26 required by Section 3-70 of the Service Use Tax Act. A

1 Manufacturer's Purchase Credit certification, accepted prior
2 to October 1, 2003 or on or after September 1, 2004 by a
3 serviceman as provided in Section 3-70 of the Service Use Tax
4 Act, may be used by that serviceman to satisfy Service
5 Occupation Tax liability in the amount claimed in the
6 certification, not to exceed 6.25% of the receipts subject to
7 tax from a qualifying purchase. A Manufacturer's Purchase
8 Credit reported on any original or amended return filed under
9 this Act after October 20, 2003 for reporting periods prior to
10 September 1, 2004 shall be disallowed. Manufacturer's Purchase
11 Credit reported on annual returns due on or after January 1,
12 2005 will be disallowed for periods prior to September 1,
13 2004. No Manufacturer's Purchase Credit may be used after
14 September 30, 2003 through August 31, 2004 to satisfy any tax
15 liability imposed under this Act, including any audit
16 liability.

17 Beginning on July 1, 2023 and through December 31, 2032, a
18 serviceman may accept a Sustainable Aviation Fuel Purchase
19 Credit certification from an air common carrier-purchaser in
20 satisfaction of Service Use Tax as provided in Section 3-72 of
21 the Service Use Tax Act if the purchaser provides the
22 appropriate documentation as required by Section 3-72 of the
23 Service Use Tax Act. A Sustainable Aviation Fuel Purchase
24 Credit certification accepted by a serviceman in accordance
25 with this paragraph may be used by that serviceman to satisfy
26 service occupation tax liability (but not in satisfaction of

1 penalty or interest) in the amount claimed in the
2 certification, not to exceed 6.25% of the receipts subject to
3 tax from a sale of aviation fuel. In addition, for a sale of
4 aviation fuel to qualify to earn the Sustainable Aviation Fuel
5 Purchase Credit, servicemen must retain in their books and
6 records a certification from the producer of the aviation fuel
7 that the aviation fuel sold by the serviceman and for which a
8 sustainable aviation fuel purchase credit was earned meets the
9 definition of sustainable aviation fuel under Section 3-72 of
10 the Service Use Tax Act. The documentation must include detail
11 sufficient for the Department to determine the number of
12 gallons of sustainable aviation fuel sold.

13 If the serviceman's average monthly tax liability to the
14 Department does not exceed \$200, the Department may authorize
15 his returns to be filed on a quarter annual basis, with the
16 return for January, February and March of a given year being
17 due by April 20 of such year; with the return for April, May
18 and June of a given year being due by July 20 of such year;
19 with the return for July, August and September of a given year
20 being due by October 20 of such year, and with the return for
21 October, November and December of a given year being due by
22 January 20 of the following year.

23 If the serviceman's average monthly tax liability to the
24 Department does not exceed \$50, the Department may authorize
25 his returns to be filed on an annual basis, with the return for
26 a given year being due by January 20 of the following year.

1 Such quarter annual and annual returns, as to form and
2 substance, shall be subject to the same requirements as
3 monthly returns.

4 Notwithstanding any other provision in this Act concerning
5 the time within which a serviceman may file his return, in the
6 case of any serviceman who ceases to engage in a kind of
7 business which makes him responsible for filing returns under
8 this Act, such serviceman shall file a final return under this
9 Act with the Department not more than 1 month after
10 discontinuing such business.

11 Beginning October 1, 1993, a taxpayer who has an average
12 monthly tax liability of \$150,000 or more shall make all
13 payments required by rules of the Department by electronic
14 funds transfer. Beginning October 1, 1994, a taxpayer who has
15 an average monthly tax liability of \$100,000 or more shall
16 make all payments required by rules of the Department by
17 electronic funds transfer. Beginning October 1, 1995, a
18 taxpayer who has an average monthly tax liability of \$50,000
19 or more shall make all payments required by rules of the
20 Department by electronic funds transfer. Beginning October 1,
21 2000, a taxpayer who has an annual tax liability of \$200,000 or
22 more shall make all payments required by rules of the
23 Department by electronic funds transfer. The term "annual tax
24 liability" shall be the sum of the taxpayer's liabilities
25 under this Act, and under all other State and local occupation
26 and use tax laws administered by the Department, for the

1 immediately preceding calendar year. The term "average monthly
2 tax liability" means the sum of the taxpayer's liabilities
3 under this Act, and under all other State and local occupation
4 and use tax laws administered by the Department, for the
5 immediately preceding calendar year divided by 12. Beginning
6 on October 1, 2002, a taxpayer who has a tax liability in the
7 amount set forth in subsection (b) of Section 2505-210 of the
8 Department of Revenue Law shall make all payments required by
9 rules of the Department by electronic funds transfer.

10 Before August 1 of each year beginning in 1993, the
11 Department shall notify all taxpayers required to make
12 payments by electronic funds transfer. All taxpayers required
13 to make payments by electronic funds transfer shall make those
14 payments for a minimum of one year beginning on October 1.

15 Any taxpayer not required to make payments by electronic
16 funds transfer may make payments by electronic funds transfer
17 with the permission of the Department.

18 All taxpayers required to make payment by electronic funds
19 transfer and any taxpayers authorized to voluntarily make
20 payments by electronic funds transfer shall make those
21 payments in the manner authorized by the Department.

22 The Department shall adopt such rules as are necessary to
23 effectuate a program of electronic funds transfer and the
24 requirements of this Section.

25 Where a serviceman collects the tax with respect to the
26 selling price of tangible personal property which he sells and

1 the purchaser thereafter returns such tangible personal
2 property and the serviceman refunds the selling price thereof
3 to the purchaser, such serviceman shall also refund, to the
4 purchaser, the tax so collected from the purchaser. When
5 filing his return for the period in which he refunds such tax
6 to the purchaser, the serviceman may deduct the amount of the
7 tax so refunded by him to the purchaser from any other Service
8 Occupation Tax, Service Use Tax, Retailers' Occupation Tax or
9 Use Tax which such serviceman may be required to pay or remit
10 to the Department, as shown by such return, provided that the
11 amount of the tax to be deducted shall previously have been
12 remitted to the Department by such serviceman. If the
13 serviceman shall not previously have remitted the amount of
14 such tax to the Department, he shall be entitled to no
15 deduction hereunder upon refunding such tax to the purchaser.

16 If experience indicates such action to be practicable, the
17 Department may prescribe and furnish a combination or joint
18 return which will enable servicemen, who are required to file
19 returns hereunder and also under the Retailers' Occupation Tax
20 Act, the Use Tax Act or the Service Use Tax Act, to furnish all
21 the return information required by all said Acts on the one
22 form.

23 Where the serviceman has more than one business registered
24 with the Department under separate registrations hereunder,
25 such serviceman shall file separate returns for each
26 registered business.

1 Beginning January 1, 1990, each month the Department shall
2 pay into the Local Government Tax Fund the revenue realized
3 for the preceding month from the 1% tax imposed under this Act.

4 Beginning January 1, 1990, each month the Department shall
5 pay into the County and Mass Transit District Fund 4% of the
6 revenue realized for the preceding month from the 6.25%
7 general rate on sales of tangible personal property other than
8 aviation fuel sold on or after December 1, 2019. This
9 exception for aviation fuel only applies for so long as the
10 revenue use requirements of 49 U.S.C. 47107(b) and 49 U.S.C.
11 47133 are binding on the State.

12 Beginning August 1, 2000, each month the Department shall
13 pay into the County and Mass Transit District Fund 20% of the
14 net revenue realized for the preceding month from the 1.25%
15 rate on the selling price of motor fuel and gasohol.

16 Beginning January 1, 1990, each month the Department shall
17 pay into the Local Government Tax Fund 16% of the revenue
18 realized for the preceding month from the 6.25% general rate
19 on transfers of tangible personal property other than aviation
20 fuel sold on or after December 1, 2019. This exception for
21 aviation fuel only applies for so long as the revenue use
22 requirements of 49 U.S.C. 47107(b) and 49 U.S.C. 47133 are
23 binding on the State.

24 For aviation fuel sold on or after December 1, 2019, each
25 month the Department shall pay into the State Aviation Program
26 Fund 20% of the net revenue realized for the preceding month

1 from the 6.25% general rate on the selling price of aviation
2 fuel, less an amount estimated by the Department to be
3 required for refunds of the 20% portion of the tax on aviation
4 fuel under this Act, which amount shall be deposited into the
5 Aviation Fuel Sales Tax Refund Fund. The Department shall only
6 pay moneys into the State Aviation Program Fund and the
7 Aviation Fuel Sales Tax Refund Fund under this Act for so long
8 as the revenue use requirements of 49 U.S.C. 47107(b) and 49
9 U.S.C. 47133 are binding on the State.

10 Beginning August 1, 2000, each month the Department shall
11 pay into the Local Government Tax Fund 80% of the net revenue
12 realized for the preceding month from the 1.25% rate on the
13 selling price of motor fuel and gasohol.

14 Beginning October 1, 2009, each month the Department shall
15 pay into the Capital Projects Fund an amount that is equal to
16 an amount estimated by the Department to represent 80% of the
17 net revenue realized for the preceding month from the sale of
18 candy, grooming and hygiene products, and soft drinks that had
19 been taxed at a rate of 1% prior to September 1, 2009 but that
20 are now taxed at 6.25%.

21 Beginning July 1, 2013, each month the Department shall
22 pay into the Underground Storage Tank Fund from the proceeds
23 collected under this Act, the Use Tax Act, the Service Use Tax
24 Act, and the Retailers' Occupation Tax Act an amount equal to
25 the average monthly deficit in the Underground Storage Tank
26 Fund during the prior year, as certified annually by the

1 Illinois Environmental Protection Agency, but the total
2 payment into the Underground Storage Tank Fund under this Act,
3 the Use Tax Act, the Service Use Tax Act, and the Retailers'
4 Occupation Tax Act shall not exceed \$18,000,000 in any State
5 fiscal year. As used in this paragraph, the "average monthly
6 deficit" shall be equal to the difference between the average
7 monthly claims for payment by the fund and the average monthly
8 revenues deposited into the fund, excluding payments made
9 pursuant to this paragraph.

10 Beginning July 1, 2015, of the remainder of the moneys
11 received by the Department under the Use Tax Act, the Service
12 Use Tax Act, this Act, and the Retailers' Occupation Tax Act,
13 each month the Department shall deposit \$500,000 into the
14 State Crime Laboratory Fund.

15 Of the remainder of the moneys received by the Department
16 pursuant to this Act, (a) 1.75% thereof shall be paid into the
17 Build Illinois Fund and (b) prior to July 1, 1989, 2.2% and on
18 and after July 1, 1989, 3.8% thereof shall be paid into the
19 Build Illinois Fund; provided, however, that if in any fiscal
20 year the sum of (1) the aggregate of 2.2% or 3.8%, as the case
21 may be, of the moneys received by the Department and required
22 to be paid into the Build Illinois Fund pursuant to Section 3
23 of the Retailers' Occupation Tax Act, Section 9 of the Use Tax
24 Act, Section 9 of the Service Use Tax Act, and Section 9 of the
25 Service Occupation Tax Act, such Acts being hereinafter called
26 the "Tax Acts" and such aggregate of 2.2% or 3.8%, as the case

1 may be, of moneys being hereinafter called the "Tax Act
2 Amount", and (2) the amount transferred to the Build Illinois
3 Fund from the State and Local Sales Tax Reform Fund shall be
4 less than the Annual Specified Amount (as defined in Section 3
5 of the Retailers' Occupation Tax Act), an amount equal to the
6 difference shall be immediately paid into the Build Illinois
7 Fund from other moneys received by the Department pursuant to
8 the Tax Acts; and further provided, that if on the last
9 business day of any month the sum of (1) the Tax Act Amount
10 required to be deposited into the Build Illinois Account in
11 the Build Illinois Fund during such month and (2) the amount
12 transferred during such month to the Build Illinois Fund from
13 the State and Local Sales Tax Reform Fund shall have been less
14 than 1/12 of the Annual Specified Amount, an amount equal to
15 the difference shall be immediately paid into the Build
16 Illinois Fund from other moneys received by the Department
17 pursuant to the Tax Acts; and, further provided, that in no
18 event shall the payments required under the preceding proviso
19 result in aggregate payments into the Build Illinois Fund
20 pursuant to this clause (b) for any fiscal year in excess of
21 the greater of (i) the Tax Act Amount or (ii) the Annual
22 Specified Amount for such fiscal year; and, further provided,
23 that the amounts payable into the Build Illinois Fund under
24 this clause (b) shall be payable only until such time as the
25 aggregate amount on deposit under each trust indenture
26 securing Bonds issued and outstanding pursuant to the Build

1 Illinois Bond Act is sufficient, taking into account any
2 future investment income, to fully provide, in accordance with
3 such indenture, for the defeasance of or the payment of the
4 principal of, premium, if any, and interest on the Bonds
5 secured by such indenture and on any Bonds expected to be
6 issued thereafter and all fees and costs payable with respect
7 thereto, all as certified by the Director of the Bureau of the
8 Budget (now Governor's Office of Management and Budget). If on
9 the last business day of any month in which Bonds are
10 outstanding pursuant to the Build Illinois Bond Act, the
11 aggregate of the moneys deposited in the Build Illinois Bond
12 Account in the Build Illinois Fund in such month shall be less
13 than the amount required to be transferred in such month from
14 the Build Illinois Bond Account to the Build Illinois Bond
15 Retirement and Interest Fund pursuant to Section 13 of the
16 Build Illinois Bond Act, an amount equal to such deficiency
17 shall be immediately paid from other moneys received by the
18 Department pursuant to the Tax Acts to the Build Illinois
19 Fund; provided, however, that any amounts paid to the Build
20 Illinois Fund in any fiscal year pursuant to this sentence
21 shall be deemed to constitute payments pursuant to clause (b)
22 of the preceding sentence and shall reduce the amount
23 otherwise payable for such fiscal year pursuant to clause (b)
24 of the preceding sentence. The moneys received by the
25 Department pursuant to this Act and required to be deposited
26 into the Build Illinois Fund are subject to the pledge, claim

1 and charge set forth in Section 12 of the Build Illinois Bond
2 Act.

3 Subject to payment of amounts into the Build Illinois Fund
4 as provided in the preceding paragraph or in any amendment
5 thereto hereafter enacted, the following specified monthly
6 installment of the amount requested in the certificate of the
7 Chairman of the Metropolitan Pier and Exposition Authority
8 provided under Section 8.25f of the State Finance Act, but not
9 in excess of the sums designated as "Total Deposit", shall be
10 deposited in the aggregate from collections under Section 9 of
11 the Use Tax Act, Section 9 of the Service Use Tax Act, Section
12 9 of the Service Occupation Tax Act, and Section 3 of the
13 Retailers' Occupation Tax Act into the McCormick Place
14 Expansion Project Fund in the specified fiscal years.

15	Fiscal Year	Total Deposit
16	1993	\$0
17	1994	53,000,000
18	1995	58,000,000
19	1996	61,000,000
20	1997	64,000,000
21	1998	68,000,000
22	1999	71,000,000
23	2000	75,000,000
24	2001	80,000,000
25	2002	93,000,000

1	2003	99,000,000
2	2004	103,000,000
3	2005	108,000,000
4	2006	113,000,000
5	2007	119,000,000
6	2008	126,000,000
7	2009	132,000,000
8	2010	139,000,000
9	2011	146,000,000
10	2012	153,000,000
11	2013	161,000,000
12	2014	170,000,000
13	2015	179,000,000
14	2016	189,000,000
15	2017	199,000,000
16	2018	210,000,000
17	2019	221,000,000
18	2020	233,000,000
19	2021	300,000,000
20	2022	300,000,000
21	2023	300,000,000
22	2024	300,000,000
23	2025	300,000,000
24	2026	300,000,000
25	2027	375,000,000
26	2028	375,000,000

1	2029	375,000,000
2	2030	375,000,000
3	2031	375,000,000
4	2032	375,000,000
5	2033	375,000,000
6	2034	375,000,000
7	2035	375,000,000
8	2036	450,000,000

9 and

10 each fiscal year
11 thereafter that bonds
12 are outstanding under
13 Section 13.2 of the
14 Metropolitan Pier and
15 Exposition Authority Act,
16 but not after fiscal year 2060.

17 Beginning July 20, 1993 and in each month of each fiscal
18 year thereafter, one-eighth of the amount requested in the
19 certificate of the Chairman of the Metropolitan Pier and
20 Exposition Authority for that fiscal year, less the amount
21 deposited into the McCormick Place Expansion Project Fund by
22 the State Treasurer in the respective month under subsection
23 (g) of Section 13 of the Metropolitan Pier and Exposition
24 Authority Act, plus cumulative deficiencies in the deposits
25 required under this Section for previous months and years,
26 shall be deposited into the McCormick Place Expansion Project

1 Fund, until the full amount requested for the fiscal year, but
2 not in excess of the amount specified above as "Total
3 Deposit", has been deposited.

4 Subject to payment of amounts into the Capital Projects
5 Fund, the Build Illinois Fund, and the McCormick Place
6 Expansion Project Fund pursuant to the preceding paragraphs or
7 in any amendments thereto hereafter enacted, for aviation fuel
8 sold on or after December 1, 2019, the Department shall each
9 month deposit into the Aviation Fuel Sales Tax Refund Fund an
10 amount estimated by the Department to be required for refunds
11 of the 80% portion of the tax on aviation fuel under this Act.
12 The Department shall only deposit moneys into the Aviation
13 Fuel Sales Tax Refund Fund under this paragraph for so long as
14 the revenue use requirements of 49 U.S.C. 47107(b) and 49
15 U.S.C. 47133 are binding on the State.

16 Subject to payment of amounts into the Build Illinois Fund
17 and the McCormick Place Expansion Project Fund pursuant to the
18 preceding paragraphs or in any amendments thereto hereafter
19 enacted, beginning July 1, 1993 and ending on September 30,
20 2013, the Department shall each month pay into the Illinois
21 Tax Increment Fund 0.27% of 80% of the net revenue realized for
22 the preceding month from the 6.25% general rate on the selling
23 price of tangible personal property.

24 Subject to payment of amounts into the Build Illinois Fund
25 and the McCormick Place Expansion Project Fund pursuant to the
26 preceding paragraphs or in any amendments thereto hereafter

1 enacted, beginning with the receipt of the first report of
2 taxes paid by an eligible business and continuing for a
3 25-year period, the Department shall each month pay into the
4 Energy Infrastructure Fund 80% of the net revenue realized
5 from the 6.25% general rate on the selling price of
6 Illinois-mined coal that was sold to an eligible business. For
7 purposes of this paragraph, the term "eligible business" means
8 a new electric generating facility certified pursuant to
9 Section 605-332 of the Department of Commerce and Economic
10 Opportunity Law of the Civil Administrative Code of Illinois.

11 Subject to payment of amounts into the Build Illinois
12 Fund, the McCormick Place Expansion Project Fund, the Illinois
13 Tax Increment Fund, and the Energy Infrastructure Fund
14 pursuant to the preceding paragraphs or in any amendments to
15 this Section hereafter enacted, beginning on the first day of
16 the first calendar month to occur on or after August 26, 2014
17 (the effective date of Public Act 98-1098), each month, from
18 the collections made under Section 9 of the Use Tax Act,
19 Section 9 of the Service Use Tax Act, Section 9 of the Service
20 Occupation Tax Act, and Section 3 of the Retailers' Occupation
21 Tax Act, the Department shall pay into the Tax Compliance and
22 Administration Fund, to be used, subject to appropriation, to
23 fund additional auditors and compliance personnel at the
24 Department of Revenue, an amount equal to 1/12 of 5% of 80% of
25 the cash receipts collected during the preceding fiscal year
26 by the Audit Bureau of the Department under the Use Tax Act,

1 the Service Use Tax Act, the Service Occupation Tax Act, the
2 Retailers' Occupation Tax Act, and associated local occupation
3 and use taxes administered by the Department.

4 Subject to payments of amounts into the Build Illinois
5 Fund, the McCormick Place Expansion Project Fund, the Illinois
6 Tax Increment Fund, the Energy Infrastructure Fund, and the
7 Tax Compliance and Administration Fund as provided in this
8 Section, beginning on July 1, 2018 the Department shall pay
9 each month into the Downstate Public Transportation Fund the
10 moneys required to be so paid under Section 2-3 of the
11 Downstate Public Transportation Act.

12 Subject to successful execution and delivery of a
13 public-private agreement between the public agency and private
14 entity and completion of the civic build, beginning on July 1,
15 2023, of the remainder of the moneys received by the
16 Department under the Use Tax Act, the Service Use Tax Act, the
17 Service Occupation Tax Act, and this Act, the Department shall
18 deposit the following specified deposits in the aggregate from
19 collections under the Use Tax Act, the Service Use Tax Act, the
20 Service Occupation Tax Act, and the Retailers' Occupation Tax
21 Act, as required under Section 8.25g of the State Finance Act
22 for distribution consistent with the Public-Private
23 Partnership for Civic and Transit Infrastructure Project Act.
24 The moneys received by the Department pursuant to this Act and
25 required to be deposited into the Civic and Transit
26 Infrastructure Fund are subject to the pledge, claim and

1 charge set forth in Section 25-55 of the Public-Private
 2 Partnership for Civic and Transit Infrastructure Project Act.
 3 As used in this paragraph, "civic build", "private entity",
 4 "public-private agreement", and "public agency" have the
 5 meanings provided in Section 25-10 of the Public-Private
 6 Partnership for Civic and Transit Infrastructure Project Act.

7	Fiscal Year.....	Total Deposit
8	2024	\$200,000,000
9	2025	\$206,000,000
10	2026	\$212,200,000
11	2027	\$218,500,000
12	2028	\$225,100,000
13	2029	\$288,700,000
14	2030	\$298,900,000
15	2031	\$309,300,000
16	2032	\$320,100,000
17	2033	\$331,200,000
18	2034	\$341,200,000
19	2035	\$351,400,000
20	2036	\$361,900,000
21	2037	\$372,800,000
22	2038	\$384,000,000
23	2039	\$395,500,000
24	2040	\$407,400,000
25	2041	\$419,600,000
26	2042	\$432,200,000

1 2043 \$445,100,000

2 Beginning July 1, 2021 and until July 1, 2022, subject to

3 the payment of amounts into the County and Mass Transit

4 District Fund, the Local Government Tax Fund, the Build

5 Illinois Fund, the McCormick Place Expansion Project Fund, the

6 Illinois Tax Increment Fund, the Energy Infrastructure Fund,

7 and the Tax Compliance and Administration Fund as provided in

8 this Section, the Department shall pay each month into the

9 Road Fund the amount estimated to represent 16% of the net

10 revenue realized from the taxes imposed on motor fuel and

11 gasohol. Beginning July 1, 2022 and until July 1, 2023,

12 subject to the payment of amounts into the County and Mass

13 Transit District Fund, the Local Government Tax Fund, the

14 Build Illinois Fund, the McCormick Place Expansion Project

15 Fund, the Illinois Tax Increment Fund, the Energy

16 Infrastructure Fund, and the Tax Compliance and Administration

17 Fund as provided in this Section, the Department shall pay

18 each month into the Road Fund the amount estimated to

19 represent 32% of the net revenue realized from the taxes

20 imposed on motor fuel and gasohol. Beginning July 1, 2023 and

21 until July 1, 2024, subject to the payment of amounts into the

22 County and Mass Transit District Fund, the Local Government

23 Tax Fund, the Build Illinois Fund, the McCormick Place

24 Expansion Project Fund, the Illinois Tax Increment Fund, the

25 Energy Infrastructure Fund, and the Tax Compliance and

26 Administration Fund as provided in this Section, the

1 Department shall pay each month into the Road Fund the amount
2 estimated to represent 48% of the net revenue realized from
3 the taxes imposed on motor fuel and gasohol. Beginning July 1,
4 2024 and until July 1, 2025, subject to the payment of amounts
5 into the County and Mass Transit District Fund, the Local
6 Government Tax Fund, the Build Illinois Fund, the McCormick
7 Place Expansion Project Fund, the Illinois Tax Increment Fund,
8 the Energy Infrastructure Fund, and the Tax Compliance and
9 Administration Fund as provided in this Section, the
10 Department shall pay each month into the Road Fund the amount
11 estimated to represent 64% of the net revenue realized from
12 the taxes imposed on motor fuel and gasohol. Beginning on July
13 1, 2025, subject to the payment of amounts into the County and
14 Mass Transit District Fund, the Local Government Tax Fund, the
15 Build Illinois Fund, the McCormick Place Expansion Project
16 Fund, the Illinois Tax Increment Fund, the Energy
17 Infrastructure Fund, and the Tax Compliance and Administration
18 Fund as provided in this Section, the Department shall pay
19 each month into the Road Fund the amount estimated to
20 represent 80% of the net revenue realized from the taxes
21 imposed on motor fuel and gasohol. As used in this paragraph
22 "motor fuel" has the meaning given to that term in Section 1.1
23 of the Motor Fuel Tax Law, and "gasohol" has the meaning given
24 to that term in Section 3-40 of the Use Tax Act.

25 Of the remainder of the moneys received by the Department
26 pursuant to this Act, 75% shall be paid into the General

1 Revenue Fund of the State Treasury and 25% shall be reserved in
2 a special account and used only for the transfer to the Common
3 School Fund as part of the monthly transfer from the General
4 Revenue Fund in accordance with Section 8a of the State
5 Finance Act.

6 The Department may, upon separate written notice to a
7 taxpayer, require the taxpayer to prepare and file with the
8 Department on a form prescribed by the Department within not
9 less than 60 days after receipt of the notice an annual
10 information return for the tax year specified in the notice.
11 Such annual return to the Department shall include a statement
12 of gross receipts as shown by the taxpayer's last Federal
13 income tax return. If the total receipts of the business as
14 reported in the Federal income tax return do not agree with the
15 gross receipts reported to the Department of Revenue for the
16 same period, the taxpayer shall attach to his annual return a
17 schedule showing a reconciliation of the 2 amounts and the
18 reasons for the difference. The taxpayer's annual return to
19 the Department shall also disclose the cost of goods sold by
20 the taxpayer during the year covered by such return, opening
21 and closing inventories of such goods for such year, cost of
22 goods used from stock or taken from stock and given away by the
23 taxpayer during such year, pay roll information of the
24 taxpayer's business during such year and any additional
25 reasonable information which the Department deems would be
26 helpful in determining the accuracy of the monthly, quarterly

1 or annual returns filed by such taxpayer as hereinbefore
2 provided for in this Section.

3 If the annual information return required by this Section
4 is not filed when and as required, the taxpayer shall be liable
5 as follows:

6 (i) Until January 1, 1994, the taxpayer shall be
7 liable for a penalty equal to 1/6 of 1% of the tax due from
8 such taxpayer under this Act during the period to be
9 covered by the annual return for each month or fraction of
10 a month until such return is filed as required, the
11 penalty to be assessed and collected in the same manner as
12 any other penalty provided for in this Act.

13 (ii) On and after January 1, 1994, the taxpayer shall
14 be liable for a penalty as described in Section 3-4 of the
15 Uniform Penalty and Interest Act.

16 The chief executive officer, proprietor, owner or highest
17 ranking manager shall sign the annual return to certify the
18 accuracy of the information contained therein. Any person who
19 willfully signs the annual return containing false or
20 inaccurate information shall be guilty of perjury and punished
21 accordingly. The annual return form prescribed by the
22 Department shall include a warning that the person signing the
23 return may be liable for perjury.

24 The foregoing portion of this Section concerning the
25 filing of an annual information return shall not apply to a
26 serviceman who is not required to file an income tax return

1 with the United States Government.

2 As soon as possible after the first day of each month, upon
3 certification of the Department of Revenue, the Comptroller
4 shall order transferred and the Treasurer shall transfer from
5 the General Revenue Fund to the Motor Fuel Tax Fund an amount
6 equal to 1.7% of 80% of the net revenue realized under this Act
7 for the second preceding month. Beginning April 1, 2000, this
8 transfer is no longer required and shall not be made.

9 Net revenue realized for a month shall be the revenue
10 collected by the State pursuant to this Act, less the amount
11 paid out during that month as refunds to taxpayers for
12 overpayment of liability.

13 For greater simplicity of administration, it shall be
14 permissible for manufacturers, importers and wholesalers whose
15 products are sold by numerous servicemen in Illinois, and who
16 wish to do so, to assume the responsibility for accounting and
17 paying to the Department all tax accruing under this Act with
18 respect to such sales, if the servicemen who are affected do
19 not make written objection to the Department to this
20 arrangement.

21 (Source: P.A. 101-10, Article 15, Section 15-20, eff. 6-5-19;
22 101-10, Article 25, Section 25-115, eff. 6-5-19; 101-27, eff.
23 6-25-19; 101-32, eff. 6-28-19; 101-604, eff. 12-13-19;
24 101-636, eff. 6-10-20; 102-700, eff. 4-19-22.)

25 Section 70-20. The Retailers' Occupation Tax Act is

1 amended by changing Section 3 as follows:

2 (35 ILCS 120/3) (from Ch. 120, par. 442)

3 Sec. 3. Except as provided in this Section, on or before
4 the twentieth day of each calendar month, every person engaged
5 in the business of selling tangible personal property at
6 retail in this State during the preceding calendar month shall
7 file a return with the Department, stating:

8 1. The name of the seller;

9 2. His residence address and the address of his
10 principal place of business and the address of the
11 principal place of business (if that is a different
12 address) from which he engages in the business of selling
13 tangible personal property at retail in this State;

14 3. Total amount of receipts received by him during the
15 preceding calendar month or quarter, as the case may be,
16 from sales of tangible personal property, and from
17 services furnished, by him during such preceding calendar
18 month or quarter;

19 4. Total amount received by him during the preceding
20 calendar month or quarter on charge and time sales of
21 tangible personal property, and from services furnished,
22 by him prior to the month or quarter for which the return
23 is filed;

24 5. Deductions allowed by law;

25 6. Gross receipts which were received by him during

1 the preceding calendar month or quarter and upon the basis
2 of which the tax is imposed, including gross receipts on
3 food for human consumption that is to be consumed off the
4 premises where it is sold (other than alcoholic beverages,
5 food consisting of or infused with adult use cannabis,
6 soft drinks, and food that has been prepared for immediate
7 consumption) which were received during the preceding
8 calendar month or quarter and upon which tax would have
9 been due but for the 0% rate imposed under Public Act
10 102-700 ~~this amendatory Act of the 102nd General Assembly;~~

11 7. The amount of credit provided in Section 2d of this
12 Act;

13 8. The amount of tax due, including the amount of tax
14 that would have been due on food for human consumption
15 that is to be consumed off the premises where it is sold
16 (other than alcoholic beverages, food consisting of or
17 infused with adult use cannabis, soft drinks, and food
18 that has been prepared for immediate consumption) but for
19 the 0% rate imposed under Public Act 102-700 ~~this~~
20 ~~amendatory Act of the 102nd General Assembly;~~

21 9. The signature of the taxpayer; and

22 10. Such other reasonable information as the
23 Department may require.

24 On and after January 1, 2018, except for returns required
25 to be filed prior to January 1, 2023 for motor vehicles,
26 watercraft, aircraft, and trailers that are required to be

1 registered with an agency of this State, with respect to
2 retailers whose annual gross receipts average \$20,000 or more,
3 all returns required to be filed pursuant to this Act shall be
4 filed electronically. On and after January 1, 2023, with
5 respect to retailers whose annual gross receipts average
6 \$20,000 or more, all returns required to be filed pursuant to
7 this Act, including, but not limited to, returns for motor
8 vehicles, watercraft, aircraft, and trailers that are required
9 to be registered with an agency of this State, shall be filed
10 electronically. Retailers who demonstrate that they do not
11 have access to the Internet or demonstrate hardship in filing
12 electronically may petition the Department to waive the
13 electronic filing requirement.

14 If a taxpayer fails to sign a return within 30 days after
15 the proper notice and demand for signature by the Department,
16 the return shall be considered valid and any amount shown to be
17 due on the return shall be deemed assessed.

18 Each return shall be accompanied by the statement of
19 prepaid tax issued pursuant to Section 2e for which credit is
20 claimed.

21 Prior to October 1, 2003, and on and after September 1,
22 2004 a retailer may accept a Manufacturer's Purchase Credit
23 certification from a purchaser in satisfaction of Use Tax as
24 provided in Section 3-85 of the Use Tax Act if the purchaser
25 provides the appropriate documentation as required by Section
26 3-85 of the Use Tax Act. A Manufacturer's Purchase Credit

1 certification, accepted by a retailer prior to October 1, 2003
2 and on and after September 1, 2004 as provided in Section 3-85
3 of the Use Tax Act, may be used by that retailer to satisfy
4 Retailers' Occupation Tax liability in the amount claimed in
5 the certification, not to exceed 6.25% of the receipts subject
6 to tax from a qualifying purchase. A Manufacturer's Purchase
7 Credit reported on any original or amended return filed under
8 this Act after October 20, 2003 for reporting periods prior to
9 September 1, 2004 shall be disallowed. Manufacturer's Purchase
10 Credit reported on annual returns due on or after January 1,
11 2005 will be disallowed for periods prior to September 1,
12 2004. No Manufacturer's Purchase Credit may be used after
13 September 30, 2003 through August 31, 2004 to satisfy any tax
14 liability imposed under this Act, including any audit
15 liability.

16 Beginning on July 1, 2023 and through December 31, 2032, a
17 retailer may accept a Sustainable Aviation Fuel Purchase
18 Credit certification from an air common carrier-purchaser in
19 satisfaction of Use Tax on aviation fuel as provided in
20 Section 3-87 of the Use Tax Act if the purchaser provides the
21 appropriate documentation as required by Section 3-87 of the
22 Use Tax Act. A Sustainable Aviation Fuel Purchase Credit
23 certification accepted by a retailer in accordance with this
24 paragraph may be used by that retailer to satisfy Retailers'
25 Occupation Tax liability (but not in satisfaction of penalty
26 or interest) in the amount claimed in the certification, not

1 to exceed 6.25% of the receipts subject to tax from a sale of
2 aviation fuel. In addition, for a sale of aviation fuel to
3 qualify to earn the Sustainable Aviation Fuel Purchase Credit,
4 retailers must retain in their books and records a
5 certification from the producer of the aviation fuel that the
6 aviation fuel sold by the retailer and for which a sustainable
7 aviation fuel purchase credit was earned meets the definition
8 of sustainable aviation fuel under Section 3-87 of the Use Tax
9 Act. The documentation must include detail sufficient for the
10 Department to determine the number of gallons of sustainable
11 aviation fuel sold.

12 The Department may require returns to be filed on a
13 quarterly basis. If so required, a return for each calendar
14 quarter shall be filed on or before the twentieth day of the
15 calendar month following the end of such calendar quarter. The
16 taxpayer shall also file a return with the Department for each
17 of the first two months of each calendar quarter, on or before
18 the twentieth day of the following calendar month, stating:

19 1. The name of the seller;

20 2. The address of the principal place of business from
21 which he engages in the business of selling tangible
22 personal property at retail in this State;

23 3. The total amount of taxable receipts received by
24 him during the preceding calendar month from sales of
25 tangible personal property by him during such preceding
26 calendar month, including receipts from charge and time

1 sales, but less all deductions allowed by law;

2 4. The amount of credit provided in Section 2d of this
3 Act;

4 5. The amount of tax due; and

5 6. Such other reasonable information as the Department
6 may require.

7 Every person engaged in the business of selling aviation
8 fuel at retail in this State during the preceding calendar
9 month shall, instead of reporting and paying tax as otherwise
10 required by this Section, report and pay such tax on a separate
11 aviation fuel tax return. The requirements related to the
12 return shall be as otherwise provided in this Section.
13 Notwithstanding any other provisions of this Act to the
14 contrary, retailers selling aviation fuel shall file all
15 aviation fuel tax returns and shall make all aviation fuel tax
16 payments by electronic means in the manner and form required
17 by the Department. For purposes of this Section, "aviation
18 fuel" means jet fuel and aviation gasoline.

19 Beginning on October 1, 2003, any person who is not a
20 licensed distributor, importing distributor, or manufacturer,
21 as defined in the Liquor Control Act of 1934, but is engaged in
22 the business of selling, at retail, alcoholic liquor shall
23 file a statement with the Department of Revenue, in a format
24 and at a time prescribed by the Department, showing the total
25 amount paid for alcoholic liquor purchased during the
26 preceding month and such other information as is reasonably

1 required by the Department. The Department may adopt rules to
2 require that this statement be filed in an electronic or
3 telephonic format. Such rules may provide for exceptions from
4 the filing requirements of this paragraph. For the purposes of
5 this paragraph, the term "alcoholic liquor" shall have the
6 meaning prescribed in the Liquor Control Act of 1934.

7 Beginning on October 1, 2003, every distributor, importing
8 distributor, and manufacturer of alcoholic liquor as defined
9 in the Liquor Control Act of 1934, shall file a statement with
10 the Department of Revenue, no later than the 10th day of the
11 month for the preceding month during which transactions
12 occurred, by electronic means, showing the total amount of
13 gross receipts from the sale of alcoholic liquor sold or
14 distributed during the preceding month to purchasers;
15 identifying the purchaser to whom it was sold or distributed;
16 the purchaser's tax registration number; and such other
17 information reasonably required by the Department. A
18 distributor, importing distributor, or manufacturer of
19 alcoholic liquor must personally deliver, mail, or provide by
20 electronic means to each retailer listed on the monthly
21 statement a report containing a cumulative total of that
22 distributor's, importing distributor's, or manufacturer's
23 total sales of alcoholic liquor to that retailer no later than
24 the 10th day of the month for the preceding month during which
25 the transaction occurred. The distributor, importing
26 distributor, or manufacturer shall notify the retailer as to

1 the method by which the distributor, importing distributor, or
2 manufacturer will provide the sales information. If the
3 retailer is unable to receive the sales information by
4 electronic means, the distributor, importing distributor, or
5 manufacturer shall furnish the sales information by personal
6 delivery or by mail. For purposes of this paragraph, the term
7 "electronic means" includes, but is not limited to, the use of
8 a secure Internet website, e-mail, or facsimile.

9 If a total amount of less than \$1 is payable, refundable or
10 creditable, such amount shall be disregarded if it is less
11 than 50 cents and shall be increased to \$1 if it is 50 cents or
12 more.

13 Notwithstanding any other provision of this Act to the
14 contrary, retailers subject to tax on cannabis shall file all
15 cannabis tax returns and shall make all cannabis tax payments
16 by electronic means in the manner and form required by the
17 Department.

18 Beginning October 1, 1993, a taxpayer who has an average
19 monthly tax liability of \$150,000 or more shall make all
20 payments required by rules of the Department by electronic
21 funds transfer. Beginning October 1, 1994, a taxpayer who has
22 an average monthly tax liability of \$100,000 or more shall
23 make all payments required by rules of the Department by
24 electronic funds transfer. Beginning October 1, 1995, a
25 taxpayer who has an average monthly tax liability of \$50,000
26 or more shall make all payments required by rules of the

1 Department by electronic funds transfer. Beginning October 1,
2 2000, a taxpayer who has an annual tax liability of \$200,000 or
3 more shall make all payments required by rules of the
4 Department by electronic funds transfer. The term "annual tax
5 liability" shall be the sum of the taxpayer's liabilities
6 under this Act, and under all other State and local occupation
7 and use tax laws administered by the Department, for the
8 immediately preceding calendar year. The term "average monthly
9 tax liability" shall be the sum of the taxpayer's liabilities
10 under this Act, and under all other State and local occupation
11 and use tax laws administered by the Department, for the
12 immediately preceding calendar year divided by 12. Beginning
13 on October 1, 2002, a taxpayer who has a tax liability in the
14 amount set forth in subsection (b) of Section 2505-210 of the
15 Department of Revenue Law shall make all payments required by
16 rules of the Department by electronic funds transfer.

17 Before August 1 of each year beginning in 1993, the
18 Department shall notify all taxpayers required to make
19 payments by electronic funds transfer. All taxpayers required
20 to make payments by electronic funds transfer shall make those
21 payments for a minimum of one year beginning on October 1.

22 Any taxpayer not required to make payments by electronic
23 funds transfer may make payments by electronic funds transfer
24 with the permission of the Department.

25 All taxpayers required to make payment by electronic funds
26 transfer and any taxpayers authorized to voluntarily make

1 payments by electronic funds transfer shall make those
2 payments in the manner authorized by the Department.

3 The Department shall adopt such rules as are necessary to
4 effectuate a program of electronic funds transfer and the
5 requirements of this Section.

6 Any amount which is required to be shown or reported on any
7 return or other document under this Act shall, if such amount
8 is not a whole-dollar amount, be increased to the nearest
9 whole-dollar amount in any case where the fractional part of a
10 dollar is 50 cents or more, and decreased to the nearest
11 whole-dollar amount where the fractional part of a dollar is
12 less than 50 cents.

13 If the retailer is otherwise required to file a monthly
14 return and if the retailer's average monthly tax liability to
15 the Department does not exceed \$200, the Department may
16 authorize his returns to be filed on a quarter annual basis,
17 with the return for January, February and March of a given year
18 being due by April 20 of such year; with the return for April,
19 May and June of a given year being due by July 20 of such year;
20 with the return for July, August and September of a given year
21 being due by October 20 of such year, and with the return for
22 October, November and December of a given year being due by
23 January 20 of the following year.

24 If the retailer is otherwise required to file a monthly or
25 quarterly return and if the retailer's average monthly tax
26 liability with the Department does not exceed \$50, the

1 Department may authorize his returns to be filed on an annual
2 basis, with the return for a given year being due by January 20
3 of the following year.

4 Such quarter annual and annual returns, as to form and
5 substance, shall be subject to the same requirements as
6 monthly returns.

7 Notwithstanding any other provision in this Act concerning
8 the time within which a retailer may file his return, in the
9 case of any retailer who ceases to engage in a kind of business
10 which makes him responsible for filing returns under this Act,
11 such retailer shall file a final return under this Act with the
12 Department not more than one month after discontinuing such
13 business.

14 Where the same person has more than one business
15 registered with the Department under separate registrations
16 under this Act, such person may not file each return that is
17 due as a single return covering all such registered
18 businesses, but shall file separate returns for each such
19 registered business.

20 In addition, with respect to motor vehicles, watercraft,
21 aircraft, and trailers that are required to be registered with
22 an agency of this State, except as otherwise provided in this
23 Section, every retailer selling this kind of tangible personal
24 property shall file, with the Department, upon a form to be
25 prescribed and supplied by the Department, a separate return
26 for each such item of tangible personal property which the

1 retailer sells, except that if, in the same transaction, (i) a
2 retailer of aircraft, watercraft, motor vehicles or trailers
3 transfers more than one aircraft, watercraft, motor vehicle or
4 trailer to another aircraft, watercraft, motor vehicle
5 retailer or trailer retailer for the purpose of resale or (ii)
6 a retailer of aircraft, watercraft, motor vehicles, or
7 trailers transfers more than one aircraft, watercraft, motor
8 vehicle, or trailer to a purchaser for use as a qualifying
9 rolling stock as provided in Section 2-5 of this Act, then that
10 seller may report the transfer of all aircraft, watercraft,
11 motor vehicles or trailers involved in that transaction to the
12 Department on the same uniform invoice-transaction reporting
13 return form. For purposes of this Section, "watercraft" means
14 a Class 2, Class 3, or Class 4 watercraft as defined in Section
15 3-2 of the Boat Registration and Safety Act, a personal
16 watercraft, or any boat equipped with an inboard motor.

17 In addition, with respect to motor vehicles, watercraft,
18 aircraft, and trailers that are required to be registered with
19 an agency of this State, every person who is engaged in the
20 business of leasing or renting such items and who, in
21 connection with such business, sells any such item to a
22 retailer for the purpose of resale is, notwithstanding any
23 other provision of this Section to the contrary, authorized to
24 meet the return-filing requirement of this Act by reporting
25 the transfer of all the aircraft, watercraft, motor vehicles,
26 or trailers transferred for resale during a month to the

1 Department on the same uniform invoice-transaction reporting
2 return form on or before the 20th of the month following the
3 month in which the transfer takes place. Notwithstanding any
4 other provision of this Act to the contrary, all returns filed
5 under this paragraph must be filed by electronic means in the
6 manner and form as required by the Department.

7 Any retailer who sells only motor vehicles, watercraft,
8 aircraft, or trailers that are required to be registered with
9 an agency of this State, so that all retailers' occupation tax
10 liability is required to be reported, and is reported, on such
11 transaction reporting returns and who is not otherwise
12 required to file monthly or quarterly returns, need not file
13 monthly or quarterly returns. However, those retailers shall
14 be required to file returns on an annual basis.

15 The transaction reporting return, in the case of motor
16 vehicles or trailers that are required to be registered with
17 an agency of this State, shall be the same document as the
18 Uniform Invoice referred to in Section 5-402 of the Illinois
19 Vehicle Code and must show the name and address of the seller;
20 the name and address of the purchaser; the amount of the
21 selling price including the amount allowed by the retailer for
22 traded-in property, if any; the amount allowed by the retailer
23 for the traded-in tangible personal property, if any, to the
24 extent to which Section 1 of this Act allows an exemption for
25 the value of traded-in property; the balance payable after
26 deducting such trade-in allowance from the total selling

1 price; the amount of tax due from the retailer with respect to
2 such transaction; the amount of tax collected from the
3 purchaser by the retailer on such transaction (or satisfactory
4 evidence that such tax is not due in that particular instance,
5 if that is claimed to be the fact); the place and date of the
6 sale; a sufficient identification of the property sold; such
7 other information as is required in Section 5-402 of the
8 Illinois Vehicle Code, and such other information as the
9 Department may reasonably require.

10 The transaction reporting return in the case of watercraft
11 or aircraft must show the name and address of the seller; the
12 name and address of the purchaser; the amount of the selling
13 price including the amount allowed by the retailer for
14 traded-in property, if any; the amount allowed by the retailer
15 for the traded-in tangible personal property, if any, to the
16 extent to which Section 1 of this Act allows an exemption for
17 the value of traded-in property; the balance payable after
18 deducting such trade-in allowance from the total selling
19 price; the amount of tax due from the retailer with respect to
20 such transaction; the amount of tax collected from the
21 purchaser by the retailer on such transaction (or satisfactory
22 evidence that such tax is not due in that particular instance,
23 if that is claimed to be the fact); the place and date of the
24 sale, a sufficient identification of the property sold, and
25 such other information as the Department may reasonably
26 require.

1 Such transaction reporting return shall be filed not later
2 than 20 days after the day of delivery of the item that is
3 being sold, but may be filed by the retailer at any time sooner
4 than that if he chooses to do so. The transaction reporting
5 return and tax remittance or proof of exemption from the
6 Illinois use tax may be transmitted to the Department by way of
7 the State agency with which, or State officer with whom the
8 tangible personal property must be titled or registered (if
9 titling or registration is required) if the Department and
10 such agency or State officer determine that this procedure
11 will expedite the processing of applications for title or
12 registration.

13 With each such transaction reporting return, the retailer
14 shall remit the proper amount of tax due (or shall submit
15 satisfactory evidence that the sale is not taxable if that is
16 the case), to the Department or its agents, whereupon the
17 Department shall issue, in the purchaser's name, a use tax
18 receipt (or a certificate of exemption if the Department is
19 satisfied that the particular sale is tax exempt) which such
20 purchaser may submit to the agency with which, or State
21 officer with whom, he must title or register the tangible
22 personal property that is involved (if titling or registration
23 is required) in support of such purchaser's application for an
24 Illinois certificate or other evidence of title or
25 registration to such tangible personal property.

26 No retailer's failure or refusal to remit tax under this

1 Act precludes a user, who has paid the proper tax to the
2 retailer, from obtaining his certificate of title or other
3 evidence of title or registration (if titling or registration
4 is required) upon satisfying the Department that such user has
5 paid the proper tax (if tax is due) to the retailer. The
6 Department shall adopt appropriate rules to carry out the
7 mandate of this paragraph.

8 If the user who would otherwise pay tax to the retailer
9 wants the transaction reporting return filed and the payment
10 of the tax or proof of exemption made to the Department before
11 the retailer is willing to take these actions and such user has
12 not paid the tax to the retailer, such user may certify to the
13 fact of such delay by the retailer and may (upon the Department
14 being satisfied of the truth of such certification) transmit
15 the information required by the transaction reporting return
16 and the remittance for tax or proof of exemption directly to
17 the Department and obtain his tax receipt or exemption
18 determination, in which event the transaction reporting return
19 and tax remittance (if a tax payment was required) shall be
20 credited by the Department to the proper retailer's account
21 with the Department, but without the 2.1% or 1.75% discount
22 provided for in this Section being allowed. When the user pays
23 the tax directly to the Department, he shall pay the tax in the
24 same amount and in the same form in which it would be remitted
25 if the tax had been remitted to the Department by the retailer.

26 Refunds made by the seller during the preceding return

1 period to purchasers, on account of tangible personal property
2 returned to the seller, shall be allowed as a deduction under
3 subdivision 5 of his monthly or quarterly return, as the case
4 may be, in case the seller had theretofore included the
5 receipts from the sale of such tangible personal property in a
6 return filed by him and had paid the tax imposed by this Act
7 with respect to such receipts.

8 Where the seller is a corporation, the return filed on
9 behalf of such corporation shall be signed by the president,
10 vice-president, secretary or treasurer or by the properly
11 accredited agent of such corporation.

12 Where the seller is a limited liability company, the
13 return filed on behalf of the limited liability company shall
14 be signed by a manager, member, or properly accredited agent
15 of the limited liability company.

16 Except as provided in this Section, the retailer filing
17 the return under this Section shall, at the time of filing such
18 return, pay to the Department the amount of tax imposed by this
19 Act less a discount of 2.1% prior to January 1, 1990 and 1.75%
20 on and after January 1, 1990, or \$5 per calendar year,
21 whichever is greater, which is allowed to reimburse the
22 retailer for the expenses incurred in keeping records,
23 preparing and filing returns, remitting the tax and supplying
24 data to the Department on request. On and after January 1,
25 2021, a certified service provider, as defined in the Leveling
26 the Playing Field for Illinois Retail Act, filing the return

1 under this Section on behalf of a remote retailer shall, at the
2 time of such return, pay to the Department the amount of tax
3 imposed by this Act less a discount of 1.75%. A remote retailer
4 using a certified service provider to file a return on its
5 behalf, as provided in the Leveling the Playing Field for
6 Illinois Retail Act, is not eligible for the discount. When
7 determining the discount allowed under this Section, retailers
8 shall include the amount of tax that would have been due at the
9 1% rate but for the 0% rate imposed under Public Act 102-700
10 ~~this amendatory Act of the 102nd General Assembly~~. When
11 determining the discount allowed under this Section, retailers
12 shall include the amount of tax that would have been due at the
13 6.25% rate but for the 1.25% rate imposed on sales tax holiday
14 items under Public Act 102-700 ~~this amendatory Act of the~~
15 ~~102nd General Assembly~~. The discount under this Section is not
16 allowed for the 1.25% portion of taxes paid on aviation fuel
17 that is subject to the revenue use requirements of 49 U.S.C.
18 47107(b) and 49 U.S.C. 47133. Any prepayment made pursuant to
19 Section 2d of this Act shall be included in the amount on which
20 such 2.1% or 1.75% discount is computed. In the case of
21 retailers who report and pay the tax on a transaction by
22 transaction basis, as provided in this Section, such discount
23 shall be taken with each such tax remittance instead of when
24 such retailer files his periodic return. The discount allowed
25 under this Section is allowed only for returns that are filed
26 in the manner required by this Act. The Department may

1 disallow the discount for retailers whose certificate of
2 registration is revoked at the time the return is filed, but
3 only if the Department's decision to revoke the certificate of
4 registration has become final.

5 Before October 1, 2000, if the taxpayer's average monthly
6 tax liability to the Department under this Act, the Use Tax
7 Act, the Service Occupation Tax Act, and the Service Use Tax
8 Act, excluding any liability for prepaid sales tax to be
9 remitted in accordance with Section 2d of this Act, was
10 \$10,000 or more during the preceding 4 complete calendar
11 quarters, he shall file a return with the Department each
12 month by the 20th day of the month next following the month
13 during which such tax liability is incurred and shall make
14 payments to the Department on or before the 7th, 15th, 22nd and
15 last day of the month during which such liability is incurred.
16 On and after October 1, 2000, if the taxpayer's average
17 monthly tax liability to the Department under this Act, the
18 Use Tax Act, the Service Occupation Tax Act, and the Service
19 Use Tax Act, excluding any liability for prepaid sales tax to
20 be remitted in accordance with Section 2d of this Act, was
21 \$20,000 or more during the preceding 4 complete calendar
22 quarters, he shall file a return with the Department each
23 month by the 20th day of the month next following the month
24 during which such tax liability is incurred and shall make
25 payment to the Department on or before the 7th, 15th, 22nd and
26 last day of the month during which such liability is incurred.

1 If the month during which such tax liability is incurred began
2 prior to January 1, 1985, each payment shall be in an amount
3 equal to 1/4 of the taxpayer's actual liability for the month
4 or an amount set by the Department not to exceed 1/4 of the
5 average monthly liability of the taxpayer to the Department
6 for the preceding 4 complete calendar quarters (excluding the
7 month of highest liability and the month of lowest liability
8 in such 4 quarter period). If the month during which such tax
9 liability is incurred begins on or after January 1, 1985 and
10 prior to January 1, 1987, each payment shall be in an amount
11 equal to 22.5% of the taxpayer's actual liability for the
12 month or 27.5% of the taxpayer's liability for the same
13 calendar month of the preceding year. If the month during
14 which such tax liability is incurred begins on or after
15 January 1, 1987 and prior to January 1, 1988, each payment
16 shall be in an amount equal to 22.5% of the taxpayer's actual
17 liability for the month or 26.25% of the taxpayer's liability
18 for the same calendar month of the preceding year. If the month
19 during which such tax liability is incurred begins on or after
20 January 1, 1988, and prior to January 1, 1989, or begins on or
21 after January 1, 1996, each payment shall be in an amount equal
22 to 22.5% of the taxpayer's actual liability for the month or
23 25% of the taxpayer's liability for the same calendar month of
24 the preceding year. If the month during which such tax
25 liability is incurred begins on or after January 1, 1989, and
26 prior to January 1, 1996, each payment shall be in an amount

1 equal to 22.5% of the taxpayer's actual liability for the
2 month or 25% of the taxpayer's liability for the same calendar
3 month of the preceding year or 100% of the taxpayer's actual
4 liability for the quarter monthly reporting period. The amount
5 of such quarter monthly payments shall be credited against the
6 final tax liability of the taxpayer's return for that month.
7 Before October 1, 2000, once applicable, the requirement of
8 the making of quarter monthly payments to the Department by
9 taxpayers having an average monthly tax liability of \$10,000
10 or more as determined in the manner provided above shall
11 continue until such taxpayer's average monthly liability to
12 the Department during the preceding 4 complete calendar
13 quarters (excluding the month of highest liability and the
14 month of lowest liability) is less than \$9,000, or until such
15 taxpayer's average monthly liability to the Department as
16 computed for each calendar quarter of the 4 preceding complete
17 calendar quarter period is less than \$10,000. However, if a
18 taxpayer can show the Department that a substantial change in
19 the taxpayer's business has occurred which causes the taxpayer
20 to anticipate that his average monthly tax liability for the
21 reasonably foreseeable future will fall below the \$10,000
22 threshold stated above, then such taxpayer may petition the
23 Department for a change in such taxpayer's reporting status.
24 On and after October 1, 2000, once applicable, the requirement
25 of the making of quarter monthly payments to the Department by
26 taxpayers having an average monthly tax liability of \$20,000

1 or more as determined in the manner provided above shall
2 continue until such taxpayer's average monthly liability to
3 the Department during the preceding 4 complete calendar
4 quarters (excluding the month of highest liability and the
5 month of lowest liability) is less than \$19,000 or until such
6 taxpayer's average monthly liability to the Department as
7 computed for each calendar quarter of the 4 preceding complete
8 calendar quarter period is less than \$20,000. However, if a
9 taxpayer can show the Department that a substantial change in
10 the taxpayer's business has occurred which causes the taxpayer
11 to anticipate that his average monthly tax liability for the
12 reasonably foreseeable future will fall below the \$20,000
13 threshold stated above, then such taxpayer may petition the
14 Department for a change in such taxpayer's reporting status.
15 The Department shall change such taxpayer's reporting status
16 unless it finds that such change is seasonal in nature and not
17 likely to be long term. Quarter monthly payment status shall
18 be determined under this paragraph as if the rate reduction to
19 0% in Public Act 102-700 ~~this amendatory Act of the 102nd~~
20 ~~General Assembly~~ on food for human consumption that is to be
21 consumed off the premises where it is sold (other than
22 alcoholic beverages, food consisting of or infused with adult
23 use cannabis, soft drinks, and food that has been prepared for
24 immediate consumption) had not occurred. For quarter monthly
25 payments due under this paragraph on or after July 1, 2023 and
26 through June 30, 2024, "25% of the taxpayer's liability for

1 the same calendar month of the preceding year" shall be
2 determined as if the rate reduction to 0% in Public Act 102-700
3 ~~this amendatory Act of the 102nd General Assembly~~ had not
4 occurred. Quarter monthly payment status shall be determined
5 under this paragraph as if the rate reduction to 1.25% in
6 Public Act 102-700 ~~this amendatory Act of the 102nd General~~
7 ~~Assembly~~ on sales tax holiday items had not occurred. For
8 quarter monthly payments due on or after July 1, 2023 and
9 through June 30, 2024, "25% of the taxpayer's liability for
10 the same calendar month of the preceding year" shall be
11 determined as if the rate reduction to 1.25% in Public Act
12 102-700 ~~this amendatory Act of the 102nd General Assembly~~ on
13 sales tax holiday items had not occurred. If any such quarter
14 monthly payment is not paid at the time or in the amount
15 required by this Section, then the taxpayer shall be liable
16 for penalties and interest on the difference between the
17 minimum amount due as a payment and the amount of such quarter
18 monthly payment actually and timely paid, except insofar as
19 the taxpayer has previously made payments for that month to
20 the Department in excess of the minimum payments previously
21 due as provided in this Section. The Department shall make
22 reasonable rules and regulations to govern the quarter monthly
23 payment amount and quarter monthly payment dates for taxpayers
24 who file on other than a calendar monthly basis.

25 The provisions of this paragraph apply before October 1,
26 2001. Without regard to whether a taxpayer is required to make

1 quarter monthly payments as specified above, any taxpayer who
2 is required by Section 2d of this Act to collect and remit
3 prepaid taxes and has collected prepaid taxes which average in
4 excess of \$25,000 per month during the preceding 2 complete
5 calendar quarters, shall file a return with the Department as
6 required by Section 2f and shall make payments to the
7 Department on or before the 7th, 15th, 22nd and last day of the
8 month during which such liability is incurred. If the month
9 during which such tax liability is incurred began prior to
10 September 1, 1985 (the effective date of Public Act 84-221),
11 each payment shall be in an amount not less than 22.5% of the
12 taxpayer's actual liability under Section 2d. If the month
13 during which such tax liability is incurred begins on or after
14 January 1, 1986, each payment shall be in an amount equal to
15 22.5% of the taxpayer's actual liability for the month or
16 27.5% of the taxpayer's liability for the same calendar month
17 of the preceding calendar year. If the month during which such
18 tax liability is incurred begins on or after January 1, 1987,
19 each payment shall be in an amount equal to 22.5% of the
20 taxpayer's actual liability for the month or 26.25% of the
21 taxpayer's liability for the same calendar month of the
22 preceding year. The amount of such quarter monthly payments
23 shall be credited against the final tax liability of the
24 taxpayer's return for that month filed under this Section or
25 Section 2f, as the case may be. Once applicable, the
26 requirement of the making of quarter monthly payments to the

1 Department pursuant to this paragraph shall continue until
2 such taxpayer's average monthly prepaid tax collections during
3 the preceding 2 complete calendar quarters is \$25,000 or less.
4 If any such quarter monthly payment is not paid at the time or
5 in the amount required, the taxpayer shall be liable for
6 penalties and interest on such difference, except insofar as
7 the taxpayer has previously made payments for that month in
8 excess of the minimum payments previously due.

9 The provisions of this paragraph apply on and after
10 October 1, 2001. Without regard to whether a taxpayer is
11 required to make quarter monthly payments as specified above,
12 any taxpayer who is required by Section 2d of this Act to
13 collect and remit prepaid taxes and has collected prepaid
14 taxes that average in excess of \$20,000 per month during the
15 preceding 4 complete calendar quarters shall file a return
16 with the Department as required by Section 2f and shall make
17 payments to the Department on or before the 7th, 15th, 22nd and
18 last day of the month during which the liability is incurred.
19 Each payment shall be in an amount equal to 22.5% of the
20 taxpayer's actual liability for the month or 25% of the
21 taxpayer's liability for the same calendar month of the
22 preceding year. The amount of the quarter monthly payments
23 shall be credited against the final tax liability of the
24 taxpayer's return for that month filed under this Section or
25 Section 2f, as the case may be. Once applicable, the
26 requirement of the making of quarter monthly payments to the

1 Department pursuant to this paragraph shall continue until the
2 taxpayer's average monthly prepaid tax collections during the
3 preceding 4 complete calendar quarters (excluding the month of
4 highest liability and the month of lowest liability) is less
5 than \$19,000 or until such taxpayer's average monthly
6 liability to the Department as computed for each calendar
7 quarter of the 4 preceding complete calendar quarters is less
8 than \$20,000. If any such quarter monthly payment is not paid
9 at the time or in the amount required, the taxpayer shall be
10 liable for penalties and interest on such difference, except
11 insofar as the taxpayer has previously made payments for that
12 month in excess of the minimum payments previously due.

13 If any payment provided for in this Section exceeds the
14 taxpayer's liabilities under this Act, the Use Tax Act, the
15 Service Occupation Tax Act and the Service Use Tax Act, as
16 shown on an original monthly return, the Department shall, if
17 requested by the taxpayer, issue to the taxpayer a credit
18 memorandum no later than 30 days after the date of payment. The
19 credit evidenced by such credit memorandum may be assigned by
20 the taxpayer to a similar taxpayer under this Act, the Use Tax
21 Act, the Service Occupation Tax Act or the Service Use Tax Act,
22 in accordance with reasonable rules and regulations to be
23 prescribed by the Department. If no such request is made, the
24 taxpayer may credit such excess payment against tax liability
25 subsequently to be remitted to the Department under this Act,
26 the Use Tax Act, the Service Occupation Tax Act or the Service

1 Use Tax Act, in accordance with reasonable rules and
2 regulations prescribed by the Department. If the Department
3 subsequently determined that all or any part of the credit
4 taken was not actually due to the taxpayer, the taxpayer's
5 2.1% and 1.75% vendor's discount shall be reduced by 2.1% or
6 1.75% of the difference between the credit taken and that
7 actually due, and that taxpayer shall be liable for penalties
8 and interest on such difference.

9 If a retailer of motor fuel is entitled to a credit under
10 Section 2d of this Act which exceeds the taxpayer's liability
11 to the Department under this Act for the month for which the
12 taxpayer is filing a return, the Department shall issue the
13 taxpayer a credit memorandum for the excess.

14 Beginning January 1, 1990, each month the Department shall
15 pay into the Local Government Tax Fund, a special fund in the
16 State treasury which is hereby created, the net revenue
17 realized for the preceding month from the 1% tax imposed under
18 this Act.

19 Beginning January 1, 1990, each month the Department shall
20 pay into the County and Mass Transit District Fund, a special
21 fund in the State treasury which is hereby created, 4% of the
22 net revenue realized for the preceding month from the 6.25%
23 general rate other than aviation fuel sold on or after
24 December 1, 2019. This exception for aviation fuel only
25 applies for so long as the revenue use requirements of 49
26 U.S.C. 47107(b) and 49 U.S.C. 47133 are binding on the State.

1 Beginning August 1, 2000, each month the Department shall
2 pay into the County and Mass Transit District Fund 20% of the
3 net revenue realized for the preceding month from the 1.25%
4 rate on the selling price of motor fuel and gasohol. If, in any
5 month, the tax on sales tax holiday items, as defined in
6 Section 2-8, is imposed at the rate of 1.25%, then the
7 Department shall pay 20% of the net revenue realized for that
8 month from the 1.25% rate on the selling price of sales tax
9 holiday items into the County and Mass Transit District Fund.

10 Beginning January 1, 1990, each month the Department shall
11 pay into the Local Government Tax Fund 16% of the net revenue
12 realized for the preceding month from the 6.25% general rate
13 on the selling price of tangible personal property other than
14 aviation fuel sold on or after December 1, 2019. This
15 exception for aviation fuel only applies for so long as the
16 revenue use requirements of 49 U.S.C. 47107(b) and 49 U.S.C.
17 47133 are binding on the State.

18 For aviation fuel sold on or after December 1, 2019, each
19 month the Department shall pay into the State Aviation Program
20 Fund 20% of the net revenue realized for the preceding month
21 from the 6.25% general rate on the selling price of aviation
22 fuel, less an amount estimated by the Department to be
23 required for refunds of the 20% portion of the tax on aviation
24 fuel under this Act, which amount shall be deposited into the
25 Aviation Fuel Sales Tax Refund Fund. The Department shall only
26 pay moneys into the State Aviation Program Fund and the

1 Aviation Fuel Sales Tax Refund Fund under this Act for so long
2 as the revenue use requirements of 49 U.S.C. 47107(b) and 49
3 U.S.C. 47133 are binding on the State.

4 Beginning August 1, 2000, each month the Department shall
5 pay into the Local Government Tax Fund 80% of the net revenue
6 realized for the preceding month from the 1.25% rate on the
7 selling price of motor fuel and gasohol. If, in any month, the
8 tax on sales tax holiday items, as defined in Section 2-8, is
9 imposed at the rate of 1.25%, then the Department shall pay 80%
10 of the net revenue realized for that month from the 1.25% rate
11 on the selling price of sales tax holiday items into the Local
12 Government Tax Fund.

13 Beginning October 1, 2009, each month the Department shall
14 pay into the Capital Projects Fund an amount that is equal to
15 an amount estimated by the Department to represent 80% of the
16 net revenue realized for the preceding month from the sale of
17 candy, grooming and hygiene products, and soft drinks that had
18 been taxed at a rate of 1% prior to September 1, 2009 but that
19 are now taxed at 6.25%.

20 Beginning July 1, 2011, each month the Department shall
21 pay into the Clean Air Act Permit Fund 80% of the net revenue
22 realized for the preceding month from the 6.25% general rate
23 on the selling price of sorbents used in Illinois in the
24 process of sorbent injection as used to comply with the
25 Environmental Protection Act or the federal Clean Air Act, but
26 the total payment into the Clean Air Act Permit Fund under this

1 Act and the Use Tax Act shall not exceed \$2,000,000 in any
2 fiscal year.

3 Beginning July 1, 2013, each month the Department shall
4 pay into the Underground Storage Tank Fund from the proceeds
5 collected under this Act, the Use Tax Act, the Service Use Tax
6 Act, and the Service Occupation Tax Act an amount equal to the
7 average monthly deficit in the Underground Storage Tank Fund
8 during the prior year, as certified annually by the Illinois
9 Environmental Protection Agency, but the total payment into
10 the Underground Storage Tank Fund under this Act, the Use Tax
11 Act, the Service Use Tax Act, and the Service Occupation Tax
12 Act shall not exceed \$18,000,000 in any State fiscal year. As
13 used in this paragraph, the "average monthly deficit" shall be
14 equal to the difference between the average monthly claims for
15 payment by the fund and the average monthly revenues deposited
16 into the fund, excluding payments made pursuant to this
17 paragraph.

18 Beginning July 1, 2015, of the remainder of the moneys
19 received by the Department under the Use Tax Act, the Service
20 Use Tax Act, the Service Occupation Tax Act, and this Act, each
21 month the Department shall deposit \$500,000 into the State
22 Crime Laboratory Fund.

23 Of the remainder of the moneys received by the Department
24 pursuant to this Act, (a) 1.75% thereof shall be paid into the
25 Build Illinois Fund and (b) prior to July 1, 1989, 2.2% and on
26 and after July 1, 1989, 3.8% thereof shall be paid into the

1 Build Illinois Fund; provided, however, that if in any fiscal
2 year the sum of (1) the aggregate of 2.2% or 3.8%, as the case
3 may be, of the moneys received by the Department and required
4 to be paid into the Build Illinois Fund pursuant to this Act,
5 Section 9 of the Use Tax Act, Section 9 of the Service Use Tax
6 Act, and Section 9 of the Service Occupation Tax Act, such Acts
7 being hereinafter called the "Tax Acts" and such aggregate of
8 2.2% or 3.8%, as the case may be, of moneys being hereinafter
9 called the "Tax Act Amount", and (2) the amount transferred to
10 the Build Illinois Fund from the State and Local Sales Tax
11 Reform Fund shall be less than the Annual Specified Amount (as
12 hereinafter defined), an amount equal to the difference shall
13 be immediately paid into the Build Illinois Fund from other
14 moneys received by the Department pursuant to the Tax Acts;
15 the "Annual Specified Amount" means the amounts specified
16 below for fiscal years 1986 through 1993:

Fiscal Year	Annual Specified Amount
1986	\$54,800,000
1987	\$76,650,000
1988	\$80,480,000
1989	\$88,510,000
1990	\$115,330,000
1991	\$145,470,000
1992	\$182,730,000
1993	\$206,520,000;

26 and means the Certified Annual Debt Service Requirement (as

1 defined in Section 13 of the Build Illinois Bond Act) or the
2 Tax Act Amount, whichever is greater, for fiscal year 1994 and
3 each fiscal year thereafter; and further provided, that if on
4 the last business day of any month the sum of (1) the Tax Act
5 Amount required to be deposited into the Build Illinois Bond
6 Account in the Build Illinois Fund during such month and (2)
7 the amount transferred to the Build Illinois Fund from the
8 State and Local Sales Tax Reform Fund shall have been less than
9 1/12 of the Annual Specified Amount, an amount equal to the
10 difference shall be immediately paid into the Build Illinois
11 Fund from other moneys received by the Department pursuant to
12 the Tax Acts; and, further provided, that in no event shall the
13 payments required under the preceding proviso result in
14 aggregate payments into the Build Illinois Fund pursuant to
15 this clause (b) for any fiscal year in excess of the greater of
16 (i) the Tax Act Amount or (ii) the Annual Specified Amount for
17 such fiscal year. The amounts payable into the Build Illinois
18 Fund under clause (b) of the first sentence in this paragraph
19 shall be payable only until such time as the aggregate amount
20 on deposit under each trust indenture securing Bonds issued
21 and outstanding pursuant to the Build Illinois Bond Act is
22 sufficient, taking into account any future investment income,
23 to fully provide, in accordance with such indenture, for the
24 defeasance of or the payment of the principal of, premium, if
25 any, and interest on the Bonds secured by such indenture and on
26 any Bonds expected to be issued thereafter and all fees and

1 costs payable with respect thereto, all as certified by the
2 Director of the Bureau of the Budget (now Governor's Office of
3 Management and Budget). If on the last business day of any
4 month in which Bonds are outstanding pursuant to the Build
5 Illinois Bond Act, the aggregate of moneys deposited in the
6 Build Illinois Bond Account in the Build Illinois Fund in such
7 month shall be less than the amount required to be transferred
8 in such month from the Build Illinois Bond Account to the Build
9 Illinois Bond Retirement and Interest Fund pursuant to Section
10 13 of the Build Illinois Bond Act, an amount equal to such
11 deficiency shall be immediately paid from other moneys
12 received by the Department pursuant to the Tax Acts to the
13 Build Illinois Fund; provided, however, that any amounts paid
14 to the Build Illinois Fund in any fiscal year pursuant to this
15 sentence shall be deemed to constitute payments pursuant to
16 clause (b) of the first sentence of this paragraph and shall
17 reduce the amount otherwise payable for such fiscal year
18 pursuant to that clause (b). The moneys received by the
19 Department pursuant to this Act and required to be deposited
20 into the Build Illinois Fund are subject to the pledge, claim
21 and charge set forth in Section 12 of the Build Illinois Bond
22 Act.

23 Subject to payment of amounts into the Build Illinois Fund
24 as provided in the preceding paragraph or in any amendment
25 thereto hereafter enacted, the following specified monthly
26 installment of the amount requested in the certificate of the

1 Chairman of the Metropolitan Pier and Exposition Authority
2 provided under Section 8.25f of the State Finance Act, but not
3 in excess of sums designated as "Total Deposit", shall be
4 deposited in the aggregate from collections under Section 9 of
5 the Use Tax Act, Section 9 of the Service Use Tax Act, Section
6 9 of the Service Occupation Tax Act, and Section 3 of the
7 Retailers' Occupation Tax Act into the McCormick Place
8 Expansion Project Fund in the specified fiscal years.

9	Fiscal Year	Total Deposit
10	1993	\$0
11	1994	53,000,000
12	1995	58,000,000
13	1996	61,000,000
14	1997	64,000,000
15	1998	68,000,000
16	1999	71,000,000
17	2000	75,000,000
18	2001	80,000,000
19	2002	93,000,000
20	2003	99,000,000
21	2004	103,000,000
22	2005	108,000,000
23	2006	113,000,000
24	2007	119,000,000
25	2008	126,000,000
26	2009	132,000,000

1	2010	139,000,000
2	2011	146,000,000
3	2012	153,000,000
4	2013	161,000,000
5	2014	170,000,000
6	2015	179,000,000
7	2016	189,000,000
8	2017	199,000,000
9	2018	210,000,000
10	2019	221,000,000
11	2020	233,000,000
12	2021	300,000,000
13	2022	300,000,000
14	2023	300,000,000
15	2024	300,000,000
16	2025	300,000,000
17	2026	300,000,000
18	2027	375,000,000
19	2028	375,000,000
20	2029	375,000,000
21	2030	375,000,000
22	2031	375,000,000
23	2032	375,000,000
24	2033	375,000,000
25	2034	375,000,000
26	2035	375,000,000

1 2036 450,000,000
2 and
3 each fiscal year
4 thereafter that bonds
5 are outstanding under
6 Section 13.2 of the
7 Metropolitan Pier and
8 Exposition Authority Act,
9 but not after fiscal year 2060.

10 Beginning July 20, 1993 and in each month of each fiscal
11 year thereafter, one-eighth of the amount requested in the
12 certificate of the Chairman of the Metropolitan Pier and
13 Exposition Authority for that fiscal year, less the amount
14 deposited into the McCormick Place Expansion Project Fund by
15 the State Treasurer in the respective month under subsection
16 (g) of Section 13 of the Metropolitan Pier and Exposition
17 Authority Act, plus cumulative deficiencies in the deposits
18 required under this Section for previous months and years,
19 shall be deposited into the McCormick Place Expansion Project
20 Fund, until the full amount requested for the fiscal year, but
21 not in excess of the amount specified above as "Total
22 Deposit", has been deposited.

23 Subject to payment of amounts into the Capital Projects
24 Fund, the Clean Air Act Permit Fund, the Build Illinois Fund,
25 and the McCormick Place Expansion Project Fund pursuant to the
26 preceding paragraphs or in any amendments thereto hereafter

1 enacted, for aviation fuel sold on or after December 1, 2019,
2 the Department shall each month deposit into the Aviation Fuel
3 Sales Tax Refund Fund an amount estimated by the Department to
4 be required for refunds of the 80% portion of the tax on
5 aviation fuel under this Act. The Department shall only
6 deposit moneys into the Aviation Fuel Sales Tax Refund Fund
7 under this paragraph for so long as the revenue use
8 requirements of 49 U.S.C. 47107(b) and 49 U.S.C. 47133 are
9 binding on the State.

10 Subject to payment of amounts into the Build Illinois Fund
11 and the McCormick Place Expansion Project Fund pursuant to the
12 preceding paragraphs or in any amendments thereto hereafter
13 enacted, beginning July 1, 1993 and ending on September 30,
14 2013, the Department shall each month pay into the Illinois
15 Tax Increment Fund 0.27% of 80% of the net revenue realized for
16 the preceding month from the 6.25% general rate on the selling
17 price of tangible personal property.

18 Subject to payment of amounts into the Build Illinois Fund
19 and the McCormick Place Expansion Project Fund pursuant to the
20 preceding paragraphs or in any amendments thereto hereafter
21 enacted, beginning with the receipt of the first report of
22 taxes paid by an eligible business and continuing for a
23 25-year period, the Department shall each month pay into the
24 Energy Infrastructure Fund 80% of the net revenue realized
25 from the 6.25% general rate on the selling price of
26 Illinois-mined coal that was sold to an eligible business. For

1 purposes of this paragraph, the term "eligible business" means
2 a new electric generating facility certified pursuant to
3 Section 605-332 of the Department of Commerce and Economic
4 Opportunity Law of the Civil Administrative Code of Illinois.

5 Subject to payment of amounts into the Build Illinois
6 Fund, the McCormick Place Expansion Project Fund, the Illinois
7 Tax Increment Fund, and the Energy Infrastructure Fund
8 pursuant to the preceding paragraphs or in any amendments to
9 this Section hereafter enacted, beginning on the first day of
10 the first calendar month to occur on or after August 26, 2014
11 (the effective date of Public Act 98-1098), each month, from
12 the collections made under Section 9 of the Use Tax Act,
13 Section 9 of the Service Use Tax Act, Section 9 of the Service
14 Occupation Tax Act, and Section 3 of the Retailers' Occupation
15 Tax Act, the Department shall pay into the Tax Compliance and
16 Administration Fund, to be used, subject to appropriation, to
17 fund additional auditors and compliance personnel at the
18 Department of Revenue, an amount equal to 1/12 of 5% of 80% of
19 the cash receipts collected during the preceding fiscal year
20 by the Audit Bureau of the Department under the Use Tax Act,
21 the Service Use Tax Act, the Service Occupation Tax Act, the
22 Retailers' Occupation Tax Act, and associated local occupation
23 and use taxes administered by the Department.

24 Subject to payments of amounts into the Build Illinois
25 Fund, the McCormick Place Expansion Project Fund, the Illinois
26 Tax Increment Fund, the Energy Infrastructure Fund, and the

1 Tax Compliance and Administration Fund as provided in this
2 Section, beginning on July 1, 2018 the Department shall pay
3 each month into the Downstate Public Transportation Fund the
4 moneys required to be so paid under Section 2-3 of the
5 Downstate Public Transportation Act.

6 Subject to successful execution and delivery of a
7 public-private agreement between the public agency and private
8 entity and completion of the civic build, beginning on July 1,
9 2023, of the remainder of the moneys received by the
10 Department under the Use Tax Act, the Service Use Tax Act, the
11 Service Occupation Tax Act, and this Act, the Department shall
12 deposit the following specified deposits in the aggregate from
13 collections under the Use Tax Act, the Service Use Tax Act, the
14 Service Occupation Tax Act, and the Retailers' Occupation Tax
15 Act, as required under Section 8.25g of the State Finance Act
16 for distribution consistent with the Public-Private
17 Partnership for Civic and Transit Infrastructure Project Act.
18 The moneys received by the Department pursuant to this Act and
19 required to be deposited into the Civic and Transit
20 Infrastructure Fund are subject to the pledge, claim and
21 charge set forth in Section 25-55 of the Public-Private
22 Partnership for Civic and Transit Infrastructure Project Act.
23 As used in this paragraph, "civic build", "private entity",
24 "public-private agreement", and "public agency" have the
25 meanings provided in Section 25-10 of the Public-Private
26 Partnership for Civic and Transit Infrastructure Project Act.

1	Fiscal Year.....	Total Deposit
2	2024	\$200,000,000
3	2025	\$206,000,000
4	2026	\$212,200,000
5	2027	\$218,500,000
6	2028	\$225,100,000
7	2029	\$288,700,000
8	2030	\$298,900,000
9	2031	\$309,300,000
10	2032	\$320,100,000
11	2033	\$331,200,000
12	2034	\$341,200,000
13	2035	\$351,400,000
14	2036	\$361,900,000
15	2037	\$372,800,000
16	2038	\$384,000,000
17	2039	\$395,500,000
18	2040	\$407,400,000
19	2041	\$419,600,000
20	2042	\$432,200,000
21	2043	\$445,100,000

22 Beginning July 1, 2021 and until July 1, 2022, subject to
23 the payment of amounts into the County and Mass Transit
24 District Fund, the Local Government Tax Fund, the Build
25 Illinois Fund, the McCormick Place Expansion Project Fund, the
26 Illinois Tax Increment Fund, the Energy Infrastructure Fund,

1 and the Tax Compliance and Administration Fund as provided in
2 this Section, the Department shall pay each month into the
3 Road Fund the amount estimated to represent 16% of the net
4 revenue realized from the taxes imposed on motor fuel and
5 gasohol. Beginning July 1, 2022 and until July 1, 2023,
6 subject to the payment of amounts into the County and Mass
7 Transit District Fund, the Local Government Tax Fund, the
8 Build Illinois Fund, the McCormick Place Expansion Project
9 Fund, the Illinois Tax Increment Fund, the Energy
10 Infrastructure Fund, and the Tax Compliance and Administration
11 Fund as provided in this Section, the Department shall pay
12 each month into the Road Fund the amount estimated to
13 represent 32% of the net revenue realized from the taxes
14 imposed on motor fuel and gasohol. Beginning July 1, 2023 and
15 until July 1, 2024, subject to the payment of amounts into the
16 County and Mass Transit District Fund, the Local Government
17 Tax Fund, the Build Illinois Fund, the McCormick Place
18 Expansion Project Fund, the Illinois Tax Increment Fund, the
19 Energy Infrastructure Fund, and the Tax Compliance and
20 Administration Fund as provided in this Section, the
21 Department shall pay each month into the Road Fund the amount
22 estimated to represent 48% of the net revenue realized from
23 the taxes imposed on motor fuel and gasohol. Beginning July 1,
24 2024 and until July 1, 2025, subject to the payment of amounts
25 into the County and Mass Transit District Fund, the Local
26 Government Tax Fund, the Build Illinois Fund, the McCormick

1 Place Expansion Project Fund, the Illinois Tax Increment Fund,
2 the Energy Infrastructure Fund, and the Tax Compliance and
3 Administration Fund as provided in this Section, the
4 Department shall pay each month into the Road Fund the amount
5 estimated to represent 64% of the net revenue realized from
6 the taxes imposed on motor fuel and gasohol. Beginning on July
7 1, 2025, subject to the payment of amounts into the County and
8 Mass Transit District Fund, the Local Government Tax Fund, the
9 Build Illinois Fund, the McCormick Place Expansion Project
10 Fund, the Illinois Tax Increment Fund, the Energy
11 Infrastructure Fund, and the Tax Compliance and Administration
12 Fund as provided in this Section, the Department shall pay
13 each month into the Road Fund the amount estimated to
14 represent 80% of the net revenue realized from the taxes
15 imposed on motor fuel and gasohol. As used in this paragraph
16 "motor fuel" has the meaning given to that term in Section 1.1
17 of the Motor Fuel Tax Law, and "gasohol" has the meaning given
18 to that term in Section 3-40 of the Use Tax Act.

19 Of the remainder of the moneys received by the Department
20 pursuant to this Act, 75% thereof shall be paid into the State
21 treasury ~~Treasury~~ and 25% shall be reserved in a special
22 account and used only for the transfer to the Common School
23 Fund as part of the monthly transfer from the General Revenue
24 Fund in accordance with Section 8a of the State Finance Act.

25 The Department may, upon separate written notice to a
26 taxpayer, require the taxpayer to prepare and file with the

1 Department on a form prescribed by the Department within not
2 less than 60 days after receipt of the notice an annual
3 information return for the tax year specified in the notice.
4 Such annual return to the Department shall include a statement
5 of gross receipts as shown by the retailer's last Federal
6 income tax return. If the total receipts of the business as
7 reported in the Federal income tax return do not agree with the
8 gross receipts reported to the Department of Revenue for the
9 same period, the retailer shall attach to his annual return a
10 schedule showing a reconciliation of the 2 amounts and the
11 reasons for the difference. The retailer's annual return to
12 the Department shall also disclose the cost of goods sold by
13 the retailer during the year covered by such return, opening
14 and closing inventories of such goods for such year, costs of
15 goods used from stock or taken from stock and given away by the
16 retailer during such year, payroll information of the
17 retailer's business during such year and any additional
18 reasonable information which the Department deems would be
19 helpful in determining the accuracy of the monthly, quarterly
20 or annual returns filed by such retailer as provided for in
21 this Section.

22 If the annual information return required by this Section
23 is not filed when and as required, the taxpayer shall be liable
24 as follows:

25 (i) Until January 1, 1994, the taxpayer shall be
26 liable for a penalty equal to 1/6 of 1% of the tax due from

1 such taxpayer under this Act during the period to be
2 covered by the annual return for each month or fraction of
3 a month until such return is filed as required, the
4 penalty to be assessed and collected in the same manner as
5 any other penalty provided for in this Act.

6 (ii) On and after January 1, 1994, the taxpayer shall
7 be liable for a penalty as described in Section 3-4 of the
8 Uniform Penalty and Interest Act.

9 The chief executive officer, proprietor, owner or highest
10 ranking manager shall sign the annual return to certify the
11 accuracy of the information contained therein. Any person who
12 willfully signs the annual return containing false or
13 inaccurate information shall be guilty of perjury and punished
14 accordingly. The annual return form prescribed by the
15 Department shall include a warning that the person signing the
16 return may be liable for perjury.

17 The provisions of this Section concerning the filing of an
18 annual information return do not apply to a retailer who is not
19 required to file an income tax return with the United States
20 Government.

21 As soon as possible after the first day of each month, upon
22 certification of the Department of Revenue, the Comptroller
23 shall order transferred and the Treasurer shall transfer from
24 the General Revenue Fund to the Motor Fuel Tax Fund an amount
25 equal to 1.7% of 80% of the net revenue realized under this Act
26 for the second preceding month. Beginning April 1, 2000, this

1 transfer is no longer required and shall not be made.

2 Net revenue realized for a month shall be the revenue
3 collected by the State pursuant to this Act, less the amount
4 paid out during that month as refunds to taxpayers for
5 overpayment of liability.

6 For greater simplicity of administration, manufacturers,
7 importers and wholesalers whose products are sold at retail in
8 Illinois by numerous retailers, and who wish to do so, may
9 assume the responsibility for accounting and paying to the
10 Department all tax accruing under this Act with respect to
11 such sales, if the retailers who are affected do not make
12 written objection to the Department to this arrangement.

13 Any person who promotes, organizes, provides retail
14 selling space for concessionaires or other types of sellers at
15 the Illinois State Fair, DuQuoin State Fair, county fairs,
16 local fairs, art shows, flea markets and similar exhibitions
17 or events, including any transient merchant as defined by
18 Section 2 of the Transient Merchant Act of 1987, is required to
19 file a report with the Department providing the name of the
20 merchant's business, the name of the person or persons engaged
21 in merchant's business, the permanent address and Illinois
22 Retailers Occupation Tax Registration Number of the merchant,
23 the dates and location of the event and other reasonable
24 information that the Department may require. The report must
25 be filed not later than the 20th day of the month next
26 following the month during which the event with retail sales

1 was held. Any person who fails to file a report required by
2 this Section commits a business offense and is subject to a
3 fine not to exceed \$250.

4 Any person engaged in the business of selling tangible
5 personal property at retail as a concessionaire or other type
6 of seller at the Illinois State Fair, county fairs, art shows,
7 flea markets and similar exhibitions or events, or any
8 transient merchants, as defined by Section 2 of the Transient
9 Merchant Act of 1987, may be required to make a daily report of
10 the amount of such sales to the Department and to make a daily
11 payment of the full amount of tax due. The Department shall
12 impose this requirement when it finds that there is a
13 significant risk of loss of revenue to the State at such an
14 exhibition or event. Such a finding shall be based on evidence
15 that a substantial number of concessionaires or other sellers
16 who are not residents of Illinois will be engaging in the
17 business of selling tangible personal property at retail at
18 the exhibition or event, or other evidence of a significant
19 risk of loss of revenue to the State. The Department shall
20 notify concessionaires and other sellers affected by the
21 imposition of this requirement. In the absence of notification
22 by the Department, the concessionaires and other sellers shall
23 file their returns as otherwise required in this Section.

24 (Source: P.A. 101-10, Article 15, Section 15-25, eff. 6-5-19;
25 101-10, Article 25, Section 25-120, eff. 6-5-19; 101-27, eff.
26 6-25-19; 101-32, eff. 6-28-19; 101-604, eff. 12-13-19;

1 101-636, eff. 6-10-20; 102-634, eff. 8-27-21; 102-700, Article
2 60, Section 60-30, eff. 4-19-22; 102-700, Article 65, Section
3 65-10, eff. 4-19-22; 102-813, eff. 5-13-22; 102-1019, eff.
4 1-1-23; revised 12-13-22.)

5 ARTICLE 75. REV ILLINOIS PROGRAM

6 Section 75-5. The Reimagining Energy and Vehicles in
7 Illinois Act is amended by changing Sections 20, 30, 40, and 45
8 as follows:

9 (20 ILCS 686/20)

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

11 (a) The Reimagining Energy and Vehicles in Illinois (REV
12 Illinois) Program is hereby established and shall be
13 administered by the Department. The Program will provide
14 financial incentives to any one or more of the following: (1)
15 eligible manufacturers of electric vehicles, electric vehicle
16 component parts, and electric vehicle power supply equipment;
17 (2) battery recycling and reuse manufacturers; (3) battery raw
18 materials refining service providers; or (4) renewable energy
19 manufacturers.

20 (b) Any taxpayer planning a project to be located in
21 Illinois may request consideration for designation of its
22 project as a REV Illinois Project, by formal written letter of
23 request or by formal application to the Department, in which

1 the applicant states its intent to make at least a specified
2 level of investment and intends to hire a specified number of
3 full-time employees at a designated location in Illinois. As
4 circumstances require, the Department shall require a formal
5 application from an applicant and a formal letter of request
6 for assistance.

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

9 (1) if the applicant is an electric vehicle
10 manufacturer:

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

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

16 (C) create at least 500 new full-time employee
17 jobs; or

18 (2) if the applicant is an electric vehicle component
19 parts manufacturer or a renewable energy manufacturer:

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

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

24 (C) to be placed in service within the State
25 within a 60-month period after approval of the
26 application; and

1 (D) create at least 150 new full-time employee
2 jobs; or

3 (3) if the agreement is entered into before the
4 effective date of this amendatory Act of the 102nd General
5 Assembly and the applicant is an electric vehicle
6 manufacturer, an electric vehicle power supply equipment
7 manufacturer, an electric vehicle component part
8 manufacturer that does not qualify under paragraph (2)
9 above, a battery recycling and reuse manufacturer, or a
10 battery raw materials refining service provider:

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

13 (B) for electric vehicle component part
14 manufacturers, manufacture one or more parts that are
15 primarily used for electric vehicle manufacturing;

16 (C) to be placed in service within the State
17 within a 48-month period after approval of the
18 application; and

19 (D) create at least 50 new full-time employee
20 jobs; or

21 (3.1) if the agreement is entered into on or after the
22 effective date of this amendatory Act of the 102nd General
23 Assembly and the applicant is an electric vehicle
24 manufacturer, an electric vehicle power supply equipment
25 manufacturer, an electric vehicle component part
26 manufacturer that does not qualify under paragraph (2)

1 above, a renewable energy manufacturer that does not
2 qualify under paragraph (2) above, a battery recycling and
3 reuse manufacturer, or a battery raw materials refining
4 service provider:

5 (A) make an investment of at least \$2,500,000 in
6 capital improvements at the project site;

7 (B) in the case of electric vehicle component part
8 manufacturers, manufacture one or more parts that are
9 used for electric vehicle manufacturing;

10 (C) to be placed in service within the State
11 within a 48-month period after approval of the
12 application; and

13 (D) create the lesser of 50 new full-time employee
14 jobs or new full-time employee jobs equivalent to 10%
15 of the Statewide baseline applicable to the taxpayer
16 and any related member at the time of application; or

17 (4) if the agreement is entered into before the
18 effective date of this amendatory Act of the 102nd General
19 Assembly and the applicant is an electric vehicle
20 manufacturer or electric vehicle component parts
21 manufacturer with existing operations within Illinois that
22 intends to convert or expand, in whole or in part, the
23 existing facility from traditional manufacturing to
24 primarily electric vehicle manufacturing, electric vehicle
25 component parts manufacturing, or electric vehicle power
26 supply equipment manufacturing:

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

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

6 (C) create the lesser of 75 new full-time employee
7 jobs or new full-time employee jobs equivalent to 10%
8 of the Statewide baseline applicable to the taxpayer
9 and any related member at the time of application; ~~or~~

10 (4.1) if the agreement is entered into on or after the
11 effective date of this amendatory Act of the 102nd General
12 Assembly and the applicant (i) is an electric vehicle
13 manufacturer, an electric vehicle component parts
14 manufacturer, or a renewable energy manufacturer and (ii)
15 has existing operations within Illinois that the applicant
16 intends to convert or expand, in whole or in part, from
17 traditional manufacturing to electric vehicle
18 manufacturing, electric vehicle component parts
19 manufacturing, renewable energy manufacturing, or electric
20 vehicle power supply equipment manufacturing:

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

23 (B) to be placed in service within the State
24 within a 60-month period after approval of the
25 application; and

26 (C) create the lesser of 50 new full-time employee

1 jobs or new full-time employee jobs equivalent to 10%
2 of the Statewide baseline applicable to the taxpayer
3 and any related member at the time of application; ~~or-~~
4 (5) if the agreement is entered into on or after the
5 effective date of the changes made to this Section by this
6 amendatory Act of the 103rd General Assembly and before
7 June 1, 2024 and the applicant (i) is an electric vehicle
8 manufacturer, an electric vehicle component parts
9 manufacturer, or a renewable energy manufacturer or (ii)
10 has existing operations within Illinois that the applicant
11 intends to convert or expand, in whole or in part, from
12 traditional manufacturing to electric vehicle
13 manufacturing, electric vehicle component parts
14 manufacturing, renewable energy manufacturing, or electric
15 vehicle power supply equipment manufacturing:

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

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

21 (C) retain at least 800 full-time employee jobs at
22 the project.

23 (d) For agreements entered into prior to April 19, 2022
24 (the effective date of Public Act 102-700), for any applicant
25 creating the full-time employee jobs noted in subsection (c),
26 those jobs must have a total compensation equal to or greater

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

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

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

16 (2) ENERGY STAR;

17 (3) Envision;

18 (4) ISO 50001 - energy management;

19 (5) LEED for Building Design and Construction or LEED
20 for Building Operations and Maintenance;

21 (6) Green Globes for New Construction or Green Globes
22 for Existing Buildings; or

23 (7) UL 3223.

24 (f) Each applicant must outline its hiring plan and
25 commitment to recruit and hire full-time employee positions at
26 the project site. The hiring plan may include a partnership

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

23 (g) Each applicant must demonstrate a contractual or other
24 relationship with a recycling facility, or demonstrate its own
25 recycling capabilities, at the time of application and report
26 annually a continuing contractual or other relationship with a

1 recycling facility and the percentage of batteries used in
2 electric vehicles recycled throughout the term of the
3 agreement.

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

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

11 (i) If, at any time following the designation of a project
12 as a REV Illinois Project by the Department and prior to the
13 termination or expiration of an agreement under this Act, the
14 project ceases to qualify as a REV Illinois project because
15 the taxpayer is no longer an electric vehicle manufacturer, an
16 electric vehicle component manufacturer, an electric vehicle
17 power supply equipment manufacturer, a battery recycling and
18 reuse manufacturer, or a battery raw materials refining
19 service provider, that project may receive tax credit awards
20 as described in Section 5-15 and Section 5-51 of the Economic
21 Development for a Growing Economy Tax Credit Act, as long as
22 the project continues to meet requirements to obtain those
23 credits as described in the Economic Development for a Growing
24 Economy Tax Credit Act and remains compliant with terms
25 contained in the Agreement under this Act not related to their
26 status as an electric vehicle manufacturer, an electric

1 vehicle component manufacturer, an electric vehicle power
2 supply equipment manufacturer, a battery recycling and reuse
3 manufacturer, or a battery raw materials refining service
4 provider. Time accrued during which the project was eligible
5 for credits under an agreement under this Act shall count
6 toward the duration of the credit subject to limitations
7 described in Section 5-45 of the Economic Development for a
8 Growing Economy Tax Credit Act.

9 (Source: P.A. 102-669, eff. 11-16-21; 102-700, eff. 4-19-22;
10 102-1112, eff. 12-21-22; 102-1125, eff. 2-3-23.)

11 (20 ILCS 686/30)

12 Sec. 30. Tax credit awards.

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

21 (b) REV Illinois Credits. A taxpayer may receive a tax
22 credit against the tax imposed under subsections (a) and (b)
23 of Section 201 of the Illinois Income Tax Act, not to exceed
24 the sum of (i) 75% of the incremental income tax attributable
25 to new employees at the applicant's project and (ii) 10% of the

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

1 increase for retained employees, the applicant must, if
2 applicable, meet or exceed the statewide baseline. For
3 agreements entered into on or after the effective date of this
4 amendatory Act of the 103rd General Assembly and before June
5 1, 2024 that qualify under paragraph (5) of subsection (c) of
6 Section 20, a taxpayer may receive a tax credit not to exceed
7 75% of the incremental income tax attributable to retained
8 employees at the applicant's project. If the project is in an
9 underserved area or an energy transition area and qualifies
10 under paragraph (5) of subsection (c) of Section 20, then the
11 maximum amount of the credit attributable to retained
12 employees for the applicant may be increased to an amount not
13 to exceed 100% of the incremental income tax attributable to
14 retained employees at the applicant's project.

15 If the Project is in an underserved area or an energy
16 transition area, the maximum amount of the credit attributable
17 to retained employees for the applicant may be increased to an
18 amount not to exceed 100% of the incremental income tax
19 attributable to retained employees at the applicant's project;
20 provided that, in order to receive the increase for retained
21 employees, the applicant must meet or exceed the statewide
22 baseline. REV Illinois Credits awarded may include credit
23 earned for incremental income tax withheld and training costs
24 incurred by the taxpayer beginning on or after January 1,
25 2022. Credits so earned and certified by the Department may be
26 applied against the tax imposed by subsections (a) and (b) of

1 Section 201 of the Illinois Income Tax Act for taxable years
2 beginning on or after January 1, 2025.

3 (c) REV Construction Jobs Credit. For construction wages
4 associated with a project that qualified for a REV Illinois
5 Credit under subsection (b), the taxpayer may receive a tax
6 credit against the tax imposed under subsections (a) and (b)
7 of Section 201 of the Illinois Income Tax Act in an amount
8 equal to 50% of the incremental income tax attributable to
9 construction wages paid in connection with construction of the
10 project facilities, as a jobs credit for workers hired to
11 construct the project.

12 The REV Construction Jobs Credit may not exceed 75% of the
13 amount of the incremental income tax attributable to
14 construction wages paid in connection with construction of the
15 project facilities if the project is in an underserved area or
16 an energy transition area.

17 (d) The Department shall certify to the Department of
18 Revenue: (1) the identity of Taxpayers that are eligible for
19 the REV Illinois Credit and REV Construction Jobs Credit; (2)
20 the amount of the REV Illinois Credits and REV Construction
21 Jobs Credits awarded in each calendar year; and (3) the amount
22 of the REV Illinois Credit and REV Construction Jobs Credit
23 claimed in each calendar year. REV Illinois Credits awarded
24 may include credit earned for Incremental Income Tax withheld
25 and Training Costs incurred by the Taxpayer beginning on or
26 after January 1, 2022. Credits so earned and certified by the

1 Department may be applied against the tax imposed by Section
2 201(a) and (b) of the Illinois Income Tax Act for taxable years
3 beginning on or after January 1, 2025.

4 (e) Applicants seeking certification for ~~a~~ tax credits
5 related to the construction of the project facilities in the
6 State shall require the contractor to enter into a project
7 labor agreement that conforms with the Project Labor
8 Agreements Act.

9 (f) Any applicant issued a certificate for a tax credit or
10 tax exemption under this Act must annually report to the
11 Department the total project tax benefits received. Reports
12 are due no later than May 31 of each year and shall cover the
13 previous calendar year. The first report is for the 2022
14 calendar year and is due no later than May 31, 2023. For
15 applicants issued a certificate of exemption under Section 105
16 of this Act, the report shall be the same as required for a
17 High Impact Business under subsection (a-5) of Section 8.1 of
18 the Illinois Enterprise Zone Act. Each person required to file
19 a return under the Gas Revenue Tax Act, the Electricity Excise
20 Tax Law, or the Telecommunications Excise Tax Act shall file a
21 report containing information about customers that are issued
22 an exemption certificate under Section 95 of this Act in the
23 same manner and form as they are required to report under
24 subsection (b) of Section 8.1 of the Illinois Enterprise Zone
25 Act.

26 (g) Nothing in this Act shall prohibit an award of credit

1 to an applicant that uses a PEO if all other award criteria are
2 satisfied.

3 (h) With respect to any portion of a REV Illinois Credit
4 that is based on the incremental income tax attributable to
5 new employees or retained employees, in lieu of the Credit
6 allowed under this Act against the taxes imposed pursuant to
7 subsections (a) and (b) of Section 201 of the Illinois Income
8 Tax Act, a taxpayer that otherwise meets the criteria set
9 forth in this Section, the taxpayer may elect to claim the
10 credit, on or after January 1, 2025, against its obligation to
11 pay over withholding under Section 704A of the Illinois Income
12 Tax Act. The election shall be made in the manner prescribed by
13 the Department of Revenue and once made shall be irrevocable.
14 (Source: P.A. 102-669, eff. 11-16-21; 102-1112, eff. 12-21-22;
15 102-1125, eff. 2-3-23; revised 4-5-23.)

16 (20 ILCS 686/40)

17 Sec. 40. Amount and duration of the credits; limitation to
18 amount of costs of specified items. The Department shall
19 determine the amount and duration of the REV Illinois Credit
20 awarded under this Act, subject to the limitations set forth
21 in this Act. For a project that qualified under paragraph (1),
22 (2), (4), ~~or~~ (4.1), or (5) of subsection (c) of Section 20, the
23 duration of the credit may not exceed 15 taxable years, with an
24 option to renew the agreement for no more than one term not to
25 exceed an additional 15 taxable years. For a project that

1 qualified under paragraph (3) or (3.1) of subsection (c) of
2 Section 20, the duration of the credit may not exceed 10
3 taxable years, with an option to renew the agreement for no
4 more than one term not to exceed an additional 10 taxable
5 years. The credit may be stated as a percentage of the
6 incremental income tax and training costs attributable to the
7 applicant's project and may include a fixed dollar limitation.

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

17 (Source: P.A. 102-669, eff. 11-16-21; 102-1112, eff. 12-21-22;
18 102-1125, eff. 2-3-23; revised 4-5-23.)

19 (20 ILCS 686/45)

20 Sec. 45. Contents of agreements with applicants.

21 (a) The Department shall enter into an agreement with an
22 applicant that is awarded a credit under this Act. The
23 agreement shall include all of the following:

24 (1) A detailed description of the project that is the
25 subject of the agreement, including the location and

1 amount of the investment and jobs created or retained.

2 (2) The duration of the credit, the first taxable year
3 for which the credit may be awarded, and the first taxable
4 year in which the credit may be used by the taxpayer.

5 (3) The credit amount that will be allowed for each
6 taxable year.

7 (4) For a project qualified under paragraphs (1), (2),
8 ~~or~~ (4), or (5) of subsection (c) of Section 20, a
9 requirement that the taxpayer shall maintain operations at
10 the project location a minimum number of years not to
11 exceed 15. For a project qualified under paragraph (3) of
12 subsection (c) of Section 20, a requirement that the
13 taxpayer shall maintain operations at the project location
14 a minimum number of years not to exceed 10.

15 (5) A specific method for determining the number of
16 new employees and if applicable, retained employees,
17 employed during a taxable year.

18 (6) A requirement that the taxpayer shall annually
19 report to the Department the number of new employees, the
20 incremental income tax withheld in connection with the new
21 employees, and any other information the Department deems
22 necessary and appropriate to perform its duties under this
23 Act.

24 (7) A requirement that the Director is authorized to
25 verify with the appropriate State agencies the amounts
26 reported under paragraph (6), and after doing so shall

1 issue a certificate to the taxpayer stating that the
2 amounts have been verified.

3 (8) A requirement that the taxpayer shall provide
4 written notification to the Director not more than 30 days
5 after the taxpayer makes or receives a proposal that would
6 transfer the taxpayer's State tax liability obligations to
7 a successor taxpayer.

8 (9) A detailed description of the number of new
9 employees to be hired, and the occupation and payroll of
10 full-time jobs to be created or retained because of the
11 project.

12 (10) The minimum investment the taxpayer will make in
13 capital improvements, the time period for placing the
14 property in service, and the designated location in
15 Illinois for the investment.

16 (11) A requirement that the taxpayer shall provide
17 written notification to the Director and the Director's
18 designee not more than 30 days after the taxpayer
19 determines that the minimum job creation or retention,
20 employment payroll, or investment no longer is or will be
21 achieved or maintained as set forth in the terms and
22 conditions of the agreement. Additionally, the
23 notification should outline to the Department the number
24 of layoffs, date of the layoffs, and detail taxpayer's
25 efforts to provide career and training counseling for the
26 impacted workers with industry-related certifications and

1 trainings.

2 (12) If applicable, a ~~A~~ provision that, if the total
3 number of new employees falls below a specified level, the
4 allowance of credit shall be suspended until the number of
5 new employees equals or exceeds the agreement amount.

6 (13) If applicable, a provision that specifies the
7 statewide baseline at the time of application for retained
8 employees. ~~The Additionally, the~~ agreement must have a
9 provision addressing if the total number of retained
10 employees falls below the lesser of the statewide baseline
11 or the retention requirements specified in the agreement,
12 the allowance of the credit shall be suspended until the
13 number of retained employees equals or exceeds the
14 agreement amount.

15 (14) A detailed description of the items for which the
16 costs incurred by the Taxpayer will be included in the
17 limitation on the Credit provided in Section 40.

18 (15) If the agreement is entered into before the
19 effective date of the changes made to this Section by this
20 amendatory Act of the 103rd General Assembly, a ~~A~~
21 provision stating that if the taxpayer fails to meet
22 either the investment or job creation and retention
23 requirements specified in the agreement during the entire
24 5-year period beginning on the first day of the first
25 taxable year in which the agreement is executed and ending
26 on the last day of the fifth taxable year after the

1 agreement is executed, then the agreement is automatically
2 terminated on the last day of the fifth taxable year after
3 the agreement is executed, and the taxpayer is not
4 entitled to the award of any credits for any of that 5-year
5 period. If the agreement is entered into on or after the
6 effective date of the changes made to this Section by this
7 amendatory Act of the 103rd General Assembly, a provision
8 stating that if the taxpayer fails to meet either the
9 investment or job creation and retention requirements
10 specified in the agreement during the entire 10-year
11 period beginning on the effective date of the agreement
12 and ending 10 years after the effective date of the
13 agreement, then the agreement is automatically terminated,
14 and the taxpayer is not entitled to the award of any
15 credits for any of that 10-year period.

16 (16) A provision stating that if the taxpayer ceases
17 principal operations with the intent to permanently shut
18 down the project in the State during the term of the
19 Agreement, then the entire credit amount awarded to the
20 taxpayer prior to the date the taxpayer ceases principal
21 operations shall be returned to the Department and shall
22 be reallocated to the local workforce investment area in
23 which the project was located.

24 (17) A provision stating that the Taxpayer must
25 provide the reports outlined in Sections 50 and 55 on or
26 before April 15 each year.

1 (18) A provision requiring the taxpayer to report
2 annually its contractual obligations or otherwise with a
3 recycling facility for its operations.

4 (19) Any other performance conditions or contract
5 provisions the Department determines are necessary or
6 appropriate.

7 (20) Each taxpayer under paragraph (1) of subsection
8 (c) of Section 20 above shall maintain labor neutrality
9 toward any union organizing campaign for any employees of
10 the taxpayer assigned to work on the premises of the REV
11 Illinois Project Site. This paragraph shall not apply to
12 an electric vehicle manufacturer, electric vehicle
13 component part manufacturer, electric vehicle power supply
14 manufacturer, or renewable energy manufacturer, or any
15 joint venture including an electric vehicle manufacturer,
16 electric vehicle component part manufacturer, electric
17 vehicle power supply manufacturer, or renewable energy
18 manufacturer, who is subject to collective bargaining
19 agreement entered into prior to the taxpayer filing an
20 application pursuant to this Act.

21 (b) The Department shall post on its website the terms of
22 each agreement entered into under this Act. Such information
23 shall be posted within 10 days after entering into the
24 agreement and must include the following:

25 (1) the name of the taxpayer;

26 (2) the location of the project;

- 1 (3) the estimated value of the credit;
- 2 (4) the number of new employee jobs and, if
3 applicable, number of retained employee jobs at the
4 project; and
- 5 (5) whether or not the project is in an underserved
6 area or energy transition area.
- 7 (Source: P.A. 102-669, eff. 11-16-21; 102-1125, eff. 2-3-23;
8 revised 4-5-23.)

9 ARTICLE 80. CIGARETTE TAX

10 Section 80-5. The Cigarette Tax Act is amended by changing
11 Section 2 as follows:

12 (35 ILCS 130/2) (from Ch. 120, par. 453.2)

13 Sec. 2. Tax imposed; rate; collection, payment, and
14 distribution; discount.

15 (a) Beginning on July 1, 2019, in place of the aggregate
16 tax rate of 99 mills previously imposed by this Act, a tax is
17 imposed upon any person engaged in business as a retailer of
18 cigarettes at the rate of 149 mills per cigarette sold or
19 otherwise disposed of in the course of such business in this
20 State.

21 (b) The payment of such taxes shall be evidenced by a stamp
22 affixed to each original package of cigarettes, or an
23 authorized substitute for such stamp imprinted on each

1 original package of such cigarettes underneath the sealed
2 transparent outside wrapper of such original package, as
3 hereinafter provided. However, such taxes are not imposed upon
4 any activity in such business in interstate commerce or
5 otherwise, which activity may not under the Constitution and
6 statutes of the United States be made the subject of taxation
7 by this State.

8 Out of the 149 mills per cigarette tax imposed by
9 subsection (a), until July 1, 2023, the revenues received from
10 4 mills shall be paid into the Common School Fund each month,
11 not to exceed \$9,000,000 per month. Out of the 149 mills per
12 cigarette tax imposed by subsection (a), until July 1, 2023,
13 all of the revenues received from 7 mills shall be paid into
14 the Common School Fund each month. Out of the 149 mills per
15 cigarette tax imposed by subsection (a), until July 1, 2023,
16 50 mills per cigarette each month shall be paid into the
17 Healthcare Provider Relief Fund.

18 Beginning on July 1, 2006 and until July 1, 2023, all of
19 the moneys received by the Department of Revenue pursuant to
20 this Act and the Cigarette Use Tax Act, other than the moneys
21 that are dedicated to the Common School Fund and, beginning on
22 the effective date of this amendatory Act of the 97th General
23 Assembly, other than the moneys from the additional taxes
24 imposed by this amendatory Act of the 97th General Assembly
25 that must be paid each month into the Healthcare Provider
26 Relief Fund, and other than the moneys from the additional

1 taxes imposed by this amendatory Act of the 101st General
2 Assembly that must be paid each month under subsection (c),
3 shall be distributed each month as follows: first, there shall
4 be paid into the General Revenue Fund an amount that, when
5 added to the amount paid into the Common School Fund for that
6 month, equals \$29,200,000; then, from the moneys remaining, if
7 any amounts required to be paid into the General Revenue Fund
8 in previous months remain unpaid, those amounts shall be paid
9 into the General Revenue Fund; then from the moneys remaining,
10 \$5,000,000 per month shall be paid into the School
11 Infrastructure Fund; then, if any amounts required to be paid
12 into the School Infrastructure Fund in previous months remain
13 unpaid, those amounts shall be paid into the School
14 Infrastructure Fund; then the moneys remaining, if any, shall
15 be paid into the Long-Term Care Provider Fund. Any amounts
16 required to be paid into the General Revenue Fund, the School
17 Infrastructure Fund, the Long-Term Care Provider Fund, the
18 Common School Fund, the Capital Projects Fund, or the
19 Healthcare Provider Relief Fund under this subsection that
20 remain unpaid as of July 1, 2023 shall be deemed satisfied on
21 that date, eliminating any deficiency accrued through that
22 date.

23 (c) Beginning on July 1, 2019 and until July 1, 2023, all
24 of the moneys from the additional taxes imposed by Public Act
25 101-31, except for moneys received from the tax on electronic
26 cigarettes, received by the Department of Revenue pursuant to

1 this Act, the Cigarette Use Tax Act, and the Tobacco Products
2 Tax Act of 1995 shall be distributed each month into the
3 Capital Projects Fund.

4 (c-5) Beginning on July 1, 2023, all of the moneys
5 received by the Department of Revenue pursuant to (i) this
6 Act, (ii) the Cigarette Use Tax Act, and (iii) the tax imposed
7 on little cigars under Section 10-10 of the Tobacco Products
8 Tax Act of 1995 shall be paid each month as follows:

9 (1) 7% into the Common School Fund;

10 (2) 34% into the Healthcare Provider Relief Fund;

11 (3) 34% into the Capital Projects Fund; and

12 (4) 25% into the General Revenue Fund.

13 (d) Until July 1, 2023, except ~~Except~~ for moneys received
14 from the additional taxes imposed by Public Act 101-31, moneys
15 collected from the tax imposed on little cigars under Section
16 10-10 of the Tobacco Products Tax Act of 1995 shall be included
17 with the moneys collected under the Cigarette Tax Act and the
18 Cigarette Use Tax Act when making distributions to the Common
19 School Fund, the Healthcare Provider Relief Fund, the General
20 Revenue Fund, the School Infrastructure Fund, and the
21 Long-Term Care Provider Fund under this Section. Any amounts,
22 including moneys collected from the tax imposed on little
23 cigars under Section 10-10 of the Tobacco Products Tax Act of
24 1995, that are required to be paid into the General Revenue
25 Fund, the School Infrastructure Fund, the Long-Term Care
26 Provider Fund, the Common School Fund, the Capital Projects

1 Fund, or the Healthcare Provider Relief Fund under subsection
2 (b) that remain unpaid as of July 1, 2023 shall be deemed
3 satisfied on that date, eliminating any deficiency accrued
4 through that date. Beginning on July 1, 2023, moneys collected
5 from the tax imposed on little cigars under Section 10-10 of
6 the Tobacco Products Tax Act of 1995 shall be included with the
7 moneys collected under the Cigarette Tax Act and the Cigarette
8 Use Tax Act when making distributions under subsections (c-5).

9 (e) If the tax imposed herein terminates or has
10 terminated, distributors who have bought stamps while such tax
11 was in effect and who therefore paid such tax, but who can
12 show, to the Department's satisfaction, that they sold the
13 cigarettes to which they affixed such stamps after such tax
14 had terminated and did not recover the tax or its equivalent
15 from purchasers, shall be allowed by the Department to take
16 credit for such absorbed tax against subsequent tax stamp
17 purchases from the Department by such distributor.

18 (f) The impact of the tax levied by this Act is imposed
19 upon the retailer and shall be prepaid or pre-collected by the
20 distributor for the purpose of convenience and facility only,
21 and the amount of the tax shall be added to the price of the
22 cigarettes sold by such distributor. Collection of the tax
23 shall be evidenced by a stamp or stamps affixed to each
24 original package of cigarettes, as hereinafter provided. Any
25 distributor who purchases stamps may credit any excess
26 payments verified by the Department against amounts

1 subsequently due for the purchase of additional stamps, until
2 such time as no excess payment remains.

3 (g) Each distributor shall collect the tax from the
4 retailer at or before the time of the sale, shall affix the
5 stamps as hereinafter required, and shall remit the tax
6 collected from retailers to the Department, as hereinafter
7 provided. Any distributor who fails to properly collect and
8 pay the tax imposed by this Act shall be liable for the tax.

9 (h) Any distributor having cigarettes in his or her
10 possession on July 1, 2019 to which tax stamps have been
11 affixed, and any distributor having stamps in his or her
12 possession on July 1, 2019 that have not been affixed to
13 packages of cigarettes before July 1, 2019, is required to pay
14 the additional tax that begins on July 1, 2019 imposed by this
15 amendatory Act of the 101st General Assembly to the extent
16 that the volume of affixed and unaffixed stamps in the
17 distributor's possession on July 1, 2019 exceeds the average
18 monthly volume of cigarette stamps purchased by the
19 distributor in calendar year 2018. This payment, less the
20 discount provided in subsection (l), is due when the
21 distributor first makes a purchase of cigarette stamps on or
22 after July 1, 2019 or on the first due date of a return under
23 this Act occurring on or after July 1, 2019, whichever occurs
24 first. Those distributors may elect to pay the additional tax
25 on packages of cigarettes to which stamps have been affixed
26 and on any stamps in the distributor's possession that have

1 not been affixed to packages of cigarettes in their possession
2 on July 1, 2019 over a period not to exceed 12 months from the
3 due date of the additional tax by notifying the Department in
4 writing. The first payment for distributors making such
5 election is due when the distributor first makes a purchase of
6 cigarette tax stamps on or after July 1, 2019 or on the first
7 due date of a return under this Act occurring on or after July
8 1, 2019, whichever occurs first. Distributors making such an
9 election are not entitled to take the discount provided in
10 subsection (l) on such payments.

11 (i) Any retailer having cigarettes in its possession on
12 July 1, 2019 to which tax stamps have been affixed is not
13 required to pay the additional tax that begins on July 1, 2019
14 imposed by this amendatory Act of the 101st General Assembly
15 on those stamped cigarettes.

16 (j) Distributors making sales of cigarettes to secondary
17 distributors shall add the amount of the tax to the price of
18 the cigarettes sold by the distributors. Secondary
19 distributors making sales of cigarettes to retailers shall
20 include the amount of the tax in the price of the cigarettes
21 sold to retailers. The amount of tax shall not be less than the
22 amount of taxes imposed by the State and all local
23 jurisdictions. The amount of local taxes shall be calculated
24 based on the location of the retailer's place of business
25 shown on the retailer's certificate of registration or
26 sub-registration issued to the retailer pursuant to Section 2a

1 of the Retailers' Occupation Tax Act. The original packages of
2 cigarettes sold to the retailer shall bear all the required
3 stamps, or other indicia, for the taxes included in the price
4 of cigarettes.

5 (k) The amount of the Cigarette Tax imposed by this Act
6 shall be separately stated, apart from the price of the goods,
7 by distributors, manufacturer representatives, secondary
8 distributors, and retailers, in all bills and sales invoices.

9 (l) The distributor shall be required to collect the tax
10 provided under paragraph (a) hereof, and, to cover the costs
11 of such collection, shall be allowed a discount during any
12 year commencing July 1st and ending the following June 30th in
13 accordance with the schedule set out hereinbelow, which
14 discount shall be allowed at the time of purchase of the stamps
15 when purchase is required by this Act, or at the time when the
16 tax is remitted to the Department without the purchase of
17 stamps from the Department when that method of paying the tax
18 is required or authorized by this Act.

19 On and after December 1, 1985, a discount equal to 1.75% of
20 the amount of the tax payable under this Act up to and
21 including the first \$3,000,000 paid hereunder by such
22 distributor to the Department during any such year and 1.5% of
23 the amount of any additional tax paid hereunder by such
24 distributor to the Department during any such year shall
25 apply.

26 Two or more distributors that use a common means of

1 affixing revenue tax stamps or that are owned or controlled by
2 the same interests shall be treated as a single distributor
3 for the purpose of computing the discount.

4 (m) The taxes herein imposed are in addition to all other
5 occupation or privilege taxes imposed by the State of
6 Illinois, or by any political subdivision thereof, or by any
7 municipal corporation.

8 (Source: P.A. 100-1171, eff. 1-4-19; 101-31, eff. 6-28-19;
9 101-604, eff. 12-13-19.)

10 ARTICLE 85. USE AND OCCUPATION TAXES

11 Section 85-5. The Use Tax Act is amended by changing
12 Section 12 as follows:

13 (35 ILCS 105/12) (from Ch. 120, par. 439.12)

14 Sec. 12. Applicability of Retailers' Occupation Tax Act
15 and Uniform Penalty and Interest Act. All of the provisions of
16 Sections 1d, 1e, 1f, 1i, 1j, 1j.1, 1k, 1m, 1n, 1o, 2-6, 2-12,
17 2-54, 2a, 2b, 2c, 3, 4 (except that the time limitation
18 provisions shall run from the date when the tax is due rather
19 than from the date when gross receipts are received), 5
20 (except that the time limitation provisions on the issuance of
21 notices of tax liability shall run from the date when the tax
22 is due rather than from the date when gross receipts are
23 received and except that in the case of a failure to file a

1 return required by this Act, no notice of tax liability shall
2 be issued on and after each July 1 and January 1 covering tax
3 due with that return during any month or period more than 6
4 years before that July 1 or January 1, respectively), 5a, 5b,
5 5c, 5d, 5e, 5f, 5g, 5h, 5j, 5k, 5l, 5m, 5n, 7, 8, 9, 10, 11 and
6 12 of the Retailers' Occupation Tax Act and Section 3-7 of the
7 Uniform Penalty and Interest Act, which are not inconsistent
8 with this Act, shall apply, as far as practicable, to the
9 subject matter of this Act to the same extent as if such
10 provisions were included herein.

11 (Source: P.A. 102-700, eff. 4-19-22.)

12 Section 85-10. The Service Use Tax Act is amended by
13 changing Section 12 as follows:

14 (35 ILCS 110/12) (from Ch. 120, par. 439.42)

15 Sec. 12. Applicability of Retailers' Occupation Tax Act
16 and Uniform Penalty and Interest Act. All of the provisions of
17 Sections 1d, 1e, 1f, 1i, 1j, 1j.1, 1k, 1m, 1n, 1o, 2-6, 2-12,
18 2-54, 2a, 2b, 2c, 3 (except as to the disposition by the
19 Department of the money collected under this Act), 4 (except
20 that the time limitation provisions shall run from the date
21 when gross receipts are received), 5 (except that the time
22 limitation provisions on the issuance of notices of tax
23 liability shall run from the date when the tax is due rather
24 than from the date when gross receipts are received and except

1 that in the case of a failure to file a return required by this
2 Act, no notice of tax liability shall be issued on and after
3 July 1 and January 1 covering tax due with that return during
4 any month or period more than 6 years before that July 1 or
5 January 1, respectively), 5a, 5b, 5c, 5d, 5e, 5f, 5g, 5j, 5k,
6 5l, 5m, 5n, 6d, 7, 8, 9, 10, 11 and 12 of the Retailers'
7 Occupation Tax Act which are not inconsistent with this Act,
8 and Section 3-7 of the Uniform Penalty and Interest Act, shall
9 apply, as far as practicable, to the subject matter of this Act
10 to the same extent as if such provisions were included herein.
11 (Source: P.A. 102-700, eff. 4-19-22.)

12 Section 85-15. The Service Occupation Tax Act is amended
13 by changing Section 12 as follows:

14 (35 ILCS 115/12) (from Ch. 120, par. 439.112)

15 Sec. 12. All of the provisions of Sections 1d, 1e, 1f, 1i,
16 1j, 1j.1, 1k, 1m, 1n, 1o, 2-6, 2-12, 2-54, 2a, 2b, 2c, 3
17 (except as to the disposition by the Department of the tax
18 collected under this Act), 4 (except that the time limitation
19 provisions shall run from the date when the tax is due rather
20 than from the date when gross receipts are received), 5
21 (except that the time limitation provisions on the issuance of
22 notices of tax liability shall run from the date when the tax
23 is due rather than from the date when gross receipts are
24 received), 5a, 5b, 5c, 5d, 5e, 5f, 5g, 5j, 5k, 5l, 5m, 5n, 6d,

1 7, 8, 9, 10, 11 and 12 of the "Retailers' Occupation Tax Act"
2 which are not inconsistent with this Act, and Section 3-7 of
3 the Uniform Penalty and Interest Act shall apply, as far as
4 practicable, to the subject matter of this Act to the same
5 extent as if such provisions were included herein.

6 (Source: P.A. 102-700, eff. 4-19-22.)

7 ARTICLE 90. MUNICIPAL USE AND OCCUPATION TAXES

8 Section 90-5. The Illinois Municipal Code is amended by
9 changing Sections 8-11-1.4 and 8-11-1.5 as follows:

10 (65 ILCS 5/8-11-1.4) (from Ch. 24, par. 8-11-1.4)

11 Sec. 8-11-1.4. Non-Home Rule Municipal Service Occupation
12 Tax Act. The corporate authorities of a non-home rule
13 municipality may impose a tax upon all persons engaged, in
14 such municipality, in the business of making sales of service
15 for expenditure on public infrastructure or for property tax
16 relief or both as defined in Section 8-11-1.2 if approved by
17 referendum as provided in Section 8-11-1.1, of the selling
18 price of all tangible personal property transferred by such
19 servicemen either in the form of tangible personal property or
20 in the form of real estate as an incident to a sale of service.
21 If the tax is approved by referendum on or after July 14, 2010
22 (the effective date of Public Act 96-1057), the corporate
23 authorities of a non-home rule municipality may, until

1 December 31, 2030 ~~December 31, 2020~~, use the proceeds of the
2 tax for expenditure on municipal operations, in addition to or
3 in lieu of any expenditure on public infrastructure or for
4 property tax relief. The tax imposed may not be more than 1%
5 and may be imposed only in 1/4% increments. The tax may not be
6 imposed on tangible personal property taxed at the 1% rate
7 under the Service Occupation Tax Act (or at the 0% rate imposed
8 under this amendatory Act of the 102nd General Assembly).
9 Beginning December 1, 2019, this tax is not imposed on sales of
10 aviation fuel unless the tax revenue is expended for
11 airport-related purposes. If a municipality does not have an
12 airport-related purpose to which it dedicates aviation fuel
13 tax revenue, then aviation fuel is excluded from the tax. Each
14 municipality must comply with the certification requirements
15 for airport-related purposes under Section 2-22 of the
16 Retailers' Occupation Tax Act. For purposes of this Section,
17 "airport-related purposes" has the meaning ascribed in Section
18 6z-20.2 of the State Finance Act. This exclusion for aviation
19 fuel only applies for so long as the revenue use requirements
20 of 49 U.S.C. 47107(b) and 49 U.S.C. 47133 are binding on the
21 municipality. The tax imposed by a municipality pursuant to
22 this Section and all civil penalties that may be assessed as an
23 incident thereof shall be collected and enforced by the State
24 Department of Revenue. The certificate of registration which
25 is issued by the Department to a retailer under the Retailers'
26 Occupation Tax Act or under the Service Occupation Tax Act

1 shall permit such registrant to engage in a business which is
2 taxable under any ordinance or resolution enacted pursuant to
3 this Section without registering separately with the
4 Department under such ordinance or resolution or under this
5 Section. The Department shall have full power to administer
6 and enforce this Section; to collect all taxes and penalties
7 due hereunder; to dispose of taxes and penalties so collected
8 in the manner hereinafter provided, and to determine all
9 rights to credit memoranda arising on account of the erroneous
10 payment of tax or penalty hereunder. In the administration of,
11 and compliance with, this Section the Department and persons
12 who are subject to this Section shall have the same rights,
13 remedies, privileges, immunities, powers and duties, and be
14 subject to the same conditions, restrictions, limitations,
15 penalties and definitions of terms, and employ the same modes
16 of procedure, as are prescribed in Sections 1a-1, 2, 2a, 3
17 through 3-50 (in respect to all provisions therein other than
18 the State rate of tax), 4 (except that the reference to the
19 State shall be to the taxing municipality), 5, 7, 8 (except
20 that the jurisdiction to which the tax shall be a debt to the
21 extent indicated in that Section 8 shall be the taxing
22 municipality), 9 (except as to the disposition of taxes and
23 penalties collected, and except that the returned merchandise
24 credit for this municipal tax may not be taken against any
25 State tax, and except that the retailer's discount is not
26 allowed for taxes paid on aviation fuel that are subject to the

1 revenue use requirements of 49 U.S.C. 47107(b) and 49 U.S.C.
2 47133), 10, 11, 12 (except the reference therein to Section 2b
3 of the Retailers' Occupation Tax Act), 13 (except that any
4 reference to the State shall mean the taxing municipality),
5 the first paragraph of Section 15, 16, 17, 18, 19 and 20 of the
6 Service Occupation Tax Act and Section 3-7 of the Uniform
7 Penalty and Interest Act, as fully as if those provisions were
8 set forth herein.

9 No municipality may impose a tax under this Section unless
10 the municipality also imposes a tax at the same rate under
11 Section 8-11-1.3 of this Code.

12 Persons subject to any tax imposed pursuant to the
13 authority granted in this Section may reimburse themselves for
14 their serviceman's tax liability hereunder by separately
15 stating such tax as an additional charge, which charge may be
16 stated in combination, in a single amount, with State tax
17 which servicemen are authorized to collect under the Service
18 Use Tax Act, pursuant to such bracket schedules as the
19 Department may prescribe.

20 Whenever the Department determines that a refund should be
21 made under this Section to a claimant instead of issuing
22 credit memorandum, the Department shall notify the State
23 Comptroller, who shall cause the order to be drawn for the
24 amount specified, and to the person named, in such
25 notification from the Department. Such refund shall be paid by
26 the State Treasurer out of the municipal retailers' occupation

1 tax fund or the Local Government Aviation Trust Fund, as
2 appropriate.

3 Except as otherwise provided in this paragraph, the
4 Department shall forthwith pay over to the State Treasurer, ex
5 officio, as trustee, all taxes and penalties collected
6 hereunder for deposit into the municipal retailers' occupation
7 tax fund. Taxes and penalties collected on aviation fuel sold
8 on or after December 1, 2019, shall be immediately paid over by
9 the Department to the State Treasurer, ex officio, as trustee,
10 for deposit into the Local Government Aviation Trust Fund. The
11 Department shall only pay moneys into the Local Government
12 Aviation Trust Fund under this Section for so long as the
13 revenue use requirements of 49 U.S.C. 47107(b) and 49 U.S.C.
14 47133 are binding on the municipality.

15 As soon as possible after the first day of each month,
16 beginning January 1, 2011, upon certification of the
17 Department of Revenue, the Comptroller shall order
18 transferred, and the Treasurer shall transfer, to the STAR
19 Bonds Revenue Fund the local sales tax increment, as defined
20 in the Innovation Development and Economy Act, collected under
21 this Section during the second preceding calendar month for
22 sales within a STAR bond district.

23 After the monthly transfer to the STAR Bonds Revenue Fund,
24 on or before the 25th day of each calendar month, the
25 Department shall prepare and certify to the Comptroller the
26 disbursement of stated sums of money to named municipalities,

1 the municipalities to be those from which suppliers and
2 servicemen have paid taxes or penalties hereunder to the
3 Department during the second preceding calendar month. The
4 amount to be paid to each municipality shall be the amount (not
5 including credit memoranda and not including taxes and
6 penalties collected on aviation fuel sold on or after December
7 1, 2019) collected hereunder during the second preceding
8 calendar month by the Department, and not including an amount
9 equal to the amount of refunds made during the second
10 preceding calendar month by the Department on behalf of such
11 municipality, and not including any amounts that are
12 transferred to the STAR Bonds Revenue Fund, less 1.5% of the
13 remainder, which the Department shall transfer into the Tax
14 Compliance and Administration Fund. The Department, at the
15 time of each monthly disbursement to the municipalities, shall
16 prepare and certify to the State Comptroller the amount to be
17 transferred into the Tax Compliance and Administration Fund
18 under this Section. Within 10 days after receipt, by the
19 Comptroller, of the disbursement certification to the
20 municipalities, the General Revenue Fund, and the Tax
21 Compliance and Administration Fund provided for in this
22 Section to be given to the Comptroller by the Department, the
23 Comptroller shall cause the orders to be drawn for the
24 respective amounts in accordance with the directions contained
25 in such certification.

26 The Department of Revenue shall implement Public Act

1 91-649 so as to collect the tax on and after January 1, 2002.

2 Nothing in this Section shall be construed to authorize a
3 municipality to impose a tax upon the privilege of engaging in
4 any business which under the constitution of the United States
5 may not be made the subject of taxation by this State.

6 As used in this Section, "municipal" or "municipality"
7 means or refers to a city, village or incorporated town,
8 including an incorporated town which has superseded a civil
9 township.

10 This Section shall be known and may be cited as the
11 "Non-Home Rule Municipal Service Occupation Tax Act".

12 (Source: P.A. 101-10, eff. 6-5-19; 101-81, eff. 7-12-19;
13 101-604, eff. 12-13-19; 102-700, eff. 4-19-22.)

14 (65 ILCS 5/8-11-1.5) (from Ch. 24, par. 8-11-1.5)

15 Sec. 8-11-1.5. Non-Home Rule Municipal Use Tax Act. The
16 corporate authorities of a non-home rule municipality may
17 impose a tax upon the privilege of using, in such
18 municipality, any item of tangible personal property which is
19 purchased at retail from a retailer, and which is titled or
20 registered with an agency of this State's government, based on
21 the selling price of such tangible personal property, as
22 "selling price" is defined in the Use Tax Act, for expenditure
23 on public infrastructure or for property tax relief or both as
24 defined in Section 8-11-1.2, if approved by referendum as
25 provided in Section 8-11-1.1. If the tax is approved by

1 referendum on or after the effective date of this amendatory
2 Act of the 96th General Assembly, the corporate authorities of
3 a non-home rule municipality may, until December 31, 2030
4 ~~December 31, 2020~~, use the proceeds of the tax for expenditure
5 on municipal operations, in addition to or in lieu of any
6 expenditure on public infrastructure or for property tax
7 relief. The tax imposed may not be more than 1% and may be
8 imposed only in 1/4% increments. Such tax shall be collected
9 from persons whose Illinois address for title or registration
10 purposes is given as being in such municipality. Such tax
11 shall be collected by the municipality imposing such tax. A
12 non-home rule municipality may not impose and collect the tax
13 prior to January 1, 2002.

14 This Section shall be known and may be cited as the
15 "Non-Home Rule Municipal Use Tax Act".

16 (Source: P.A. 96-1057, eff. 7-14-10; 97-837, eff. 7-20-12.)

17 ARTICLE 95. VOLUNTEER EMERGENCY WORKERS

18 Section 95-5. The Illinois Administrative Procedure Act is
19 amended by adding Section 5-45.36 as follows:

20 (5 ILCS 100/5-45.36 new)

21 Sec. 5-45.36. Emergency rulemaking. To provide for the
22 expeditious and timely implementation of Section 234 of the
23 Illinois Income Tax Act, emergency rules implementing that

1 Section may be adopted in accordance with Section 5-45 by the
2 Department of Revenue. The adoption of emergency rules
3 authorized by Section 5-45 and this Section is deemed to be
4 necessary for the public interest, safety, and welfare.

5 This Section is repealed one year after the effective date
6 of this amendatory Act of the 103rd General Assembly.

7 Section 95-10. The Illinois Income Tax Act is amended by
8 adding Section 234 as follows:

9 (35 ILCS 5/234 new)

10 Sec. 234. Volunteer emergency workers.

11 (a) For taxable years beginning on or after January 1,
12 2023, each individual who (i) serves as a volunteer emergency
13 worker for at least 9 months during the taxable year and (ii)
14 does not receive compensation for his or her services as a
15 volunteer emergency worker of more than \$5,000 for the taxable
16 year is entitled to a credit against the taxes imposed by
17 subsections (a) and (b) of Section 201 in an amount equal to
18 \$500.

19 (b) A credit under this Section may not reduce a
20 taxpayer's liability to less than zero.

21 (c) By January 24 of each year, the Office of the State
22 Fire Marshal shall provide the Department of Revenue an
23 electronic file with the names of volunteer emergency workers
24 who (i) volunteered for at least 9 months during the

1 immediately preceding calendar year, (ii) did not receive
2 compensation for their services as a volunteer emergency
3 worker of more than \$5,000 during the immediately preceding
4 calendar year, and (iii) are registered with the Office of the
5 State Fire Marshal as of January 12 of the current year as
6 meeting the requirements of items (i) and (ii) for the
7 immediately preceding calendar year. The chief of the fire
8 department, fire protection district, or fire protection
9 association shall be responsible for notifying the State Fire
10 Marshal of the volunteer emergency workers who met the
11 requirements of items (i) and (ii) during the immediately
12 preceding calendar year by January 12 of the current year.
13 Notification shall be required in the format required by the
14 State Fire Marshal. The chief of the fire department, fire
15 protection district, or fire protection association shall be
16 responsible for the verification and accuracy of their
17 submission to the State Fire Marshal under this subsection.

18 (d) As used in this Section, "volunteer emergency worker"
19 means a person who serves as a member, other than on a
20 full-time career basis, of a fire department, fire protection
21 district, or fire protection association that has a Fire
22 Department Identification Number issued by the Office of the
23 State Fire Marshal and who does not serve as a member on a
24 full-time career basis for another fire department, fire
25 protection district, fire protection association, or
26 governmental entity.

1 (e) This Section is exempt from the provisions of Section
2 250.

3 ARTICLE 100. USE AND OCCUPATION TAX ASSESSMENTS

4 Section 100-5. The Retailers' Occupation Tax Act is
5 amended by changing Section 4 as follows:

6 (35 ILCS 120/4) (from Ch. 120, par. 443)

7 Sec. 4. As soon as practicable after any return is filed,
8 the Department shall examine such return and shall, if
9 necessary, correct such return according to its best judgment
10 and information. If the correction of a return results in an
11 amount of tax that is understated on the taxpayer's return due
12 to a mathematical error, the Department shall notify the
13 taxpayer that the amount of tax in excess of that shown on the
14 return is due and has been assessed. The term "mathematical
15 error" means arithmetic errors or incorrect computations on
16 the return or supporting schedules. No such notice of
17 additional tax due shall be issued on and after each July 1 and
18 January 1 covering gross receipts received during any month or
19 period of time more than 3 years prior to such July 1 and
20 January 1, respectively. Such notice of additional tax due
21 shall not be considered a notice of tax liability nor shall the
22 taxpayer have any right of protest. In the event that the
23 return is corrected for any reason other than a mathematical

1 error, any return so corrected by the Department shall be
2 prima facie correct and shall be prima facie evidence of the
3 correctness of the amount of tax due, as shown therein. In
4 correcting transaction by transaction reporting returns
5 provided for in Section 3 of this Act, it shall be permissible
6 for the Department to show a single corrected return figure
7 for any given period of a calendar month instead of having to
8 correct each transaction by transaction return form
9 individually and having to show a corrected return figure for
10 each of such transaction by transaction return forms. In
11 making a correction of transaction by transaction, monthly or
12 quarterly returns covering a period of 6 months or more, it
13 shall be permissible for the Department to show a single
14 corrected return figure for any given 6-month period.

15 Instead of requiring the person filing such return to file
16 an amended return, the Department may simply notify him of the
17 correction or corrections it has made.

18 Proof of such correction by the Department may be made at
19 any hearing before the Department or the Illinois Independent
20 Tax Tribunal or in any legal proceeding by a reproduced copy or
21 computer print-out of the Department's record relating thereto
22 in the name of the Department under the certificate of the
23 Director of Revenue. If reproduced copies of the Department's
24 records are offered as proof of such correction, the Director
25 must certify that those copies are true and exact copies of
26 records on file with the Department. If computer print-outs of

1 the Department's records are offered as proof of such
2 correction, the Director must certify that those computer
3 print-outs are true and exact representations of records
4 properly entered into standard electronic computing equipment,
5 in the regular course of the Department's business, at or
6 reasonably near the time of the occurrence of the facts
7 recorded, from trustworthy and reliable information. Such
8 certified reproduced copy or certified computer print-out
9 shall without further proof, be admitted into evidence before
10 the Department or in any legal proceeding and shall be prima
11 facie proof of the correctness of the amount of tax due, as
12 shown therein.

13 If the tax computed upon the basis of the gross receipts as
14 fixed by the Department is greater than the amount of tax due
15 under the return or returns as filed, the Department shall (or
16 if the tax or any part thereof that is admitted to be due by a
17 return or returns, whether filed on time or not, is not paid,
18 the Department may) issue the taxpayer a notice of tax
19 liability for the amount of tax claimed by the Department to be
20 due, together with a penalty in an amount determined in
21 accordance with Section 3-3 of the Uniform Penalty and
22 Interest Act. Provided, that if the incorrectness of any
23 return or returns as determined by the Department is due to
24 negligence or fraud, said penalty shall be in an amount
25 determined in accordance with Section 3-5 or Section 3-6 of
26 the Uniform Penalty and Interest Act, as the case may be. If

1 the notice of tax liability is not based on a correction of the
2 taxpayer's return or returns, but is based on the taxpayer's
3 failure to pay all or a part of the tax admitted by his return
4 or returns (whether filed on time or not) to be due, such
5 notice of tax liability shall be prima facie correct and shall
6 be prima facie evidence of the correctness of the amount of tax
7 due, as shown therein.

8 Proof of such notice of tax liability by the Department
9 may be made at any hearing before the Department or the
10 Illinois Independent Tax Tribunal or in any legal proceeding
11 by a reproduced copy of the Department's record relating
12 thereto in the name of the Department under the certificate of
13 the Director of Revenue. Such reproduced copy shall without
14 further proof, be admitted into evidence before the Department
15 or in any legal proceeding and shall be prima facie proof of
16 the correctness of the amount of tax due, as shown therein.

17 If the person filing any return dies or becomes a person
18 under legal disability at any time before the Department
19 issues its notice of tax liability, such notice shall be
20 issued to the administrator, executor or other legal
21 representative, as such, of such person.

22 Except in case of a fraudulent return, or in the case of an
23 amended return (where a notice of tax liability may be issued
24 on or after each January 1 and July 1 for an amended return
25 filed not more than 3 years prior to such January 1 or July 1,
26 respectively), no notice of tax liability shall be issued on

1 and after each January 1 and July 1 covering gross receipts
2 received during any month or period of time more than 3 years
3 prior to such January 1 and July 1, respectively. If, before
4 the expiration of the time prescribed in this Section for the
5 issuance of a notice of tax liability, both the Department and
6 the taxpayer have consented in writing to its issuance after
7 such time, such notice may be issued at any time prior to the
8 expiration of the period agreed upon. The period so agreed
9 upon may be extended by subsequent agreements in writing made
10 before the expiration of the period previously agreed upon.
11 The foregoing limitations upon the issuance of a notice of tax
12 liability shall not apply to the issuance of a notice of tax
13 liability with respect to any period of time prior thereto in
14 cases where the Department has, within the period of
15 limitation then provided, notified the person making the
16 return of a notice of tax liability even though such return,
17 with which the tax that was shown by such return to be due was
18 paid when the return was filed, had not been corrected by the
19 Department in the manner required herein prior to the issuance
20 of such notice, but in no case shall the amount of any such
21 notice of tax liability for any period otherwise barred by
22 this Act exceed for such period the amount shown in the notice
23 of tax liability theretofore issued.

24 If, when a tax or penalty under this Act becomes due and
25 payable, the person alleged to be liable therefor is out of the
26 State, the notice of tax liability may be issued within the

1 times herein limited after his coming into or return to the
2 State; and if, after the tax or penalty under this Act becomes
3 due and payable, the person alleged to be liable therefor
4 departs from and remains out of the State, the time of his or
5 her absence is no part of the time limited for the issuance of
6 the notice of tax liability; but the foregoing provisions
7 concerning absence from the State shall not apply to any case
8 in which, at the time when a tax or penalty becomes due under
9 this Act, the person allegedly liable therefor is not a
10 resident of this State.

11 The time limitation period on the Department's right to
12 issue a notice of tax liability shall not run during any period
13 of time in which the Order of any Court has the effect of
14 enjoining or restraining the Department from issuing the
15 notice of tax liability.

16 If such person or legal representative shall within 60
17 days after such notice of tax liability file a protest to said
18 notice of tax liability with the Department and request a
19 hearing thereon, the Department shall give notice to such
20 person or legal representative of the time and place fixed for
21 such hearing and shall hold a hearing in conformity with the
22 provisions of this Act, and pursuant thereto shall issue to
23 such person or legal representative a final assessment for the
24 amount found to be due as a result of such hearing. On or after
25 July 1, 2013, protests concerning matters that are subject to
26 the jurisdiction of the Illinois Independent Tax Tribunal

1 shall be filed with the Illinois Independent Tax Tribunal in
2 accordance with the Illinois Independent Tax Tribunal Act of
3 2012, and hearings concerning those matters shall be held
4 before the Tribunal in accordance with that Act. The Tribunal
5 shall give notice to such person of the time and place fixed
6 for such hearing and shall hold a hearing. With respect to
7 protests filed with the Department prior to July 1, 2013 that
8 would otherwise be subject to the jurisdiction of the Illinois
9 Independent Tax Tribunal, the taxpayer may elect to be subject
10 to the provisions of the Illinois Independent Tax Tribunal Act
11 of 2012 at any time on or after July 1, 2013, but not later
12 than 30 days after the date on which the protest was filed. If
13 made, the election shall be irrevocable.

14 If a protest to the notice of tax liability and a request
15 for a hearing thereon is not filed within 60 days after such
16 notice, such notice of tax liability shall become final
17 without the necessity of a final assessment being issued and
18 shall be deemed to be a final assessment.

19 Notwithstanding any other provisions of this Act, any
20 amount paid as tax or in respect of tax paid under this Act,
21 other than amounts paid as quarter-monthly payments, shall be
22 deemed assessed upon the date of receipt of payment.

23 After the issuance of a final assessment, or a notice of
24 tax liability which becomes final without the necessity of
25 actually issuing a final assessment as hereinbefore provided,
26 the Department, at any time before such assessment is reduced

1 to judgment, may (subject to rules of the Department) grant a
2 rehearing (or grant departmental review and hold an original
3 hearing if no previous hearing in the matter has been held)
4 upon the application of the person aggrieved. Pursuant to such
5 hearing or rehearing, the Department shall issue a revised
6 final assessment to such person or his legal representative
7 for the amount found to be due as a result of such hearing or
8 rehearing.

9 (Source: P.A. 97-1129, eff. 8-28-12.)

10 Section 100-10. The Cigarette Machine Operators'
11 Occupation Tax Act is amended by changing Section 1-45 as
12 follows:

13 (35 ILCS 128/1-45)

14 Sec. 1-45. Examination and correction of returns.

15 (a) As soon as practicable after any return is filed, the
16 Department shall examine that return and shall correct the
17 return according to its best judgment and information, which
18 return so corrected by the Department shall be prima facie
19 correct and shall be prima facie evidence of the correctness
20 of the amount of tax due, as shown on the corrected return.
21 Instead of requiring the cigarette machine operator to file an
22 amended return, the Department may simply notify the cigarette
23 machine operator of the correction or corrections it has made.
24 Proof of the correction by the Department may be made at any

1 hearing before the Department or in any legal proceeding by a
2 reproduced copy of the Department's record relating thereto in
3 the name of the Department under the certificate of the
4 Director of Revenue. Such reproduced copy shall, without
5 further proof, be admitted into evidence before the Department
6 or in any legal proceeding and shall be prima facie proof of
7 the correctness of the amount of tax due, as shown on the
8 reproduced copy. If the Department finds that any amount of
9 tax is due from the cigarette machine operator, the Department
10 shall issue the cigarette machine operator a notice of tax
11 liability for the amount of tax claimed by the Department to be
12 due, together with a penalty in an amount determined in
13 accordance with Sections 3-3, 3-5 and 3-6 of the Uniform
14 Penalty and Interest Act. If, in administering the provisions
15 of this Act, comparison of a return or returns of a cigarette
16 machine operator with the books, records, and inventories of
17 such cigarette machine operator discloses a deficiency that
18 cannot be allocated by the Department to a particular month or
19 months, the Department shall issue the cigarette machine
20 operator a notice of tax liability for the amount of tax
21 claimed by the Department to be due for a given period, but
22 without any obligation upon the Department to allocate that
23 deficiency to any particular month or months, together with a
24 penalty in an amount determined in accordance with Sections
25 3-3, 3-5, and 3-6 of the Uniform Penalty and Interest Act,
26 under which circumstances the aforesaid notice of tax

1 liability shall be prima facie correct and shall be prima
2 facie evidence of the correctness of the amount of tax due, as
3 shown therein; and proof of such correctness may be made in
4 accordance with, and the admissibility of a reproduced copy of
5 such notice of tax liability shall be governed by, all the
6 provisions of this Act applicable to corrected returns. If any
7 cigarette machine operator filing any return dies or becomes a
8 person under legal disability at any time before the
9 Department issues its notice of tax liability, such notice
10 shall be issued to the administrator, executor, or other legal
11 representative of the cigarette machine operator.

12 (b) If, within 60 days after such notice of tax liability,
13 the cigarette machine operator or his or her legal
14 representative files a written protest to such notice of tax
15 liability and requests a hearing thereon, the Department shall
16 give notice to such cigarette machine operator or legal
17 representative of the time and place fixed for such hearing,
18 and shall hold a hearing in conformity with the provisions of
19 this Act, and pursuant thereto shall issue a final assessment
20 to such cigarette machine operator or legal representative for
21 the amount found to be due as a result of such hearing. If a
22 written protest to the notice of tax liability and a request
23 for a hearing thereon is not filed within 60 days after such
24 notice of tax liability, such notice of tax liability shall
25 become final without the necessity of a final assessment being
26 issued and shall be deemed to be a final assessment.

1 (c) In case of failure to pay the tax, or any portion
2 thereof, or any penalty provided for in this Act, when due, the
3 Department may bring suit to recover the amount of such tax, or
4 portion thereof, or penalty; or, if the taxpayer dies or
5 becomes incompetent, by filing claim therefore against his or
6 her estate; provided that no such action with respect to any
7 tax, or portion thereof, or penalty, shall be instituted more
8 than 2 years after the cause of action accrues, except with the
9 consent of the person from whom such tax or penalty is due.

10 After the expiration of the period within which the person
11 assessed may file an action for judicial review under the
12 Administrative Review Law without such an action being filed,
13 a certified copy of the final assessment or revised final
14 assessment of the Department may be filed with the circuit
15 court of the county in which the taxpayer has his or her
16 principal place of business, or of Sangamon County in those
17 cases in which the taxpayer does not have his or her principal
18 place of business in this State. The certified copy of the
19 final assessment or revised final assessment shall be
20 accompanied by a certification which recites facts that are
21 sufficient to show that the Department complied with the
22 jurisdictional requirements of the law in arriving at its
23 final assessment or its revised final assessment and that the
24 taxpayer had his or her opportunity for an administrative
25 hearing and for judicial review, whether he or she availed
26 himself or herself of either or both of these opportunities or

1 not. If the court is satisfied that the Department complied
2 with the jurisdictional requirements of the law in arriving at
3 its final assessment or its revised final assessment and that
4 the taxpayer had his or her opportunity for an administrative
5 hearing and for judicial review, whether he or she availed
6 himself or herself of either or both of these opportunities or
7 not, the court shall enter judgment in favor of the Department
8 and against the taxpayer for the amount shown to be due by the
9 final assessment or the revised final assessment, and such
10 judgment shall be filed of record in the court. Such judgment
11 shall bear the rate of interest set in the Uniform Penalty and
12 Interest Act, but otherwise shall have the same effect as
13 other judgments. The judgment may be enforced, and all laws
14 applicable to sales for the enforcement of a judgment shall be
15 applicable to sales made under such judgments. The Department
16 shall file the certified copy of its assessment, as herein
17 provided, with the circuit court within 2 years after such
18 assessment becomes final except when the taxpayer consents in
19 writing to an extension of such filing period.

20 If, when the cause of action for a proceeding in court
21 accrues against a person, he or she is out of the State, the
22 action may be commenced within the times herein limited, after
23 his or her coming into or returning to the State; and if, after
24 the cause of action accrues, he or she departs from and remains
25 out of the State, the time of his or her absence is no part of
26 the time limited for the commencement of the action; but the

1 foregoing provisions concerning absence from the State shall
2 not apply to any case in which, at the time the cause of action
3 accrues, the party against whom the cause of action accrues is
4 not a resident of this State. The time within which a court
5 action is to be commenced by the Department hereunder shall
6 not run while the taxpayer is a debtor in any proceeding under
7 the federal Bankruptcy Code nor thereafter until 90 days after
8 the Department is notified by such debtor of being discharged
9 in bankruptcy.

10 No claim shall be filed against the estate of any deceased
11 person or a person under legal disability for any tax or
12 penalty or part of either except in the manner prescribed and
13 within the time limited by the Probate Act of 1975.

14 The remedies provided for herein shall not be exclusive,
15 but all remedies available to creditors for the collection of
16 debts shall be available for the collection of any tax or
17 penalty due hereunder.

18 The collection of tax or penalty by any means provided for
19 herein shall not be a bar to any prosecution under this Act.

20 The certificate of the Director of the Department to the
21 effect that a tax or amount required to be paid by this Act has
22 not been paid, that a return has not been filed, or that
23 information has not been supplied pursuant to the provisions
24 of this Act, shall be prima facie evidence thereof.

25 Notwithstanding any other provisions of this Act, any
26 amount paid as tax or in respect of tax paid under this Act

1 shall be deemed assessed upon the date of receipt of payment.

2 All of the provisions of Sections 5a, 5b, 5c, 5d, 5e, 5f,
3 5g, 5i and 5j of the Retailers' Occupation Tax Act, which are
4 not inconsistent with this Act, shall apply, as far as
5 practicable, to the subject matter of this Act to the same
6 extent as if such provisions were included herein. References
7 in such incorporated Sections of the Retailers' Occupation Tax
8 Act to retailers, to sellers, or to persons engaged in the
9 business of selling tangible personal property shall mean
10 cigarette machine operator when used in this Act.

11 (Source: P.A. 97-688, eff. 6-14-12.)

12 Section 100-15. The Cigarette Tax Act is amended by
13 changing Section 9a as follows:

14 (35 ILCS 130/9a) (from Ch. 120, par. 453.9a)

15 Sec. 9a. Examination and correction of returns.

16 (1) As soon as practicable after any return is filed, the
17 Department shall examine such return and shall correct such
18 return according to its best judgment and information, which
19 return so corrected by the Department shall be prima facie
20 correct and shall be prima facie evidence of the correctness
21 of the amount of tax due, as shown therein. Instead of
22 requiring the distributor to file an amended return, the
23 Department may simply notify the distributor of the correction
24 or corrections it has made. Proof of such correction by the

1 Department may be made at any hearing before the Department or
2 in any legal proceeding by a reproduced copy of the
3 Department's record relating thereto in the name of the
4 Department under the certificate of the Director of Revenue.
5 Such reproduced copy shall, without further proof, be admitted
6 into evidence before the Department or in any legal proceeding
7 and shall be prima facie proof of the correctness of the amount
8 of tax due, as shown therein. If the Department finds that any
9 amount of tax is due from the distributor, the Department
10 shall issue the distributor a notice of tax liability for the
11 amount of tax claimed by the Department to be due, together
12 with a penalty in an amount determined in accordance with
13 Sections 3-3, 3-5 and 3-6 of the Uniform Penalty and Interest
14 Act. If, in administering the provisions of this Act,
15 comparison of a return or returns of a distributor with the
16 books, records and inventories of such distributor discloses a
17 deficiency which cannot be allocated by the Department to a
18 particular month or months, the Department shall issue the
19 distributor a notice of tax liability for the amount of tax
20 claimed by the Department to be due for a given period, but
21 without any obligation upon the Department to allocate such
22 deficiency to any particular month or months, together with a
23 penalty in an amount determined in accordance with Sections
24 3-3, 3-5 and 3-6 of the Uniform Penalty and Interest Act, under
25 which circumstances the aforesaid notice of tax liability
26 shall be prima facie correct and shall be prima facie evidence

1 of the correctness of the amount of tax due, as shown therein;
2 and proof of such correctness may be made in accordance with,
3 and the admissibility of a reproduced copy of such notice of
4 tax liability shall be governed by, all the provisions of this
5 Act applicable to corrected returns. If any distributor filing
6 any return dies or becomes a person under legal disability at
7 any time before the Department issues its notice of tax
8 liability, such notice shall be issued to the administrator,
9 executor or other legal representative, as such, of such
10 distributor.

11 (2) Except as otherwise provided in this Section, if,
12 within 60 days after such notice of tax liability, the
13 distributor or his or her legal representative files a protest
14 to such notice of tax liability and requests a hearing
15 thereon, the Department shall give notice to such distributor
16 or legal representative of the time and place fixed for such
17 hearing, and shall hold a hearing in conformity with the
18 provisions of this Act, and pursuant thereto shall issue a
19 final assessment to such distributor or legal representative
20 for the amount found to be due as a result of such hearing. On
21 or after July 1, 2013, protests concerning matters that are
22 subject to the jurisdiction of the Illinois Independent Tax
23 Tribunal shall be filed in accordance with the Illinois
24 Independent Tax Tribunal Act of 2012, and hearings concerning
25 those matters shall be held before the Tribunal in accordance
26 with that Act. With respect to protests filed with the

1 Department prior to July 1, 2013 that would otherwise be
2 subject to the jurisdiction of the Illinois Independent Tax
3 Tribunal, the taxpayer may elect to be subject to the
4 provisions of the Illinois Independent Tax Tribunal Act of
5 2012 at any time on or after July 1, 2013, but not later than
6 30 days after the date on which the protest was filed. If made,
7 the election shall be irrevocable. If a protest to the notice
8 of tax liability and a request for a hearing thereon is not
9 filed within the time allowed by law, such notice of tax
10 liability shall become final without the necessity of a final
11 assessment being issued and shall be deemed to be a final
12 assessment.

13 (3) In case of failure to pay the tax, or any portion
14 thereof, or any penalty provided for in this Act, when due, the
15 Department may bring suit to recover the amount of such tax, or
16 portion thereof, or penalty; or, if the taxpayer dies or
17 becomes incompetent, by filing claim therefor against his
18 estate; provided that no such action with respect to any tax,
19 or portion thereof, or penalty, shall be instituted more than
20 2 years after the cause of action accrues, except with the
21 consent of the person from whom such tax or penalty is due.

22 After the expiration of the period within which the person
23 assessed may file an action for judicial review under the
24 Administrative Review Law without such an action being filed,
25 a certified copy of the final assessment or revised final
26 assessment of the Department may be filed with the Circuit

1 Court of the county in which the taxpayer has his or her
2 principal place of business, or of Sangamon County in those
3 cases in which the taxpayer does not have his principal place
4 of business in this State. The certified copy of the final
5 assessment or revised final assessment shall be accompanied by
6 a certification which recites facts that are sufficient to
7 show that the Department complied with the jurisdictional
8 requirements of the Law in arriving at its final assessment or
9 its revised final assessment and that the taxpayer had his or
10 her opportunity for an administrative hearing and for judicial
11 review, whether he availed himself or herself of either or
12 both of these opportunities or not. If the court is satisfied
13 that the Department complied with the jurisdictional
14 requirements of the Law in arriving at its final assessment or
15 its revised final assessment and that the taxpayer had his or
16 her opportunity for an administrative hearing and for judicial
17 review, whether he or she availed himself or herself of either
18 or both of these opportunities or not, the court shall enter
19 judgment in favor of the Department and against the taxpayer
20 for the amount shown to be due by the final assessment or the
21 revised final assessment, and such judgment shall be filed of
22 record in the court. Such judgment shall bear the rate of
23 interest set in the Uniform Penalty and Interest Act, but
24 otherwise shall have the same effect as other judgments. The
25 judgment may be enforced, and all laws applicable to sales for
26 the enforcement of a judgment shall be applicable to sales

1 made under such judgments. The Department shall file the
2 certified copy of its assessment, as herein provided, with the
3 Circuit Court within 2 years after such assessment becomes
4 final except when the taxpayer consents in writing to an
5 extension of such filing period.

6 If, when the cause of action for a proceeding in court
7 accrues against a person, he or she is out of the State, the
8 action may be commenced within the times herein limited, after
9 his or her coming into or return to the State; and if, after
10 the cause of action accrues, he or she departs from and remains
11 out of the State, the time of his or her absence is no part of
12 the time limited for the commencement of the action; but the
13 foregoing provisions concerning absence from the State shall
14 not apply to any case in which, at the time the cause of action
15 accrues, the party against whom the cause of action accrues is
16 not a resident of this State. The time within which a court
17 action is to be commenced by the Department hereunder shall
18 not run while the taxpayer is a debtor in any proceeding under
19 the Federal Bankruptcy Act nor thereafter until 90 days after
20 the Department is notified by such debtor of being discharged
21 in bankruptcy.

22 No claim shall be filed against the estate of any deceased
23 person or a person under legal disability for any tax or
24 penalty or part of either except in the manner prescribed and
25 within the time limited by the Probate Act of 1975, as amended.

26 The remedies provided for herein shall not be exclusive,

1 but all remedies available to creditors for the collection of
2 debts shall be available for the collection of any tax or
3 penalty due hereunder.

4 The collection of tax or penalty by any means provided for
5 herein shall not be a bar to any prosecution under this Act.

6 The certificate of the Director of the Department to the
7 effect that a tax or amount required to be paid by this Act has
8 not been paid, that a return has not been filed, or that
9 information has not been supplied pursuant to the provisions
10 of this Act, shall be prima facie evidence thereof.

11 Notwithstanding any other provisions of this Act, any
12 amount paid as tax or in respect of tax paid under this Act
13 shall be deemed assessed upon the date of receipt of payment.

14 All of the provisions of Sections 5a, 5b, 5c, 5d, 5e, 5f,
15 5g, 5i and 5j of the Retailers' Occupation Tax Act, which are
16 not inconsistent with this Act, and Section 3-7 of the Uniform
17 Penalty and Interest Act shall apply, as far as practicable,
18 to the subject matter of this Act to the same extent as if such
19 provisions were included herein. References in such
20 incorporated Sections of the "Retailers' Occupation Tax Act"
21 to retailers, to sellers or to persons engaged in the business
22 of selling tangible personal property shall mean distributors
23 when used in this Act.

24 (Source: P.A. 97-1129, eff. 8-28-12; 98-463, eff. 8-16-13.)

25 Section 100-20. The Cigarette Use Tax Act is amended by

1 changing Section 13 as follows:

2 (35 ILCS 135/13) (from Ch. 120, par. 453.43)

3 Sec. 13. Examination and correction of return. As soon as
4 practicable after any return is filed, the Department shall
5 examine such return and shall correct such return according to
6 its best judgment and information, which return so corrected
7 by the Department shall be prima facie correct and shall be
8 prima facie evidence of the correctness of the amount of tax
9 due, as shown therein. Proof of such correction by the
10 Department may be made at any hearing before the Department or
11 in any legal proceeding by a reproduced copy of the
12 Department's record relating thereto in the name of the
13 Department under the certificate of the Director of Revenue.
14 Such reproduced copy shall, without further proof, be admitted
15 into evidence before the Department or in any legal proceeding
16 and shall be prima facie proof of the correctness of the amount
17 of tax due, as shown therein. If the tax as fixed by the
18 Department is greater than the amount of the tax due under the
19 return as filed, the Department shall issue the person filing
20 such return a notice of tax liability for the amount of tax
21 claimed by the Department to be due, together with a penalty in
22 an amount determined in accordance with Sections 3-3, 3-5 and
23 3-6 of the Uniform Penalty and Interest Act. If, in
24 administering the provisions of this Act, comparison of a
25 return or returns of a distributor with the books, records and

1 inventories of such distributor discloses a deficiency which
2 cannot be allocated by the Department to a particular month or
3 months, the Department shall issue the distributor a notice of
4 tax liability for the amount of tax claimed by the Department
5 to be due for a given period, but without any obligation upon
6 the Department to allocate such deficiency to any particular
7 month or months, together with a penalty in an amount
8 determined in accordance with Sections 3-3, 3-5 and 3-6 of the
9 Uniform Penalty and Interest Act, under which circumstances
10 the aforesaid notice of tax liability shall be prima facie
11 correct and shall be prima facie evidence of the correctness
12 of the amount of tax due, as shown therein; and proof of such
13 correctness may be made in accordance with, and the
14 admissibility of a reproduced copy of such notice of tax
15 liability shall be governed by, all the provisions of this Act
16 applicable to corrected returns.

17 If any person filing any return dies or becomes a person
18 under legal disability at any time before the Department
19 issues its notice of tax liability, such notice shall be
20 issued to the administrator, executor or other legal
21 representative, as such, of such person.

22 Except as otherwise provided in this Section, if within 60
23 days after such notice of tax liability, the person to whom
24 such notice is issued or his legal representative files a
25 protest to such notice of tax liability and requests a hearing
26 thereon, the Department shall give notice to such person or

1 legal representative of the time and place fixed for such
2 hearing, and shall hold a hearing in conformity with the
3 provisions of this Act, and pursuant thereto shall issue a
4 final assessment to such person or legal representative for
5 the amount found to be due as a result of such hearing.
6 Effective July 1, 2013, protests concerning matters that are
7 subject to the jurisdiction of the Illinois Independent Tax
8 Tribunal shall be filed with the Tribunal in accordance with
9 the Illinois Independent Tax Tribunal Act of 2012, and
10 hearings concerning those matters shall be held before the
11 Tribunal in accordance with that Act. With respect to protests
12 filed with the Department prior to July 1, 2013 that would
13 otherwise be subject to the jurisdiction of the Illinois
14 Independent Tax Tribunal, the person filing the protest may
15 elect to be subject to the provisions of the Illinois
16 Independent Tax Tribunal Act of 2012 at any time on or after
17 July 1, 2013, but not later than 30 days after the date on
18 which the protest was filed. If made, the election shall be
19 irrevocable. If a protest to the notice of tax liability and a
20 request for a hearing thereon is not filed within the time
21 allowed by law, such notice of tax liability shall become
22 final without the necessity of a final assessment being issued
23 and shall be deemed to be a final assessment.

24 Notwithstanding any other provisions of this Act, any
25 amount paid as tax or in respect of tax paid under this Act
26 shall be deemed assessed upon the date of receipt of payment.

1 (Source: P.A. 97-1129, eff. 8-28-12.)

2 Section 100-25. The Liquor Control Act of 1934 is amended
3 by changing Section 8-5 as follows:

4 (235 ILCS 5/8-5) (from Ch. 43, par. 163a)

5 Sec. 8-5. As soon as practicable after any return is
6 filed, the Department shall examine such return or amended
7 return and shall correct such return according to its best
8 judgment and information, which return so corrected by the
9 Department shall be prima facie correct and shall be prima
10 facie evidence of the correctness of the amount of tax due, as
11 shown therein. Instead of requiring the licensee to file an
12 amended return, the Department may simply notify the licensee
13 of the correction or corrections it has made. Proof of such
14 correction by the Department, or of the determination of the
15 amount of tax due as provided in Sections 8-4 and 8-10, may be
16 made at any hearing before the Department or in any legal
17 proceeding by a reproduced copy of the Department's record
18 relating thereto in the name of the Department under the
19 certificate of the Director of Revenue. Such reproduced copy
20 shall, without further proof, be admitted into evidence before
21 the Department or in any legal proceeding and shall be prima
22 facie proof of the correctness of the amount of tax due, as
23 shown therein. If the return so corrected by the Department
24 discloses the sale or use, by a licensed manufacturer or

1 importing distributor, of alcoholic liquors as to which the
2 tax provided for in this Article should have been paid, but has
3 not been paid, in excess of the alcoholic liquors reported as
4 being taxable by the licensee, and as to which the proper tax
5 was paid the Department shall notify the licensee that it
6 shall issue the taxpayer a notice of tax liability for the
7 amount of tax claimed by the Department to be due, together
8 with penalties at the rates prescribed by Sections 3-3, 3-5
9 and 3-6 of the Uniform Penalty and Interest Act, which amount
10 of tax shall be equivalent to the amount of tax which, at the
11 prescribed rate per gallon, should have been paid with respect
12 to the alcoholic liquors disposed of in excess of those
13 reported as being taxable. No earlier than 90 days after the
14 due date of the return, the Department may compare filed
15 returns, or any amendments thereto, against reports of sales
16 of alcoholic liquor submitted to the Department by other
17 manufacturers and distributors. If a return or amended return
18 is corrected by the Department because the return or amended
19 return failed to disclose the purchase of alcoholic liquor
20 from manufacturers or distributors on which the tax provided
21 for in this Article should have been paid, but has not been
22 paid, the Department shall issue the taxpayer a notice of tax
23 liability for the amount of tax claimed by the Department to be
24 due, together with penalties at the rates prescribed by
25 Sections 3-3, 3-5, and 3-6 of the Uniform Penalty and Interest
26 Act. In a case where no return has been filed, the Department

1 shall determine the amount of tax due according to its best
2 judgment and information and shall issue the taxpayer a notice
3 of tax liability for the amount of tax claimed by the
4 Department to be due as herein provided together with
5 penalties at the rates prescribed by Sections 3-3, 3-5 and 3-6
6 of the Uniform Penalty and Interest Act. If, in administering
7 the provisions of this Act, a comparison of a licensee's
8 return or returns with the books, records and physical
9 inventories of such licensee discloses a deficiency which
10 cannot be allocated by the Department to a particular month or
11 months, the Department shall issue the taxpayer a notice of
12 tax liability for the amount of tax claimed by the Department
13 to be due for a given period, but without any obligation upon
14 the Department to allocate such deficiency to any particular
15 month or months, together with penalties at the rates
16 prescribed by Sections 3-3, 3-5 and 3-6 of the Uniform Penalty
17 and Interest Act, which amount of tax shall be equivalent to
18 the amount of tax which, at the prescribed rate per gallon,
19 should have been paid with respect to the alcoholic liquors
20 disposed of in excess of those reported being taxable, with
21 the tax thereon having been paid under which circumstances the
22 aforesaid notice of tax liability shall be prima facie correct
23 and shall be prima facie evidence of the correctness of the
24 amount of tax due as shown therein; and proof of such
25 correctness may be made in accordance with, and the
26 admissibility of a reproduced copy of such notice of the

1 Department's notice of tax liability shall be governed by, all
2 the provisions of this Act applicable to corrected returns.

3 If the licensee dies or becomes a person under legal
4 disability at any time before the Department issues its notice
5 of tax liability, such notice shall be issued to the
6 administrator, executor or other legal representative, as
7 such, of the deceased or licensee who is under legal
8 disability.

9 If such licensee or legal representative, within 60 days
10 after such notice of tax liability, files a protest to such
11 notice of tax liability and requests a hearing thereon, the
12 Department shall give at least 7 days' notice to such licensee
13 or legal representative, as the case may be, of the time and
14 place fixed for such hearing and shall hold a hearing in
15 conformity with the provisions of this Act, and pursuant
16 thereto shall issue a final assessment to such licensee or
17 legal representative for the amount found to be due as a result
18 of such hearing.

19 If a protest to the notice of tax liability and a request
20 for a hearing thereon is not filed within 60 days after such
21 notice of tax liability, such notice of tax liability shall
22 become final without the necessity of a final assessment being
23 issued and shall be deemed to be a final assessment.

24 Notwithstanding any other provisions of this Act, any
25 amount paid as tax or in respect of tax paid under this Act
26 shall be deemed assessed upon the date of receipt of payment.

1 In case of failure to pay the tax, or any portion thereof,
2 or any penalty provided for herein, when due, the Department
3 may recover the amount of such tax, or portion thereof, or
4 penalty in a civil action; or if the licensee dies or becomes a
5 person under legal disability, by filing a claim therefor
6 against his or her estate; provided that no such claim shall be
7 filed against the estate of any deceased or of the licensee who
8 is under legal disability for any tax or penalty or portion
9 thereof except in the manner prescribed and within the time
10 limited by the Probate Act of 1975, as amended.

11 The collection of any such tax and penalty, or either, by
12 any means provided for herein, shall not be a bar to any
13 prosecution under this Act.

14 In addition to any other penalty provided for in this
15 Article, all provisions of the Uniform Penalty and Interest
16 Act that are not inconsistent with this Act apply.

17 (Source: P.A. 100-1050, eff. 7-1-19; 101-16, eff. 6-14-19.)

18 ARTICLE 105. ILLINOIS GIVES TAX CREDIT

19 Section 105-1. Short title. This Act may be cited as the
20 Illinois Gives Tax Credit Act. References in this Article to
21 "this Act" mean this Article.

22 Section 105-5. Definitions. As used in this Act:

23 "Business entity" means a corporation (including a

1 Subchapter S corporation), trust, estate, partnership, limited
2 liability company, or sole proprietorship.

3 "Credit-eligible endowment gift" means an endowment gift
4 for which a taxpayer intends to apply for an income tax credit
5 under this Act.

6 "Department" means the Department of Revenue.

7 "Donor advised fund" has the meaning given to that term in
8 subsection (d) of Section 4966 of the Internal Revenue Code of
9 1986.

10 "Endowment gift" means an irrevocable contribution to a
11 permanent endowment fund held by a qualified community
12 foundation.

13 "Permanent endowment fund" means a fund that (i) is held
14 by a qualified community foundation, (ii) provides charitable
15 grants exclusively for the benefit of residents of the State
16 or charities and charitable projects located in the State,
17 (iii) is intended to exist in perpetuity, (iv) has an annual
18 spending rate based on the foundation spending policy, but not
19 to exceed 7%, and (v) is not a donor advised fund.

20 "Qualified community foundation" means a community
21 foundation or similar publicly supported organization
22 described in Section 170 (b) (1) (A) (vi) of the Internal Revenue
23 Code of 1986 that is organized or operating in this State and
24 that substantially complies with the national standards for
25 U.S. community foundations established by the National Council
26 on Foundations, as determined by the Department.

1 "Taxpayer" means any individual who is subject to the tax
2 imposed under subsections (a) and (b) of Section 201 of the
3 Illinois Income Tax Act or any business entity that is subject
4 to the tax imposed under subsections (a) and (b) of Section 201
5 of the Illinois Income Tax Act.

6 Section 105-10. Tax credit awards; limitations.

7 (a) For taxable years ending on or after December 31, 2024
8 and ending before January 1, 2029, the Department shall award,
9 in accordance with this Act, income tax credits to taxpayers
10 who provide an endowment gift to a permanent endowment fund
11 during the taxable year and receive a certificate of receipt
12 under Section 105-15 for that gift. Subject to the limitations
13 in this Section, the amount of the credit that may be awarded
14 to a taxpayer by the Department under this Act is an amount
15 equal to 25% of the endowment gift.

16 (b) The aggregate amount of all Illinois Gives tax credits
17 awarded by the Department under this Act in any calendar year
18 may not exceed \$5,000,000.

19 (c) The aggregate amount of all Illinois Gives tax credits
20 that the Department may award to any taxpayer under this Act in
21 any calendar year may not exceed \$100,000.

22 (d) The aggregate amount of all credits that the
23 Department may authorize in any calendar year based on
24 endowment gifts to any specific qualified community foundation
25 may not exceed 15% of the aggregate amount of all Illinois

1 Gives tax credits authorized by the Department under this Act
2 in that calendar year.

3 (e) Of the annual amount available for tax credits, 10%
4 must be reserved for endowment gifts that do not exceed the
5 small gift maximum set forth in this subsection. The small
6 gift maximum is \$30,000.

7 (f) For the purpose of this Section, a credit is
8 considered to be awarded on the date the Department issues an
9 approved contribution authorization certificate under Section
10 105-15.

11 Section 105-15. Applications for tax credits.

12 (a) The taxpayer shall apply to the Department, in the
13 form and manner prescribed by the Department, for a
14 contribution authorization certificate. A taxpayer who makes
15 more than one credit-eligible endowment gift must make a
16 separate application for each contribution authorization
17 certificate. Applications under this subsection shall be
18 reviewed by the Department and shall either be approved or
19 denied. Each approved contribution authorization certificate
20 shall be sent to the taxpayer within 3 business days after the
21 certificate is approved. The Department shall maintain on its
22 website a running total of: (i) the total amount of credits
23 remaining under this Act for which taxpayers may apply for a
24 contribution authorization certificate issued in the calendar
25 year; (ii) the total amount of credits allocated during the

1 calendar year for each specific community foundation; and
2 (iii) the total amount remaining for the calendar year under
3 the small gift maximum set forth in Section 105-10. Those
4 running totals shall be updated every business day.

5 (b) The taxpayer shall make the endowment gift to the
6 permanent endowment fund either prior to or within 60 days
7 after the taxpayer receives the approved contribution
8 authorization certificate under subsection (a). The qualified
9 community foundation shall, within 30 days after receipt of an
10 endowment gift for which a contribution authorization
11 certificate has been approved by the Department under
12 subsection (a), issue to the taxpayer a written certificate of
13 receipt, which shall contain the information required by the
14 Department by rule. No receipt shall be issued for amounts
15 that are not actually received by the qualified community
16 foundation within 60 days after the taxpayer receives the
17 approved contribution authorization certificate.

18 Section 105-20. Annual report. By March 31, 2025, and by
19 March 31 of each subsequent year, the Department must submit
20 an annual report to the Governor and the General Assembly
21 concerning the activities conducted under this Act during the
22 previous calendar year. The report must include a detailed
23 listing of tax credits authorized under this Act by the
24 Department. The report may not disclose any information if the
25 disclosure would violate Section 917 of the Illinois Income

1 Tax Act.

2 Section 105-25. Rulemaking. The Department may adopt rules
3 for the implementation of this Act.

4 Section 105-900. The Illinois Income Tax Act is amended by
5 changing Section 203 and by adding Section 235 as follows:

6 (35 ILCS 5/203) (from Ch. 120, par. 2-203)

7 Sec. 203. Base income defined.

8 (a) Individuals.

9 (1) In general. In the case of an individual, base
10 income means an amount equal to the taxpayer's adjusted
11 gross income for the taxable year as modified by paragraph
12 (2).

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

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

23 (B) 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 adjusted gross income for the
3 taxable year;

4 (C) An amount equal to the amount received during
5 the taxable year as a recovery or refund of real
6 property taxes paid with respect to the taxpayer's
7 principal residence under the Revenue Act of 1939 and
8 for which a deduction was previously taken under
9 subparagraph (L) of this paragraph (2) prior to July
10 1, 1991, the retrospective application date of Article
11 4 of Public Act 87-17. In the case of multi-unit or
12 multi-use structures and farm dwellings, the taxes on
13 the taxpayer's principal residence shall be that
14 portion of the total taxes for the entire property
15 which is attributable to such principal residence;

16 (D) An amount equal to the amount of the capital
17 gain deduction allowable under the Internal Revenue
18 Code, to the extent deducted from gross income in the
19 computation of adjusted gross income;

20 (D-5) An amount, to the extent not included in
21 adjusted gross income, equal to the amount of money
22 withdrawn by the taxpayer in the taxable year from a
23 medical care savings account and the interest earned
24 on the account in the taxable year of a withdrawal
25 pursuant to subsection (b) of Section 20 of the
26 Medical Care Savings Account Act or subsection (b) of

1 Section 20 of the Medical Care Savings Account Act of
2 2000;

3 (D-10) For taxable years ending after December 31,
4 1997, an amount equal to any eligible remediation
5 costs that the individual deducted in computing
6 adjusted gross income and for which the individual
7 claims a credit under subsection (l) of Section 201;

8 (D-15) For taxable years 2001 and thereafter, an
9 amount equal to the bonus depreciation deduction taken
10 on the taxpayer's federal income tax return for the
11 taxable year under subsection (k) of Section 168 of
12 the Internal Revenue Code;

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

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

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

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

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

5 This paragraph shall not apply to the following:

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

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

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

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

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

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

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

24 (D-18) An amount equal to the amount of intangible
25 expenses and costs otherwise allowed as a deduction in
26 computing base income, and that were paid, accrued, or

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

1 dividends caused a reduction to the addition
2 modification required under Section 203(a)(2)(D-17) of
3 this Act. As used in this subparagraph, the term
4 "intangible expenses and costs" includes (1) expenses,
5 losses, and costs for, or related to, the direct or
6 indirect acquisition, use, maintenance or management,
7 ownership, sale, exchange, or any other disposition of
8 intangible property; (2) losses incurred, directly or
9 indirectly, from factoring transactions or discounting
10 transactions; (3) royalty, patent, technical, and
11 copyright fees; (4) licensing fees; and (5) other
12 similar expenses and costs. For purposes of this
13 subparagraph, "intangible property" includes patents,
14 patent applications, trade names, trademarks, service
15 marks, copyrights, mask works, trade secrets, and
16 similar types of intangible assets.

17 This paragraph shall not apply to the following:

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

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

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

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

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

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

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

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

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

1 stock of the same person to whom the premiums and costs
2 were directly or indirectly paid, incurred, or
3 accrued. The preceding sentence does not apply to the
4 extent that the same dividends caused a reduction to
5 the addition modification required under Section
6 203(a)(2)(D-17) or Section 203(a)(2)(D-18) of this
7 Act;

8 (D-20) For taxable years beginning on or after
9 January 1, 2002 and ending on or before December 31,
10 2006, in the case of a distribution from a qualified
11 tuition program under Section 529 of the Internal
12 Revenue Code, other than (i) a distribution from a
13 College Savings Pool created under Section 16.5 of the
14 State Treasurer Act or (ii) a distribution from the
15 Illinois Prepaid Tuition Trust Fund, an amount equal
16 to the amount excluded from gross income under Section
17 529(c)(3)(B). For taxable years beginning on or after
18 January 1, 2007, in the case of a distribution from a
19 qualified tuition program under Section 529 of the
20 Internal Revenue Code, other than (i) a distribution
21 from a College Savings Pool created under Section 16.5
22 of the State Treasurer Act, (ii) a distribution from
23 the Illinois Prepaid Tuition Trust Fund, or (iii) a
24 distribution from a qualified tuition program under
25 Section 529 of the Internal Revenue Code that (I)
26 adopts and determines that its offering materials

1 comply with the College Savings Plans Network's
2 disclosure principles and (II) has made reasonable
3 efforts to inform in-state residents of the existence
4 of in-state qualified tuition programs by informing
5 Illinois residents directly and, where applicable, to
6 inform financial intermediaries distributing the
7 program to inform in-state residents of the existence
8 of in-state qualified tuition programs at least
9 annually, an amount equal to the amount excluded from
10 gross income under Section 529(c)(3)(B).

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

23 (D-20.5) For taxable years beginning on or after
24 January 1, 2018, in the case of a distribution from a
25 qualified ABLE program under Section 529A of the
26 Internal Revenue Code, other than a distribution from

1 a qualified ABLE program created under Section 16.6 of
2 the State Treasurer Act, an amount equal to the amount
3 excluded from gross income under Section 529A(c)(1)(B)
4 of the Internal Revenue Code;

5 (D-21) For taxable years beginning on or after
6 January 1, 2007, in the case of transfer of moneys from
7 a qualified tuition program under Section 529 of the
8 Internal Revenue Code that is administered by the
9 State to an out-of-state program, an amount equal to
10 the amount of moneys previously deducted from base
11 income under subsection (a)(2)(Y) of this Section;

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

23 (D-22) For taxable years beginning on or after
24 January 1, 2009, and prior to January 1, 2018, in the
25 case of a nonqualified withdrawal or refund of moneys
26 from a qualified tuition program under Section 529 of

1 the Internal Revenue Code administered by the State
2 that is not used for qualified expenses at an eligible
3 education institution, an amount equal to the
4 contribution component of the nonqualified withdrawal
5 or refund that was previously deducted from base
6 income under subsection (a)(2)(y) of this Section,
7 provided that the withdrawal or refund did not result
8 from the beneficiary's death or disability. For
9 taxable years beginning on or after January 1, 2018:
10 (1) in the case of a nonqualified withdrawal or
11 refund, as defined under Section 16.5 of the State
12 Treasurer Act, of moneys from a qualified tuition
13 program under Section 529 of the Internal Revenue Code
14 administered by the State, an amount equal to the
15 contribution component of the nonqualified withdrawal
16 or refund that was previously deducted from base
17 income under subsection (a)(2)(Y) of this Section, and
18 (2) in the case of a nonqualified withdrawal or refund
19 from a qualified ABLE program under Section 529A of
20 the Internal Revenue Code administered by the State
21 that is not used for qualified disability expenses, an
22 amount equal to the contribution component of the
23 nonqualified withdrawal or refund that was previously
24 deducted from base income under subsection (a)(2)(HH)
25 of this Section;

26 (D-23) An amount equal to the credit allowable to

1 the taxpayer under Section 218(a) of this Act,
2 determined without regard to Section 218(c) of this
3 Act;

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

8 (D-25) In the case of a resident, an amount equal
9 to the amount of tax for which a credit is allowed
10 pursuant to Section 201(p)(7) of this Act;

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

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

1 on or after December 31, 2007, the National Guard of
2 any other state. For taxable years ending on or after
3 December 31, 2001, any amount included in such total
4 in respect of any compensation (including but not
5 limited to any compensation paid or accrued to a
6 serviceman while a prisoner of war or missing in
7 action) paid to a resident by reason of being a member
8 of any component of the Armed Forces of the United
9 States and in respect of any compensation paid or
10 accrued to a resident who as a governmental employee
11 was a prisoner of war or missing in action, and in
12 respect of any compensation paid to a resident in 2001
13 or thereafter by reason of being a member of the
14 Illinois National Guard or, beginning with taxable
15 years ending on or after December 31, 2007, the
16 National Guard of any other state. The provisions of
17 this subparagraph (E) are exempt from the provisions
18 of Section 250;

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

1 computing net earnings from self employment by Section
2 1402 of the Internal Revenue Code and regulations
3 adopted pursuant thereto;

4 (G) The valuation limitation amount;

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

8 (I) An amount equal to all amounts included in
9 such total pursuant to the provisions of Section 111
10 of the Internal Revenue Code as a recovery of items
11 previously deducted from adjusted gross income in the
12 computation of taxable income;

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

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

1 subparagraph (J) of paragraph (2) of this subsection
2 shall not be eligible for the deduction provided under
3 this subparagraph (K);

4 (L) For taxable years ending after December 31,
5 1983, an amount equal to all social security benefits
6 and railroad retirement benefits included in such
7 total pursuant to Sections 72(r) and 86 of the
8 Internal Revenue Code;

9 (M) With the exception of any amounts subtracted
10 under subparagraph (N), an amount equal to the sum of
11 all amounts disallowed as deductions by (i) Sections
12 171(a)(2) and 265(a)(2) of the Internal Revenue Code,
13 and all amounts of expenses allocable to interest and
14 disallowed as deductions by Section 265(a)(1) of the
15 Internal Revenue Code; and (ii) for taxable years
16 ending on or after August 13, 1999, Sections
17 171(a)(2), 265, 280C, and 832(b)(5)(B)(i) of the
18 Internal Revenue Code, plus, for taxable years ending
19 on or after December 31, 2011, Section 45G(e)(3) of
20 the Internal Revenue Code and, for taxable years
21 ending on or after December 31, 2008, any amount
22 included in gross income under Section 87 of the
23 Internal Revenue Code; the provisions of this
24 subparagraph are exempt from the provisions of Section
25 250;

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

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

9 (O) An amount equal to any contribution made to a
10 job training project established pursuant to the Tax
11 Increment Allocation Redevelopment Act;

12 (P) An amount equal to the amount of the deduction
13 used to compute the federal income tax credit for
14 restoration of substantial amounts held under claim of
15 right for the taxable year pursuant to Section 1341 of
16 the Internal Revenue Code or of any itemized deduction
17 taken from adjusted gross income in the computation of
18 taxable income for restoration of substantial amounts
19 held under claim of right for the taxable year;

20 (Q) An amount equal to any amounts included in
21 such total, received by the taxpayer as an
22 acceleration in the payment of life, endowment or
23 annuity benefits in advance of the time they would
24 otherwise be payable as an indemnity for a terminal
25 illness;

26 (R) An amount equal to the amount of any federal or

1 State bonus paid to veterans of the Persian Gulf War;

2 (S) An amount, to the extent included in adjusted
3 gross income, equal to the amount of a contribution
4 made in the taxable year on behalf of the taxpayer to a
5 medical care savings account established under the
6 Medical Care Savings Account Act or the Medical Care
7 Savings Account Act of 2000 to the extent the
8 contribution is accepted by the account administrator
9 as provided in that Act;

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

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

23 (V) Beginning with tax years ending on or after
24 December 31, 1995 and ending with tax years ending on
25 or before December 31, 2004, an amount equal to the
26 amount paid by a taxpayer who is a self-employed

1 taxpayer, a partner of a partnership, or a shareholder
2 in a Subchapter S corporation for health insurance or
3 long-term care insurance for that taxpayer or that
4 taxpayer's spouse or dependents, to the extent that
5 the amount paid for that health insurance or long-term
6 care insurance may be deducted under Section 213 of
7 the Internal Revenue Code, has not been deducted on
8 the federal income tax return of the taxpayer, and
9 does not exceed the taxable income attributable to
10 that taxpayer's income, self-employment income, or
11 Subchapter S corporation income; except that no
12 deduction shall be allowed under this item (V) if the
13 taxpayer is eligible to participate in any health
14 insurance or long-term care insurance plan of an
15 employer of the taxpayer or the taxpayer's spouse. The
16 amount of the health insurance and long-term care
17 insurance subtracted under this item (V) shall be
18 determined by multiplying total health insurance and
19 long-term care insurance premiums paid by the taxpayer
20 times a number that represents the fractional
21 percentage of eligible medical expenses under Section
22 213 of the Internal Revenue Code of 1986 not actually
23 deducted on the taxpayer's federal income tax return;

24 (W) For taxable years beginning on or after
25 January 1, 1998, all amounts included in the
26 taxpayer's federal gross income in the taxable year

1 from amounts converted from a regular IRA to a Roth
2 IRA. This paragraph is exempt from the provisions of
3 Section 250;

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

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

11 (Y) For taxable years beginning on or after
12 January 1, 2002 and ending on or before December 31,
13 2004, moneys contributed in the taxable year to a
14 College Savings Pool account under Section 16.5 of the
15 State Treasurer Act, 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 taxable
19 years beginning on or after January 1, 2005, a maximum
20 of \$10,000 contributed in the taxable year to (i) a
21 College Savings Pool account under Section 16.5 of the
22 State Treasurer Act or (ii) the Illinois Prepaid
23 Tuition Trust Fund, except that amounts excluded from
24 gross income under Section 529(c)(3)(C)(i) of the
25 Internal Revenue Code shall not be considered moneys
26 contributed under this subparagraph (Y). For purposes

1 of this subparagraph, contributions made by an
2 employer on behalf of an employee, or matching
3 contributions made by an employee, shall be treated as
4 made by the employee. This subparagraph (Y) is exempt
5 from the provisions of Section 250;

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

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

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

23 (3) for taxable years ending after December
24 31, 2005:

25 (i) for property on which a bonus
26 depreciation deduction of 30% of the adjusted

1 basis was taken, "x" equals "y" multiplied by
2 30 and then divided by 70 (or "y" multiplied
3 by 0.429);

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

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

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

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

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

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 (Z) and for which the taxpayer was
18 required in any taxable year to make an addition
19 modification under subparagraph (D-15), then an amount
20 equal to that addition modification.

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

24 This subparagraph (AA) is exempt from the
25 provisions of Section 250;

26 (BB) Any amount included in adjusted gross income,

1 other than salary, received by a driver in a
2 ridesharing arrangement using a motor vehicle;

3 (CC) 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 that 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 that
18 addition modification. This subparagraph (CC) is
19 exempt from the provisions of Section 250;

20 (DD) 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 that the foreign person's business
26 activity outside the United States is 80% or more of

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

15 (EF) 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(a)(2)(D-18) for intangible expenses and costs
7 paid, accrued, or incurred, directly or indirectly, to
8 the same foreign person. This subparagraph (EE) is
9 exempt from the provisions of Section 250;

10 (FF) An amount equal to any amount awarded to the
11 taxpayer during the taxable year by the Court of
12 Claims under subsection (c) of Section 8 of the Court
13 of Claims Act for time unjustly served in a State
14 prison. This subparagraph (FF) is exempt from the
15 provisions of Section 250;

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

1 (GG), the insurer to which the premiums were paid must
2 add back to income the amount subtracted by the
3 taxpayer pursuant to this subparagraph (GG). This
4 subparagraph (GG) is exempt from the provisions of
5 Section 250;

6 (HH) For taxable years beginning on or after
7 January 1, 2018 and prior to January 1, 2028, a maximum
8 of \$10,000 contributed in the taxable year to a
9 qualified ABLE account under Section 16.6 of the State
10 Treasurer Act, except that amounts excluded from gross
11 income under Section 529(c)(3)(C)(i) or Section
12 529A(c)(1)(C) of the Internal Revenue Code shall not
13 be considered moneys contributed under this
14 subparagraph (HH). For purposes of this subparagraph
15 (HH), contributions made by an employer on behalf of
16 an employee, or matching contributions made by an
17 employee, shall be treated as made by the employee;
18 and

19 (II) For taxable years that begin on or after
20 January 1, 2021 and begin before January 1, 2026, the
21 amount that is included in the taxpayer's federal
22 adjusted gross income pursuant to Section 61 of the
23 Internal Revenue Code as discharge of indebtedness
24 attributable to student loan forgiveness and that is
25 not excluded from the taxpayer's federal adjusted
26 gross income pursuant to paragraph (5) of subsection

1 (f) of Section 108 of the Internal Revenue Code.

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; and -

16 (E-21) the amount that is claimed as a federal
17 deduction when computing the taxpayer's federal
18 taxable income for the taxable year and that is
19 attributable to an endowment gift for which the
20 taxpayer receives a credit under the Illinois Gives
21 Tax Credit Act;

22 and by deducting from the total so obtained the sum of the
23 following amounts:

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

3 (H) In the case of a regulated investment company,
4 an amount equal to the amount of exempt interest
5 dividends as defined in subsection (b)(5) of Section
6 852 of the Internal Revenue Code, paid to shareholders
7 for the taxable year;

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

1 the case of a life insurance company with gross income
2 from a decrease in reserves for the tax year) or
3 Section 807(b)(1)(B) of the Internal Revenue Code (in
4 the case of a life insurance company allowed a
5 deduction for an increase in reserves for the tax
6 year); the provisions of this subparagraph are exempt
7 from the provisions of Section 250;

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

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

25 (L) An amount equal to those dividends included in
26 such total that were paid by a corporation that

1 conducts business operations in a federally designated
2 Foreign Trade Zone or Sub-Zone and that is designated
3 a High Impact Business located in Illinois; provided
4 that dividends eligible for the deduction provided in
5 subparagraph (K) of paragraph 2 of this subsection
6 shall not be eligible for the deduction provided under
7 this subparagraph (L);

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

1 such loan attributable to the eligible property as
2 calculated under the previous sentence. This
3 subparagraph (M) is exempt from the provisions of
4 Section 250;

5 (M-1) For any taxpayer that is a financial
6 organization within the meaning of Section 304(c) of
7 this Act, an amount included in such total as interest
8 income from a loan or loans made by such taxpayer to a
9 borrower, to the extent that such a loan is secured by
10 property which is eligible for the High Impact
11 Business Investment Credit. To determine the portion
12 of a loan or loans that is secured by property eligible
13 for a Section 201(h) investment credit to the
14 borrower, the entire principal amount of the loan or
15 loans between the taxpayer and the borrower should be
16 divided into the basis of the Section 201(h)
17 investment credit property which secures the loan or
18 loans, using for this purpose the original basis of
19 such property on the date that it was placed in service
20 in a federally designated Foreign Trade Zone or
21 Sub-Zone located in Illinois. No taxpayer that is
22 eligible for the deduction provided in subparagraph
23 (M) of paragraph (2) of this subsection shall be
24 eligible for the deduction provided under this
25 subparagraph (M-1). The subtraction modification
26 available to taxpayers in any year under this

1 subsection shall be that portion of the total interest
2 paid by the borrower with respect to such loan
3 attributable to the eligible property as calculated
4 under the previous sentence;

5 (N) Two times any contribution made during the
6 taxable year to a designated zone organization to the
7 extent that the contribution (i) qualifies as a
8 charitable contribution under subsection (c) of
9 Section 170 of the Internal Revenue Code and (ii)
10 must, by its terms, be used for a project approved by
11 the Department of Commerce and Economic Opportunity
12 under Section 11 of the Illinois Enterprise Zone Act
13 or under Section 10-10 of the River Edge Redevelopment
14 Zone Act. This subparagraph (N) is exempt from the
15 provisions of Section 250;

16 (O) An amount equal to: (i) 85% for taxable years
17 ending on or before December 31, 1992, or, a
18 percentage equal to the percentage allowable under
19 Section 243(a)(1) of the Internal Revenue Code of 1986
20 for taxable years ending after December 31, 1992, of
21 the amount by which dividends included in taxable
22 income and received from a corporation that is not
23 created or organized under the laws of the United
24 States or any state or political subdivision thereof,
25 including, for taxable years ending on or after
26 December 31, 1988, dividends received or deemed

1 received or paid or deemed paid under Sections 951
2 through 965 of the Internal Revenue Code, exceed the
3 amount of the modification provided under subparagraph
4 (G) of paragraph (2) of this subsection (b) which is
5 related to such dividends, and including, for taxable
6 years ending on or after December 31, 2008, dividends
7 received from a captive real estate investment trust;
8 plus (ii) 100% of the amount by which dividends,
9 included in taxable income and received, including,
10 for taxable years ending on or after December 31,
11 1988, dividends received or deemed received or paid or
12 deemed paid under Sections 951 through 964 of the
13 Internal Revenue Code and including, for taxable years
14 ending on or after December 31, 2008, dividends
15 received from a captive real estate investment trust,
16 from any such corporation specified in clause (i) that
17 would but for the provisions of Section 1504(b)(3) of
18 the Internal Revenue Code be treated as a member of the
19 affiliated group which includes the dividend
20 recipient, exceed the amount of the modification
21 provided under subparagraph (G) of paragraph (2) of
22 this subsection (b) which is related to such
23 dividends. For taxable years ending on or after June
24 30, 2021, (i) for purposes of this subparagraph, the
25 term "dividend" does not include any amount treated as
26 a dividend under Section 1248 of the Internal Revenue

1 Code, and (ii) this subparagraph shall not apply to
2 dividends for which a deduction is allowed under
3 Section 245(a) of the Internal Revenue Code. This
4 subparagraph (O) is exempt from the provisions of
5 Section 250 of this Act;

6 (P) An amount equal to any contribution made to a
7 job training project established pursuant to the Tax
8 Increment Allocation Redevelopment Act;

9 (Q) An amount equal to the amount of the deduction
10 used to compute the federal income tax credit for
11 restoration of substantial amounts held under claim of
12 right for the taxable year pursuant to Section 1341 of
13 the Internal Revenue Code;

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

1 (S) For taxable years ending on or after December
2 31, 1997, in the case of a Subchapter S corporation, an
3 amount equal to all amounts of income allocable to a
4 shareholder subject to the Personal Property Tax
5 Replacement Income Tax imposed by subsections (c) and
6 (d) of Section 201 of this Act, including amounts
7 allocable to organizations exempt from federal income
8 tax by reason of Section 501(a) of the Internal
9 Revenue Code. This subparagraph (S) is exempt from the
10 provisions of Section 250;

11 (T) For taxable years 2001 and thereafter, for the
12 taxable year in which the bonus depreciation deduction
13 is taken on the taxpayer's federal income tax return
14 under subsection (k) of Section 168 of the Internal
15 Revenue Code and for each applicable taxable year
16 thereafter, an amount equal to "x", where:

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

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

1 0.429); and

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

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

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

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

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

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

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

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

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 (T) and for which the taxpayer was
23 required in any taxable year to make an addition
24 modification under subparagraph (E-10), then an amount
25 equal to that addition modification.

26 The taxpayer is allowed to take the deduction

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

3 This subparagraph (U) is exempt from the
4 provisions of Section 250;

5 (V) The amount of: (i) any interest income (net of
6 the deductions allocable thereto) taken into account
7 for the taxable year with respect to a transaction
8 with a taxpayer that is required to make an addition
9 modification with respect to such transaction under
10 Section 203(a)(2)(D-17), 203(b)(2)(E-12),
11 203(c)(2)(G-12), or 203(d)(2)(D-7), but not to exceed
12 the amount of such addition modification, (ii) any
13 income from intangible property (net of the deductions
14 allocable thereto) taken into account for the taxable
15 year with respect to a transaction with a taxpayer
16 that is required to make an addition modification with
17 respect to such transaction under Section
18 203(a)(2)(D-18), 203(b)(2)(E-13), 203(c)(2)(G-13), or
19 203(d)(2)(D-8), but not to exceed the amount of such
20 addition modification, and (iii) any insurance premium
21 income (net of deductions allocable thereto) taken
22 into account for the taxable year with respect to a
23 transaction with a taxpayer that is required to make
24 an addition modification with respect to such
25 transaction under Section 203(a)(2)(D-19), Section
26 203(b)(2)(E-14), Section 203(c)(2)(G-14), or Section

1 203(d)(2)(D-9), but not to exceed the amount of that
2 addition modification. This subparagraph (V) is exempt
3 from the provisions of Section 250;

4 (W) An amount equal to the interest income taken
5 into account for the taxable year (net of the
6 deductions allocable thereto) with respect to
7 transactions with (i) a foreign person who would be a
8 member of the taxpayer's unitary business group but
9 for the fact that the foreign person's business
10 activity outside the United States is 80% or more of
11 that person's total business activity and (ii) for
12 taxable years ending on or after December 31, 2008, to
13 a person who would be a member of the same unitary
14 business group but for the fact that the person is
15 prohibited under Section 1501(a)(27) from being
16 included in the unitary business group because he or
17 she is ordinarily required to apportion business
18 income under different subsections of Section 304, but
19 not to exceed the addition modification required to be
20 made for the same taxable year under Section
21 203(b)(2)(E-12) for interest paid, accrued, or
22 incurred, directly or indirectly, to the same person.
23 This subparagraph (W) is exempt from the provisions of
24 Section 250;

25 (X) An amount equal to the income from intangible
26 property taken into account for the taxable year (net

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

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

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

10 (Z) The difference between the nondeductible
11 controlled foreign corporation dividends under Section
12 965(e)(3) of the Internal Revenue Code over the
13 taxable income of the taxpayer, computed without
14 regard to Section 965(e)(2)(A) of the Internal Revenue
15 Code, and without regard to any net operating loss
16 deduction. This subparagraph (Z) is exempt from the
17 provisions of Section 250.

18 (3) Special rule. For purposes of paragraph (2)(A),
19 "gross income" in the case of a life insurance company,
20 for tax years ending on and after December 31, 1994, and
21 prior to December 31, 2011, shall mean the gross
22 investment income for the taxable year and, for tax years
23 ending on or after December 31, 2011, shall mean all
24 amounts included in life insurance gross income under
25 Section 803(a)(3) of the Internal Revenue Code.

1 (c) Trusts and estates.

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

5 (2) Modifications. Subject to the provisions of
6 paragraph (3), the taxable income referred to in paragraph
7 (1) shall be modified by adding thereto the sum of the
8 following amounts:

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

13 (B) In the case of (i) an estate, \$600; (ii) a
14 trust which, under its governing instrument, is
15 required to distribute all of its income currently,
16 \$300; and (iii) any other trust, \$100, but in each such
17 case, only to the extent such amount was deducted in
18 the computation of taxable income;

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

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

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

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

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

24 For taxable years in which there is a net
25 operating loss carryback or carryforward from more
26 than one other taxable year ending prior to December

1 31, 1986, the addition modification provided in this
2 subparagraph (E) shall be the sum of the amounts
3 computed independently under the preceding provisions
4 of this subparagraph (E) for each such taxable year;

5 (F) For taxable years ending on or after January
6 1, 1989, an amount equal to the tax deducted pursuant
7 to Section 164 of the Internal Revenue Code if the
8 trust or estate is claiming the same tax for purposes
9 of the Illinois foreign tax credit under Section 601
10 of this Act;

11 (G) An amount equal to the amount of the capital
12 gain deduction allowable under the Internal Revenue
13 Code, to the extent deducted from gross income in the
14 computation of taxable income;

15 (G-5) For taxable years ending after December 31,
16 1997, an amount equal to any eligible remediation
17 costs that the trust or estate deducted in computing
18 adjusted gross income and for which the trust or
19 estate claims a credit under subsection (l) of Section
20 201;

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

26 (G-11) If the taxpayer sells, transfers, abandons,

1 or otherwise disposes of property for which the
2 taxpayer was required in any taxable year to make an
3 addition modification under subparagraph (G-10), then
4 an amount equal to the aggregate amount of the
5 deductions taken in all taxable years under
6 subparagraph (R) with respect to that property.

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

14 The taxpayer is required to make the addition
15 modification under this subparagraph only once with
16 respect to any one piece of property;

17 (G-12) An amount equal to the amount otherwise
18 allowed as a deduction in computing base income for
19 interest paid, accrued, or incurred, directly or
20 indirectly, (i) for taxable years ending on or after
21 December 31, 2004, to a foreign person who would be a
22 member of the same unitary business group but for the
23 fact that the foreign person's business activity
24 outside the United States is 80% or more of the foreign
25 person's total business activity and (ii) for taxable
26 years ending on or after December 31, 2008, to a person

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

18 This paragraph shall not apply to the following:

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

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

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

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

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

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

21 (iv) an item of interest paid, accrued, or
22 incurred, directly or indirectly, to a person if
23 the taxpayer establishes by clear and convincing
24 evidence that the adjustments are unreasonable; or
25 if the taxpayer and the Director agree in writing
26 to the application or use of an alternative method

1 of apportionment under Section 304(f).

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

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

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

1 includes patents, patent applications, trade names,
2 trademarks, service marks, copyrights, mask works,
3 trade secrets, and similar types of intangible assets.

4 This paragraph shall not apply to the following:

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

12 (ii) any item of intangible expense or cost
13 paid, accrued, or incurred, directly or
14 indirectly, if the taxpayer can establish, based
15 on a preponderance of the evidence, both of the
16 following:

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

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

1 or

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

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

20 (G-14) For taxable years ending on or after
21 December 31, 2008, an amount equal to the amount of
22 insurance premium expenses and costs otherwise allowed
23 as a deduction in computing base income, and that were
24 paid, accrued, or incurred, directly or indirectly, to
25 a person who would be a member of the same unitary
26 business group but for the fact that the person is

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

21 (G-15) An amount equal to the credit allowable to
22 the taxpayer under Section 218(a) of this Act,
23 determined without regard to Section 218(c) of this
24 Act;

25 (G-16) For taxable years ending on or after
26 December 31, 2017, an amount equal to the deduction

1 allowed under Section 199 of the Internal Revenue Code
2 for the taxable year;

3 (G-17) the amount that is claimed as a federal
4 deduction when computing the taxpayer's federal
5 taxable income for the taxable year and that is
6 attributable to an endowment gift for which the
7 taxpayer receives a credit under the Illinois Gives
8 Tax Credit Act;

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

11 (H) 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 408
14 of the Internal Revenue Code or included in such total
15 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 (I) The valuation limitation amount;

23 (J) 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 (K) An amount equal to all amounts included in

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

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

1 250;

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

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

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

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

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

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

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

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

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

25 (3) for taxable years ending after December
26 31, 2005:

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

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

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

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

1 percentage bonus depreciation on the property
2 (that is, $100(1-\text{bonus}\%)$).

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

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

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

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

26 This subparagraph (S) is exempt from the

1 provisions of Section 250;

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

19 (U) An amount equal to the interest income taken
20 into account for the taxable year (net of the
21 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 the foreign person's business activity
25 outside the United States is 80% or more of that
26 person's total business activity and (ii) for taxable

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

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

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

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

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

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

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

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

15 (3) Limitation. The amount of any modification
16 otherwise required under this subsection shall, under
17 regulations prescribed by the Department, be adjusted by
18 any amounts included therein which were properly paid,
19 credited, or required to be distributed, or permanently
20 set aside for charitable purposes pursuant to Internal
21 Revenue Code Section 642(c) during the taxable year.

22 (d) Partnerships.

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

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

4 (A) An amount equal to all amounts paid or accrued
5 to the taxpayer as interest or dividends during the
6 taxable year to the extent excluded from gross income
7 in the computation of taxable income;

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

11 (C) The amount of deductions allowed to the
12 partnership pursuant to Section 707 (c) of the
13 Internal Revenue Code in calculating its taxable
14 income;

15 (D) An amount equal to the amount of the capital
16 gain deduction allowable under the Internal Revenue
17 Code, to the extent deducted from gross income in the
18 computation of taxable income;

19 (D-5) For taxable years 2001 and thereafter, an
20 amount equal to the bonus depreciation deduction taken
21 on the taxpayer's federal income tax return for the
22 taxable year under subsection (k) of Section 168 of
23 the Internal Revenue Code;

24 (D-6) If the taxpayer sells, transfers, abandons,
25 or otherwise disposes of property for which the
26 taxpayer was required in any taxable year to make an

1 addition modification under subparagraph (D-5), then
2 an amount equal to the aggregate amount of the
3 deductions taken in all taxable years under
4 subparagraph (O) with respect to that property.

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

12 The taxpayer is required to make the addition
13 modification under this subparagraph only once with
14 respect to any one piece of property;

15 (D-7) An amount equal to the amount otherwise
16 allowed as a deduction in computing base income for
17 interest paid, accrued, or incurred, directly or
18 indirectly, (i) for taxable years ending on or after
19 December 31, 2004, to a foreign person who would be a
20 member of the same unitary business group but for the
21 fact the foreign person's business activity outside
22 the United States is 80% or more of the foreign
23 person's total business activity and (ii) for taxable
24 years ending on or after December 31, 2008, to a person
25 who would be a member of the same unitary business
26 group but for the fact that the person is prohibited

1 under Section 1501(a)(27) from being included in the
2 unitary business group because he or she is ordinarily
3 required to apportion business income under different
4 subsections of Section 304. The addition modification
5 required by this subparagraph shall be reduced to the
6 extent that dividends were included in base income of
7 the unitary group for the same taxable year and
8 received by the taxpayer or by a member of the
9 taxpayer's unitary business group (including amounts
10 included in gross income pursuant to Sections 951
11 through 964 of the Internal Revenue Code and amounts
12 included in gross income under Section 78 of the
13 Internal Revenue Code) with respect to the stock of
14 the same person to whom the interest was paid,
15 accrued, or incurred.

16 This paragraph shall not apply to the following:

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

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

1 following:

2 (a) the person, during the same taxable
3 year, paid, accrued, or incurred, the interest
4 to a person that is not a related member, and

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

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

19 (iv) an item of interest paid, accrued, or
20 incurred, directly or indirectly, to a person if
21 the taxpayer establishes by clear and convincing
22 evidence that the adjustments are unreasonable; or
23 if the taxpayer and the Director agree in writing
24 to the application or use of an alternative method
25 of apportionment under Section 304(f).

26 Nothing in this subsection shall preclude the

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

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

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

1 similar types of intangible assets;

2 This paragraph shall not apply to the following:

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

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

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

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

26 (iii) any item of intangible expense or cost

1 paid, accrued, or incurred, directly or
2 indirectly, from a transaction with a person if
3 the taxpayer establishes by clear and convincing
4 evidence, that the adjustments are unreasonable;
5 or if the taxpayer and the Director agree in
6 writing to the application or use of an
7 alternative method of apportionment under Section
8 304(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 (D-9) For taxable years ending on or after
19 December 31, 2008, an amount equal to the amount of
20 insurance premium expenses and costs otherwise allowed
21 as a deduction in computing base income, and that were
22 paid, accrued, or incurred, directly or indirectly, 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. The
3 addition modification required by this subparagraph
4 shall be reduced to the extent that dividends were
5 included in base income of the unitary group for the
6 same taxable year and received by the taxpayer or by a
7 member of the taxpayer's unitary business group
8 (including amounts included in gross income under
9 Sections 951 through 964 of the Internal Revenue Code
10 and amounts included in gross income under Section 78
11 of the Internal Revenue Code) with respect to the
12 stock of the same person to whom the premiums and costs
13 were directly or indirectly paid, incurred, or
14 accrued. The preceding sentence does not apply to the
15 extent that the same dividends caused a reduction to
16 the addition modification required under Section
17 203(d) (2) (D-7) or Section 203(d) (2) (D-8) of this Act;

18 (D-10) 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-11) 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-12) the amount that is claimed as a federal

1 deduction when computing the taxpayer's federal
2 taxable income for the taxable year and that is
3 attributable to an endowment gift for which the
4 taxpayer receives a credit under the Illinois Gives
5 Tax Credit Act;

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

8 (E) The valuation limitation amount;

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

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

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

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

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

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

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

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

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

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

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

1 the Internal Revenue Code;

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

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

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

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

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

26 (ii) for property on which a bonus

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

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

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

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

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

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

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

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

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

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

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

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

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

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

1 Section 250; and

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

3 (f) Valuation limitation amount.

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

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

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

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

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

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

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

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

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

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

10 (Source: P.A. 101-9, eff. 6-5-19; 101-81, eff. 7-12-19;
11 102-16, eff. 6-17-21; 102-558, eff. 8-20-21; 102-658, eff.
12 8-27-21; 102-813, eff. 5-13-22; 102-1112, eff. 12-21-22.)

13 (35 ILCS 5/235 new)

14 Sec. 235. The Illinois Gives tax credit.

15 (a) For taxable years ending on or after December 31, 2024
16 and ending before January 1, 2029, each taxpayer for whom a tax
17 credit has been authorized by the Department of Revenue under
18 the Illinois Gives Tax Credit Act is entitled to a credit
19 against the tax imposed under subsections (a) and (b) of
20 Section 201 in an amount equal to the amount authorized under
21 that Act.

22 (b) For partners of partnerships and shareholders of
23 Subchapter S corporations, there is allowed a credit under
24 this Section to be determined in accordance with the
25 determination of income and distributive share of income under

1 Sections 702 and 704 and Subchapter S of the Internal Revenue
2 Code.

3 (c) The credit may not be carried back and may not reduce
4 the taxpayer's liability to less than zero. If the amount of
5 the credit exceeds the tax liability for the year, the excess
6 may be carried forward and applied to the tax liability of the
7 5 taxable years following the excess credit year. The tax
8 credit shall be applied to the earliest year for which there is
9 a tax liability. If there are credits for more than one year
10 that are available to offset a liability, the earlier credit
11 shall be applied first.

12 ARTICLE 995. NON-ACCELERATION

13 Section 995-95. 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.

20 ARTICLE 999. EFFECTIVE DATE

21 Section 999-99. Effective date. This Act takes effect upon
22 becoming law, except that Article 20 takes effect on July 1,

1 2023 and Articles 55 and 100 take effect on January 1, 2024.".