



103RD GENERAL ASSEMBLY

State of Illinois

2023 and 2024

SB2196

Introduced 2/10/2023, by Sen. Elgie R. Sims, Jr.

SYNOPSIS AS INTRODUCED:

35 ILCS 5/203	from Ch. 120, par. 2-203
70 ILCS 200/245-12	
70 ILCS 750/25	
70 ILCS 1605/30	
70 ILCS 3610/5.01	from Ch. 111 2/3, par. 355.01
70 ILCS 3720/4	from Ch. 111 2/3, par. 254
410 ILCS 705/20-50	
410 ILCS 705/60-10	
410 ILCS 705/65-10	

Amends the Illinois Income Tax Act. Creates a deduction in an amount equal to the deductions and credits that were disallowed under Section 280E of the Internal Revenue Code for the taxable year. Amends the Civic Center Code, the Flood Prevention District Act, the Metro-East Park and Recreation District Act, the Local Mass Transit District Act, and the Water Commission Act of 1985 to provide that those special districts may not levy a tax upon the cultivation and processing of adult use cannabis. Effective immediately.

LRB103 25662 HLH 52011 b

1 AN ACT concerning revenue.

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

4 Section 5. The Illinois Income Tax Act is amended by
5 changing Section 203 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 (EE) 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; and ~~—~~
2 (JJ) For taxable years beginning on or after
3 January 1, 2024, for any cannabis establishment
4 operating in this State and licensed under the
5 Cannabis Regulation and Tax Act or any cannabis
6 cultivation center or medical cannabis dispensing
7 organization operating in this State and licensed
8 under the Compassionate Use of Cannabis Program Act,
9 an amount equal to the deductions and credits that
10 were disallowed under Section 280E of the Internal
11 Revenue Code for the taxable year and that would not be
12 added back under this subsection. The provisions of
13 this subparagraph (JJ) are exempt from the provisions
14 of Section 250.

15 (b) Corporations.

16 (1) In general. In the case of a corporation, base
17 income means an amount equal to the taxpayer's taxable
18 income for the taxable year as modified by paragraph (2).

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

22 (A) An amount equal to all amounts paid or accrued
23 to the taxpayer as interest and all distributions
24 received from regulated investment companies during
25 the taxable year to the extent excluded from gross

1 income in the computation of taxable income;

2 (B) An amount equal to the amount of tax imposed by
3 this Act to the extent deducted from gross income in
4 the computation of taxable income for the taxable
5 year;

6 (C) In the case of a regulated investment company,
7 an amount equal to the excess of (i) the net long-term
8 capital gain for the taxable year, over (ii) the
9 amount of the capital gain dividends designated as
10 such in accordance with Section 852(b)(3)(C) of the
11 Internal Revenue Code and any amount designated under
12 Section 852(b)(3)(D) of the Internal Revenue Code,
13 attributable to the taxable year (this amendatory Act
14 of 1995 (Public Act 89-89) is declarative of existing
15 law and is not a new enactment);

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

20 (E) For taxable years in which a net operating
21 loss carryback or carryforward from a taxable year
22 ending prior to December 31, 1986 is an element of
23 taxable income under paragraph (1) of subsection (e)
24 or subparagraph (E) of paragraph (2) of subsection
25 (e), the amount by which addition modifications other
26 than those provided by this subparagraph (E) exceeded

1 subtraction modifications in such earlier taxable
2 year, with the following limitations applied in the
3 order that they are listed:

4 (i) the addition modification relating to the
5 net operating loss carried back or forward to the
6 taxable year from any taxable year ending prior to
7 December 31, 1986 shall be reduced by the amount
8 of addition modification under this subparagraph
9 (E) which related to that net operating loss and
10 which was taken into account in calculating the
11 base income of an earlier taxable year, and

12 (ii) the addition modification relating to the
13 net operating loss carried back or forward to the
14 taxable year from any taxable year ending prior to
15 December 31, 1986 shall not exceed the amount of
16 such carryback or carryforward;

17 For taxable years in which there is a net
18 operating loss carryback or carryforward from more
19 than one other taxable year ending prior to December
20 31, 1986, the addition modification provided in this
21 subparagraph (E) shall be the sum of the amounts
22 computed independently under the preceding provisions
23 of this subparagraph (E) for each such taxable year;

24 (E-5) For taxable years ending after December 31,
25 1997, an amount equal to any eligible remediation
26 costs that the corporation deducted in computing

1 adjusted gross income and for which the corporation
2 claims a credit under subsection (l) of Section 201;

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

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

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

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

25 (E-12) An amount equal to the amount otherwise
26 allowed as a deduction in computing base income for

1 interest paid, accrued, or incurred, directly or
2 indirectly, (i) for taxable years ending on or after
3 December 31, 2004, to a foreign person who would be a
4 member of the same unitary business group but for the
5 fact the foreign person's business activity outside
6 the United States is 80% or more of the foreign
7 person's total business activity and (ii) for taxable
8 years ending on or after December 31, 2008, to a person
9 who would be a member of the same unitary business
10 group but for the fact that the person is prohibited
11 under Section 1501(a)(27) from being included in the
12 unitary business group because he or she is ordinarily
13 required to apportion business income under different
14 subsections of Section 304. The addition modification
15 required by this subparagraph shall be reduced to the
16 extent that dividends were included in base income of
17 the unitary group for the same taxable year and
18 received by the taxpayer or by a member of the
19 taxpayer's unitary business group (including amounts
20 included in gross income pursuant to Sections 951
21 through 964 of the Internal Revenue Code and amounts
22 included in gross income under Section 78 of the
23 Internal Revenue Code) with respect to the stock of
24 the same person to whom the interest was paid,
25 accrued, or incurred.

26 This paragraph shall not apply to the following:

1 (i) an item of interest paid, accrued, or
2 incurred, directly or indirectly, to 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 interest; or

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

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

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

22 (iii) the taxpayer can establish, based on
23 clear and convincing evidence, that the interest
24 paid, accrued, or incurred relates to a contract
25 or agreement entered into at arm's-length rates
26 and terms and the principal purpose for the

1 payment is not federal or Illinois tax avoidance;
2 or

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

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

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

1 States is 80% or more of that person's total business
2 activity and (ii) for taxable years ending on or after
3 December 31, 2008, to a person who would be a member of
4 the same unitary business group but for the fact that
5 the person is prohibited under Section 1501(a)(27)
6 from being included in the unitary business group
7 because he or she is ordinarily required to apportion
8 business income under different subsections of Section
9 304. The addition modification required by this
10 subparagraph shall be reduced to the extent that
11 dividends were included in base income of the unitary
12 group for the same taxable year and received by the
13 taxpayer or by a member of the taxpayer's unitary
14 business group (including amounts included in gross
15 income pursuant to Sections 951 through 964 of the
16 Internal Revenue Code and amounts included in gross
17 income under Section 78 of the Internal Revenue Code)
18 with respect to the stock of the same person to whom
19 the intangible expenses and costs were directly or
20 indirectly paid, incurred, or accrued. The preceding
21 sentence shall not apply to the extent that the same
22 dividends caused a reduction to the addition
23 modification required under Section 203(b)(2)(E-12) of
24 this Act. As used in this subparagraph, the term
25 "intangible expenses and costs" includes (1) expenses,
26 losses, and costs for, or related to, the direct or

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

12 This paragraph shall not apply to the following:

13 (i) any item of intangible expenses or costs
14 paid, accrued, or incurred, directly or
15 indirectly, from a transaction with 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 item; or

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

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

1 intangible expense or cost to a person that is
2 not a related member, and

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

10 (iii) any item of intangible expense or cost
11 paid, accrued, or incurred, directly or
12 indirectly, from a transaction with a person if
13 the taxpayer establishes by clear and convincing
14 evidence, that the adjustments are unreasonable;
15 or if the taxpayer and the Director agree in
16 writing to the application or use of an
17 alternative method of apportionment under Section
18 304(f);

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

1 its authority under Section 404 of this Act;

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

1 203(b)(2)(E-12) or Section 203(b)(2)(E-13) of this
2 Act;

3 (E-15) For taxable years beginning after December
4 31, 2008, any deduction for dividends paid by a
5 captive real estate investment trust that is allowed
6 to a real estate investment trust under Section
7 857(b)(2)(B) of the Internal Revenue Code for
8 dividends paid;

9 (E-16) An amount equal to the credit allowable to
10 the taxpayer under Section 218(a) of this Act,
11 determined without regard to Section 218(c) of this
12 Act;

13 (E-17) For taxable years ending on or after
14 December 31, 2017, an amount equal to the deduction
15 allowed under Section 199 of the Internal Revenue Code
16 for the taxable year;

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

21 (E-19) for taxable years ending on or after June
22 30, 2021, an amount equal to the deduction allowed
23 under Section 250(a)(1)(B)(i) of the Internal Revenue
24 Code for the taxable year;

25 (E-20) for taxable years ending on or after June
26 30, 2021, an amount equal to the deduction allowed

1 under Sections 243(e) and 245A(a) of the Internal
2 Revenue Code for the taxable year.

3 and by deducting from the total so obtained the sum of the
4 following amounts:

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

10 (H) In the case of a regulated investment company,
11 an amount equal to the amount of exempt interest
12 dividends as defined in subsection (b)(5) of Section
13 852 of the Internal Revenue Code, paid to shareholders
14 for the taxable year;

15 (I) With the exception of any amounts subtracted
16 under subparagraph (J), an amount equal to the sum of
17 all amounts disallowed as deductions by (i) Sections
18 171(a)(2) and 265(a)(2) and amounts disallowed as
19 interest expense by Section 291(a)(3) of the Internal
20 Revenue Code, and all amounts of expenses allocable to
21 interest and disallowed as deductions by Section
22 265(a)(1) of the Internal Revenue Code; and (ii) for
23 taxable years ending on or after August 13, 1999,
24 Sections 171(a)(2), 265, 280C, 291(a)(3), and
25 832(b)(5)(B)(i) of the Internal Revenue Code, plus,
26 for tax years ending on or after December 31, 2011,

1 amounts disallowed as deductions by Section 45G(e) (3)
2 of the Internal Revenue Code and, for taxable years
3 ending on or after December 31, 2008, any amount
4 included in gross income under Section 87 of the
5 Internal Revenue Code and the policyholders' share of
6 tax-exempt interest of a life insurance company under
7 Section 807(a) (2) (B) of the Internal Revenue Code (in
8 the case of a life insurance company with gross income
9 from a decrease in reserves for the tax year) or
10 Section 807(b) (1) (B) of the Internal Revenue Code (in
11 the case of a life insurance company allowed a
12 deduction for an increase in reserves for the tax
13 year); the provisions of this subparagraph are exempt
14 from the provisions of Section 250;

15 (J) An amount equal to all amounts included in
16 such total which are exempt from taxation by this
17 State either by reason of its statutes or Constitution
18 or by reason of the Constitution, treaties or statutes
19 of the United States; provided that, in the case of any
20 statute of this State that exempts income derived from
21 bonds or other obligations from the tax imposed under
22 this Act, the amount exempted shall be the interest
23 net of bond premium amortization;

24 (K) An amount equal to those dividends included in
25 such total which were paid by a corporation which
26 conducts business operations in a River Edge

1 Redevelopment Zone or zones created under the River
2 Edge Redevelopment Zone Act and conducts substantially
3 all of its operations in a River Edge Redevelopment
4 Zone or zones. This subparagraph (K) is exempt from
5 the provisions of Section 250;

6 (L) An amount equal to those dividends included in
7 such total that were paid by a corporation that
8 conducts business operations in a federally designated
9 Foreign Trade Zone or Sub-Zone and that is designated
10 a High Impact Business located in Illinois; provided
11 that dividends eligible for the deduction provided in
12 subparagraph (K) of paragraph 2 of this subsection
13 shall not be eligible for the deduction provided under
14 this subparagraph (L);

15 (M) For any taxpayer that is a financial
16 organization within the meaning of Section 304(c) of
17 this Act, an amount included in such total as interest
18 income from a loan or loans made by such taxpayer to a
19 borrower, to the extent that such a loan is secured by
20 property which is eligible for the River Edge
21 Redevelopment Zone Investment Credit. To determine the
22 portion of a loan or loans that is secured by property
23 eligible for a Section 201(f) investment credit to the
24 borrower, the entire principal amount of the loan or
25 loans between the taxpayer and the borrower should be
26 divided into the basis of the Section 201(f)

1 investment credit property which secures the loan or
2 loans, using for this purpose the original basis of
3 such property on the date that it was placed in service
4 in the River Edge Redevelopment Zone. The subtraction
5 modification available to the taxpayer in any year
6 under this subsection shall be that portion of the
7 total interest paid by the borrower with respect to
8 such loan attributable to the eligible property as
9 calculated under the previous sentence. This
10 subparagraph (M) is exempt from the provisions of
11 Section 250;

12 (M-1) For any taxpayer that is a financial
13 organization within the meaning of Section 304(c) of
14 this Act, an amount included in such total as interest
15 income from a loan or loans made by such taxpayer to a
16 borrower, to the extent that such a loan is secured by
17 property which is eligible for the High Impact
18 Business Investment Credit. To determine the portion
19 of a loan or loans that is secured by property eligible
20 for a Section 201(h) investment credit to the
21 borrower, the entire principal amount of the loan or
22 loans between the taxpayer and the borrower should be
23 divided into the basis of the Section 201(h)
24 investment credit property which secures the loan or
25 loans, using for this purpose the original basis of
26 such property on the date that it was placed in service

1 in a federally designated Foreign Trade Zone or
2 Sub-Zone located in Illinois. No taxpayer that is
3 eligible for the deduction provided in subparagraph
4 (M) of paragraph (2) of this subsection shall be
5 eligible for the deduction provided under this
6 subparagraph (M-1). The subtraction modification
7 available to taxpayers in any year under this
8 subsection shall be that portion of the total interest
9 paid by the borrower with respect to such loan
10 attributable to the eligible property as calculated
11 under the previous sentence;

12 (N) Two times any contribution made during the
13 taxable year to a designated zone organization to the
14 extent that the contribution (i) qualifies as a
15 charitable contribution under subsection (c) of
16 Section 170 of the Internal Revenue Code and (ii)
17 must, by its terms, be used for a project approved by
18 the Department of Commerce and Economic Opportunity
19 under Section 11 of the Illinois Enterprise Zone Act
20 or under Section 10-10 of the River Edge Redevelopment
21 Zone Act. This subparagraph (N) is exempt from the
22 provisions of Section 250;

23 (O) An amount equal to: (i) 85% for taxable years
24 ending on or before December 31, 1992, or, a
25 percentage equal to the percentage allowable under
26 Section 243(a) (1) of the Internal Revenue Code of 1986

1 for taxable years ending after December 31, 1992, of
2 the amount by which dividends included in taxable
3 income and received from a corporation that is not
4 created or organized under the laws of the United
5 States or any state or political subdivision thereof,
6 including, for taxable years ending on or after
7 December 31, 1988, dividends received or deemed
8 received or paid or deemed paid under Sections 951
9 through 965 of the Internal Revenue Code, exceed the
10 amount of the modification provided under subparagraph
11 (G) of paragraph (2) of this subsection (b) which is
12 related to such dividends, and including, for taxable
13 years ending on or after December 31, 2008, dividends
14 received from a captive real estate investment trust;
15 plus (ii) 100% of the amount by which dividends,
16 included in taxable income and received, including,
17 for taxable years ending on or after December 31,
18 1988, dividends received or deemed received or paid or
19 deemed paid under Sections 951 through 964 of the
20 Internal Revenue Code and including, for taxable years
21 ending on or after December 31, 2008, dividends
22 received from a captive real estate investment trust,
23 from any such corporation specified in clause (i) that
24 would but for the provisions of Section 1504(b)(3) of
25 the Internal Revenue Code be treated as a member of the
26 affiliated group which includes the dividend

1 recipient, exceed the amount of the modification
2 provided under subparagraph (G) of paragraph (2) of
3 this subsection (b) which is related to such
4 dividends. For taxable years ending on or after June
5 30, 2021, (i) for purposes of this subparagraph, the
6 term "dividend" does not include any amount treated as
7 a dividend under Section 1248 of the Internal Revenue
8 Code, and (ii) this subparagraph shall not apply to
9 dividends for which a deduction is allowed under
10 Section 245(a) of the Internal Revenue Code. This
11 subparagraph (O) is exempt from the provisions of
12 Section 250 of this Act;

13 (P) An amount equal to any contribution made to a
14 job training project established pursuant to the Tax
15 Increment Allocation Redevelopment Act;

16 (Q) An amount equal to the amount of the deduction
17 used to compute the federal income tax credit for
18 restoration of substantial amounts held under claim of
19 right for the taxable year pursuant to Section 1341 of
20 the Internal Revenue Code;

21 (R) On and after July 20, 1999, in the case of an
22 attorney-in-fact with respect to whom an interinsurer
23 or a reciprocal insurer has made the election under
24 Section 835 of the Internal Revenue Code, 26 U.S.C.
25 835, an amount equal to the excess, if any, of the
26 amounts paid or incurred by that interinsurer or

1 reciprocal insurer in the taxable year to the
2 attorney-in-fact over the deduction allowed to that
3 interinsurer or reciprocal insurer with respect to the
4 attorney-in-fact under Section 835(b) of the Internal
5 Revenue Code for the taxable year; the provisions of
6 this subparagraph are exempt from the provisions of
7 Section 250;

8 (S) For taxable years ending on or after December
9 31, 1997, in the case of a Subchapter S corporation, an
10 amount equal to all amounts of income allocable to a
11 shareholder subject to the Personal Property Tax
12 Replacement Income Tax imposed by subsections (c) and
13 (d) of Section 201 of this Act, including amounts
14 allocable to organizations exempt from federal income
15 tax by reason of Section 501(a) of the Internal
16 Revenue Code. This subparagraph (S) is exempt from the
17 provisions of Section 250;

18 (T) For taxable years 2001 and thereafter, for the
19 taxable year in which the bonus depreciation deduction
20 is taken on the taxpayer's federal income tax return
21 under subsection (k) of Section 168 of the Internal
22 Revenue Code and for each applicable taxable year
23 thereafter, an amount equal to "x", where:

24 (1) "y" equals the amount of the depreciation
25 deduction taken for the taxable year on the
26 taxpayer's federal income tax return on property

1 for which the bonus depreciation deduction was
2 taken in any year under subsection (k) of Section
3 168 of the Internal Revenue Code, but not
4 including the bonus depreciation deduction;

5 (2) for taxable years ending on or before
6 December 31, 2005, "x" equals "y" multiplied by 30
7 and then divided by 70 (or "y" multiplied by
8 0.429); and

9 (3) for taxable years ending after December
10 31, 2005:

11 (i) for property on which a bonus
12 depreciation deduction of 30% of the adjusted
13 basis was taken, "x" equals "y" multiplied by
14 30 and then divided by 70 (or "y" multiplied
15 by 0.429);

16 (ii) for property on which a bonus
17 depreciation deduction of 50% of the adjusted
18 basis was taken, "x" equals "y" multiplied by
19 1.0;

20 (iii) for property on which a bonus
21 depreciation deduction of 100% of the adjusted
22 basis was taken in a taxable year ending on or
23 after December 31, 2021, "x" equals the
24 depreciation deduction that would be allowed
25 on that property if the taxpayer had made the
26 election under Section 168(k)(7) of the

1 Internal Revenue Code to not claim bonus
2 depreciation on that property; and

3 (iv) for property on which a bonus
4 depreciation deduction of a percentage other
5 than 30%, 50% or 100% of the adjusted basis
6 was taken in a taxable year ending on or after
7 December 31, 2021, "x" equals "y" multiplied
8 by 100 times the percentage bonus depreciation
9 on the property (that is, $100(\text{bonus}\%)$) and
10 then divided by 100 times 1 minus the
11 percentage bonus depreciation on the property
12 (that is, $100(1-\text{bonus}\%)$).

13 The aggregate amount deducted under this
14 subparagraph in all taxable years for any one piece of
15 property may not exceed the amount of the bonus
16 depreciation deduction taken on that property on the
17 taxpayer's federal income tax return under subsection
18 (k) of Section 168 of the Internal Revenue Code. This
19 subparagraph (T) is exempt from the provisions of
20 Section 250;

21 (U) If the taxpayer sells, transfers, abandons, or
22 otherwise disposes of property for which the taxpayer
23 was 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 If the taxpayer continues to own property through

1 the last day of the last tax year for which a
2 subtraction is allowed with respect to that property
3 under subparagraph (T) and for which the taxpayer was
4 required in any taxable year to make an addition
5 modification under subparagraph (E-10), then an amount
6 equal to that addition modification.

7 The taxpayer is allowed to take the deduction
8 under this subparagraph only once with respect to any
9 one piece of property.

10 This subparagraph (U) is exempt from the
11 provisions of Section 250;

12 (V) The amount of: (i) any interest income (net of
13 the deductions allocable thereto) taken into account
14 for the taxable year with respect to a transaction
15 with a taxpayer that is required to make an addition
16 modification with respect to such transaction under
17 Section 203(a)(2)(D-17), 203(b)(2)(E-12),
18 203(c)(2)(G-12), or 203(d)(2)(D-7), but not to exceed
19 the amount of such addition modification, (ii) any
20 income from intangible property (net of the deductions
21 allocable thereto) taken into account for the taxable
22 year with respect to a transaction with a taxpayer
23 that is required to make an addition modification with
24 respect to such transaction under Section
25 203(a)(2)(D-18), 203(b)(2)(E-13), 203(c)(2)(G-13), or
26 203(d)(2)(D-8), but not to exceed the amount of such

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

11 (W) An amount equal to the interest income taken
12 into account for the taxable year (net of the
13 deductions allocable thereto) with respect to
14 transactions with (i) a foreign person who would be a
15 member of the taxpayer's unitary business group but
16 for the fact that the foreign person's business
17 activity outside the United States is 80% or more of
18 that person's total business activity and (ii) for
19 taxable years ending on or after December 31, 2008, 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, but
26 not to exceed the addition modification required to be

1 made for the same taxable year under Section
2 203(b)(2)(E-12) for interest paid, accrued, or
3 incurred, directly or indirectly, to the same person.
4 This subparagraph (W) is exempt from the provisions of
5 Section 250;

6 (X) An amount equal to the income from intangible
7 property taken into account for the taxable year (net
8 of the deductions allocable thereto) with respect to
9 transactions with (i) a foreign person who would be a
10 member of the taxpayer's unitary business group but
11 for the fact that the foreign person's business
12 activity outside the United States is 80% or more of
13 that person's total business activity and (ii) for
14 taxable years ending on or after December 31, 2008, to
15 a person who would be a member of the same unitary
16 business group but for the fact that the person is
17 prohibited under Section 1501(a)(27) from being
18 included in the unitary business group because he or
19 she is ordinarily required to apportion business
20 income under different subsections of Section 304, but
21 not to exceed the addition modification required to be
22 made for the same taxable year under Section
23 203(b)(2)(E-13) for intangible expenses and costs
24 paid, accrued, or incurred, directly or indirectly, to
25 the same foreign person. This subparagraph (X) is
26 exempt from the provisions of Section 250;

1 (Y) For taxable years ending on or after December
2 31, 2011, in the case of a taxpayer who was required to
3 add back any insurance premiums under Section
4 203(b)(2)(E-14), such taxpayer may elect to subtract
5 that part of a reimbursement received from the
6 insurance company equal to the amount of the expense
7 or loss (including expenses incurred by the insurance
8 company) that would have been taken into account as a
9 deduction for federal income tax purposes if the
10 expense or loss had been uninsured. If a taxpayer
11 makes the election provided for by this subparagraph
12 (Y), the insurer to which the premiums were paid must
13 add back to income the amount subtracted by the
14 taxpayer pursuant to this subparagraph (Y). This
15 subparagraph (Y) is exempt from the provisions of
16 Section 250; ~~and~~

17 (Z) The difference between the nondeductible
18 controlled foreign corporation dividends under Section
19 965(e)(3) of the Internal Revenue Code over the
20 taxable income of the taxpayer, computed without
21 regard to Section 965(e)(2)(A) of the Internal Revenue
22 Code, and without regard to any net operating loss
23 deduction. This subparagraph (Z) is exempt from the
24 provisions of Section 250; and -

25 (AA) For taxable years beginning on or after
26 January 1, 2024, for any cannabis establishment

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

12 (3) Special rule. For purposes of paragraph (2)(A),
13 "gross income" in the case of a life insurance company,
14 for tax years ending on and after December 31, 1994, and
15 prior to December 31, 2011, shall mean the gross
16 investment income for the taxable year and, for tax years
17 ending on or after December 31, 2011, shall mean all
18 amounts included in life insurance gross income under
19 Section 803(a)(3) of the Internal Revenue Code.

20 (c) Trusts and estates.

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

24 (2) Modifications. Subject to the provisions of
25 paragraph (3), the taxable income referred to in paragraph

1 (1) shall be modified by adding thereto the sum of the
2 following amounts:

3 (A) An amount equal to all amounts paid or accrued
4 to the taxpayer as interest or dividends during the
5 taxable year to the extent excluded from gross income
6 in the computation of taxable income;

7 (B) In the case of (i) an estate, \$600; (ii) a
8 trust which, under its governing instrument, is
9 required to distribute all of its income currently,
10 \$300; and (iii) any other trust, \$100, but in each such
11 case, only to the extent such amount was deducted in
12 the computation of taxable income;

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

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

21 (E) For taxable years in which a net operating
22 loss carryback or carryforward from a taxable year
23 ending prior to December 31, 1986 is an element of
24 taxable income under paragraph (1) of subsection (e)
25 or subparagraph (E) of paragraph (2) of subsection
26 (e), the amount by which addition modifications other

1 than those provided by this subparagraph (E) exceeded
2 subtraction modifications in such taxable year, with
3 the following limitations applied in the order that
4 they are listed:

5 (i) the addition modification relating to the
6 net operating loss carried back or forward to the
7 taxable year from any taxable year ending prior to
8 December 31, 1986 shall be reduced by the amount
9 of addition modification under this subparagraph
10 (E) which related to that net operating loss and
11 which was taken into account in calculating the
12 base income of an earlier taxable year, and

13 (ii) the addition modification relating to the
14 net operating loss carried back or forward to the
15 taxable year from any taxable year ending prior to
16 December 31, 1986 shall not exceed the amount of
17 such carryback or carryforward;

18 For taxable years in which there is a net
19 operating loss carryback or carryforward from more
20 than one other taxable year ending prior to December
21 31, 1986, the addition modification provided in this
22 subparagraph (E) shall be the sum of the amounts
23 computed independently under the preceding provisions
24 of this subparagraph (E) for each such taxable year;

25 (F) For taxable years ending on or after January
26 1, 1989, an amount equal to the tax deducted pursuant

1 to Section 164 of the Internal Revenue Code if the
2 trust or estate is claiming the same tax for purposes
3 of the Illinois foreign tax credit under Section 601
4 of this Act;

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

9 (G-5) For taxable years ending after December 31,
10 1997, an amount equal to any eligible remediation
11 costs that the trust or estate deducted in computing
12 adjusted gross income and for which the trust or
13 estate claims a credit under subsection (l) of Section
14 201;

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

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

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

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

11 (G-12) An amount equal to the amount otherwise
12 allowed as a deduction in computing base income for
13 interest paid, accrued, or incurred, directly or
14 indirectly, (i) for taxable years ending on or after
15 December 31, 2004, to a foreign person who would be a
16 member of the same unitary business group but for the
17 fact that the foreign person's business activity
18 outside the United States is 80% or more of the foreign
19 person's total business activity and (ii) for taxable
20 years ending on or after December 31, 2008, to a person
21 who would be a member of the same unitary business
22 group but for the fact that the person is prohibited
23 under Section 1501(a)(27) from being included in the
24 unitary business group because he or she is ordinarily
25 required to apportion business income under different
26 subsections of Section 304. The addition modification

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

12 This paragraph shall not apply to the following:

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

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

24 (a) the person, during the same taxable
25 year, paid, accrued, or incurred, the interest
26 to a person that is not a related member, and

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

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

15 (iv) an item of interest paid, accrued, or
16 incurred, directly or indirectly, to a person if
17 the taxpayer establishes by clear and convincing
18 evidence that the adjustments are unreasonable; or
19 if the taxpayer and the Director agree in writing
20 to the application or use of an alternative method
21 of apportionment under Section 304(f).

22 Nothing in this subsection shall preclude the
23 Director from making any other adjustment
24 otherwise allowed under Section 404 of this Act
25 for any tax year beginning after the effective
26 date of this amendment provided such adjustment is

1 made pursuant to regulation adopted by the
2 Department and such regulations provide methods
3 and standards by which the Department will utilize
4 its authority under Section 404 of this Act;

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

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

24 This paragraph shall not apply to the following:

25 (i) any item of intangible expenses or costs
26 paid, accrued, or incurred, directly or

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

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

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

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

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

1 or if the taxpayer and the Director agree in
2 writing to the application or use of an
3 alternative method of apportionment under Section
4 304(f);

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

14 (G-14) For taxable years ending on or after
15 December 31, 2008, an amount equal to the amount of
16 insurance premium expenses and costs otherwise allowed
17 as a deduction in computing base income, and that were
18 paid, accrued, or incurred, directly or indirectly, to
19 a person who would be a member of the same unitary
20 business group but for the fact that the person is
21 prohibited under Section 1501(a)(27) from being
22 included in the unitary business group because he or
23 she is ordinarily required to apportion business
24 income under different subsections of Section 304. The
25 addition modification required by this subparagraph
26 shall be reduced to the extent that dividends were

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

15 (G-15) An amount equal to the credit allowable to
16 the taxpayer under Section 218(a) of this Act,
17 determined without regard to Section 218(c) of this
18 Act;

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

23 and by deducting from the total so obtained the sum of the
24 following amounts:

25 (H) An amount equal to all amounts included in
26 such total pursuant to the provisions of Sections

1 402(a), 402(c), 403(a), 403(b), 406(a), 407(a) and 408
2 of the Internal Revenue Code or included in such total
3 as distributions under the provisions of any
4 retirement or disability plan for employees of any
5 governmental agency or unit, or retirement payments to
6 retired partners, which payments are excluded in
7 computing net earnings from self employment by Section
8 1402 of the Internal Revenue Code and regulations
9 adopted pursuant thereto;

10 (I) The valuation limitation amount;

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

14 (K) An amount equal to all amounts included in
15 taxable income as modified by subparagraphs (A), (B),
16 (C), (D), (E), (F) and (G) which are exempt from
17 taxation by this State either by reason of its
18 statutes or Constitution or by reason of the
19 Constitution, treaties or statutes of the United
20 States; provided that, in the case of any statute of
21 this State that exempts income derived from bonds or
22 other obligations from the tax imposed under this Act,
23 the amount exempted shall be the interest net of bond
24 premium amortization;

25 (L) With the exception of any amounts subtracted
26 under subparagraph (K), an amount equal to the sum of

1 all amounts disallowed as deductions by (i) Sections
2 171(a)(2) and 265(a)(2) of the Internal Revenue Code,
3 and all amounts of expenses allocable to interest and
4 disallowed as deductions by Section 265(a)(1) of the
5 Internal Revenue Code; and (ii) for taxable years
6 ending on or after August 13, 1999, Sections
7 171(a)(2), 265, 280C, and 832(b)(5)(B)(i) of the
8 Internal Revenue Code, plus, (iii) for taxable years
9 ending on or after December 31, 2011, Section
10 45G(e)(3) of the Internal Revenue Code and, for
11 taxable years ending on or after December 31, 2008,
12 any amount included in gross income under Section 87
13 of the Internal Revenue Code; the provisions of this
14 subparagraph are exempt from the provisions of Section
15 250;

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

24 (N) An amount equal to any contribution made to a
25 job training project established pursuant to the Tax
26 Increment Allocation Redevelopment Act;

1 (O) An amount equal to those dividends included in
2 such total that were paid by a corporation that
3 conducts business operations in a federally designated
4 Foreign Trade Zone or Sub-Zone and that is designated
5 a High Impact Business located in Illinois; provided
6 that dividends eligible for the deduction provided in
7 subparagraph (M) of paragraph (2) of this subsection
8 shall not be eligible for the deduction provided under
9 this subparagraph (O);

10 (P) An amount equal to the amount of the deduction
11 used to compute the federal income tax credit for
12 restoration of substantial amounts held under claim of
13 right for the taxable year pursuant to Section 1341 of
14 the Internal Revenue Code;

15 (Q) For taxable year 1999 and thereafter, an
16 amount equal to the amount of any (i) distributions,
17 to the extent includible in gross income for federal
18 income tax purposes, made to the taxpayer because of
19 his or her status as a victim of persecution for racial
20 or religious reasons by Nazi Germany or any other Axis
21 regime or as an heir of the victim and (ii) items of
22 income, to the extent includible in gross income for
23 federal income tax purposes, attributable to, derived
24 from or in any way related to assets stolen from,
25 hidden from, or otherwise lost to a victim of
26 persecution for racial or religious reasons by Nazi

1 Germany or any other Axis regime immediately prior to,
2 during, and immediately after World War II, including,
3 but not limited to, interest on the proceeds
4 receivable as insurance under policies issued to a
5 victim of persecution for racial or religious reasons
6 by Nazi Germany or any other Axis regime by European
7 insurance companies immediately prior to and during
8 World War II; provided, however, this subtraction from
9 federal adjusted gross income does not apply to assets
10 acquired with such assets or with the proceeds from
11 the sale of such assets; provided, further, this
12 paragraph shall only apply to a taxpayer who was the
13 first recipient of such assets after their recovery
14 and who is a victim of persecution for racial or
15 religious reasons by Nazi Germany or any other Axis
16 regime or as an heir of the victim. The amount of and
17 the eligibility for any public assistance, benefit, or
18 similar entitlement is not affected by the inclusion
19 of items (i) and (ii) of this paragraph in gross income
20 for federal income tax purposes. This paragraph is
21 exempt from the provisions of Section 250;

22 (R) For taxable years 2001 and thereafter, for the
23 taxable year in which the bonus depreciation deduction
24 is taken on the taxpayer's federal income tax return
25 under subsection (k) of Section 168 of the Internal
26 Revenue Code and for each applicable taxable year

1 thereafter, an amount equal to "x", where:

2 (1) "y" equals the amount of the depreciation
3 deduction taken for the taxable year on the
4 taxpayer's federal income tax return on property
5 for which the bonus depreciation deduction was
6 taken in any year under subsection (k) of Section
7 168 of the Internal Revenue Code, but not
8 including the bonus depreciation deduction;

9 (2) for taxable years ending on or before
10 December 31, 2005, "x" equals "y" multiplied by 30
11 and then divided by 70 (or "y" multiplied by
12 0.429); and

13 (3) for taxable years ending after December
14 31, 2005:

15 (i) for property on which a bonus
16 depreciation deduction of 30% of the adjusted
17 basis was taken, "x" equals "y" multiplied by
18 30 and then divided by 70 (or "y" multiplied
19 by 0.429);

20 (ii) for property on which a bonus
21 depreciation deduction of 50% of the adjusted
22 basis was taken, "x" equals "y" multiplied by
23 1.0;

24 (iii) for property on which a bonus
25 depreciation deduction of 100% of the adjusted
26 basis was taken in a taxable year ending on or

1 after December 31, 2021, "x" equals the
2 depreciation deduction that would be allowed
3 on that property if the taxpayer had made the
4 election under Section 168(k)(7) of the
5 Internal Revenue Code to not claim bonus
6 depreciation on that property; and

7 (iv) for property on which a bonus
8 depreciation deduction of a percentage other
9 than 30%, 50% or 100% of the adjusted basis
10 was taken in a taxable year ending on or after
11 December 31, 2021, "x" equals "y" multiplied
12 by 100 times the percentage bonus depreciation
13 on the property (that is, $100(\text{bonus}\%)$) and
14 then divided by 100 times 1 minus the
15 percentage bonus depreciation on the property
16 (that is, $100(1-\text{bonus}\%)$).

17 The aggregate amount deducted under this
18 subparagraph in all taxable years for any one piece of
19 property may not exceed the amount of the bonus
20 depreciation deduction taken on that property on the
21 taxpayer's federal income tax return under subsection
22 (k) of Section 168 of the Internal Revenue Code. This
23 subparagraph (R) is exempt from the provisions of
24 Section 250;

25 (S) If the taxpayer sells, transfers, abandons, or
26 otherwise disposes of property for which the taxpayer

1 was required in any taxable year to make an addition
2 modification under subparagraph (G-10), then an amount
3 equal to that addition modification.

4 If the taxpayer continues to own property through
5 the last day of the last tax year for which a
6 subtraction is allowed with respect to that property
7 under subparagraph (R) and for which the taxpayer was
8 required in any taxable year to make an addition
9 modification under subparagraph (G-10), then an amount
10 equal to that addition modification.

11 The taxpayer is allowed to take the deduction
12 under this subparagraph only once with respect to any
13 one piece of property.

14 This subparagraph (S) is exempt from the
15 provisions of Section 250;

16 (T) The amount of (i) any interest income (net of
17 the deductions allocable thereto) taken into account
18 for the taxable year with respect to a transaction
19 with a taxpayer that is required to make an addition
20 modification with respect to such transaction under
21 Section 203(a)(2)(D-17), 203(b)(2)(E-12),
22 203(c)(2)(G-12), or 203(d)(2)(D-7), but not to exceed
23 the amount of such addition modification and (ii) any
24 income from intangible property (net of the deductions
25 allocable thereto) taken into account for the taxable
26 year with respect to a transaction with a taxpayer

1 that is required to make an addition modification with
2 respect to such transaction under Section
3 203(a)(2)(D-18), 203(b)(2)(E-13), 203(c)(2)(G-13), or
4 203(d)(2)(D-8), but not to exceed the amount of such
5 addition modification. This subparagraph (T) is exempt
6 from the provisions of Section 250;

7 (U) An amount equal to the interest income taken
8 into account for the taxable year (net of the
9 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 the foreign person's business activity
13 outside the United States is 80% or more of that
14 person's total business activity and (ii) for taxable
15 years ending on or after December 31, 2008, to a person
16 who would be a member of the same unitary business
17 group but for the fact that the person is prohibited
18 under Section 1501(a)(27) from being included in the
19 unitary business group because he or she is ordinarily
20 required to apportion business income under different
21 subsections of Section 304, but not to exceed the
22 addition modification required to be made for the same
23 taxable year under Section 203(c)(2)(G-12) for
24 interest paid, accrued, or incurred, directly or
25 indirectly, to the same person. This subparagraph (U)
26 is exempt from the provisions of Section 250;

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

22 (W) in the case of an estate, an amount equal to
23 all amounts included in such total pursuant to the
24 provisions of Section 111 of the Internal Revenue Code
25 as a recovery of items previously deducted by the
26 decedent from adjusted gross income in the computation

1 of taxable income. This subparagraph (W) is exempt
2 from Section 250;

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

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

24 (Z) For taxable years beginning after December 31,
25 2018 and before January 1, 2026, the amount of excess
26 business loss of the taxpayer disallowed as a

1 deduction by Section 461(1)(1)(B) of the Internal
2 Revenue Code; and ~~and~~

3 (AA) For taxable years beginning on or after
4 January 1, 2024, for any cannabis establishment
5 operating in this State and licensed under the
6 Cannabis Regulation and Tax Act or any cannabis
7 cultivation center or medical cannabis dispensing
8 organization operating in this State and licensed
9 under the Compassionate Use of Cannabis Program Act,
10 an amount equal to the deductions and credits that
11 were disallowed under Section 280E of the Internal
12 Revenue Code for the taxable year and that would not be
13 added back under this subsection. The provisions of
14 this subparagraph (AA) are exempt from the provisions
15 of Section 250.

16 (3) Limitation. The amount of any modification
17 otherwise required under this subsection shall, under
18 regulations prescribed by the Department, be adjusted by
19 any amounts included therein which were properly paid,
20 credited, or required to be distributed, or permanently
21 set aside for charitable purposes pursuant to Internal
22 Revenue Code Section 642(c) during the taxable year.

23 (d) Partnerships.

24 (1) In general. In the case of a partnership, base
25 income means an amount equal to the taxpayer's taxable

1 income for the taxable year as modified by paragraph (2).

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

5 (A) An amount equal to all amounts paid or accrued
6 to the taxpayer as interest or dividends during the
7 taxable year to the extent excluded from gross income
8 in the computation of taxable income;

9 (B) An amount equal to the amount of tax imposed by
10 this Act to the extent deducted from gross income for
11 the taxable year;

12 (C) The amount of deductions allowed to the
13 partnership pursuant to Section 707 (c) of the
14 Internal Revenue Code in calculating its taxable
15 income;

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 taxable income;

20 (D-5) For taxable years 2001 and thereafter, an
21 amount equal to the bonus depreciation deduction taken
22 on the taxpayer's federal income tax return for the
23 taxable year under subsection (k) of Section 168 of
24 the Internal Revenue Code;

25 (D-6) If the taxpayer sells, transfers, abandons,
26 or otherwise disposes of property for which the

1 taxpayer was required in any taxable year to make an
2 addition modification under subparagraph (D-5), then
3 an amount equal to the aggregate amount of the
4 deductions taken in all taxable years under
5 subparagraph (O) with respect to that property.

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

13 The taxpayer is required to make the addition
14 modification under this subparagraph only once with
15 respect to any one piece of property;

16 (D-7) An amount equal to the amount otherwise
17 allowed as a deduction in computing base income for
18 interest paid, accrued, or incurred, directly or
19 indirectly, (i) for taxable years ending on or after
20 December 31, 2004, to a foreign person who would be a
21 member of the same unitary business group but for the
22 fact the foreign person's business activity outside
23 the United States is 80% or more of the foreign
24 person's total business activity and (ii) for taxable
25 years ending on or after December 31, 2008, to a person
26 who would be a member of the same unitary business

1 group but for the fact that the person is prohibited
2 under Section 1501(a)(27) from being included in the
3 unitary business group because he or she is ordinarily
4 required to apportion business income under different
5 subsections of Section 304. The addition modification
6 required by this subparagraph shall be reduced to the
7 extent that dividends were included in base income of
8 the unitary group for the same taxable year and
9 received by the taxpayer or by a member of the
10 taxpayer's unitary business group (including amounts
11 included in gross income pursuant to Sections 951
12 through 964 of the Internal Revenue Code and amounts
13 included in gross income under Section 78 of the
14 Internal Revenue Code) with respect to the stock of
15 the same person to whom the interest was paid,
16 accrued, or incurred.

17 This paragraph shall not apply to the following:

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

24 (ii) an item of interest paid, accrued, or
25 incurred, directly or indirectly, to a person if
26 the taxpayer can establish, based on a

1 preponderance of the evidence, both of the
2 following:

3 (a) the person, during the same taxable
4 year, paid, accrued, or incurred, the interest
5 to a person that is not a related member, and

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

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

20 (iv) an item of interest paid, accrued, or
21 incurred, directly or indirectly, to a person if
22 the taxpayer establishes by clear and convincing
23 evidence that the adjustments are unreasonable; or
24 if the taxpayer and the Director agree in writing
25 to the application or use of an alternative method
26 of apportionment under Section 304(f).

1 Nothing in this subsection shall preclude the
2 Director from making any other adjustment
3 otherwise allowed under Section 404 of this Act
4 for any tax year beginning after the effective
5 date of this amendment provided such adjustment is
6 made pursuant to regulation adopted by the
7 Department and such regulations provide methods
8 and standards by which the Department will utilize
9 its authority under Section 404 of this Act; and

10 (D-8) An amount equal to the amount of intangible
11 expenses and costs otherwise allowed as a deduction in
12 computing base income, and that were paid, accrued, or
13 incurred, directly or indirectly, (i) for taxable
14 years ending on or after December 31, 2004, to a
15 foreign person who would be a member of the same
16 unitary business group but for the fact that the
17 foreign person's business activity outside the United
18 States is 80% or more of that person's total business
19 activity and (ii) for taxable years ending on or after
20 December 31, 2008, to a person who would be a member of
21 the same unitary business group but for the fact that
22 the person is prohibited under Section 1501(a)(27)
23 from being included in the unitary business group
24 because he or she is ordinarily required to apportion
25 business income under different subsections of Section
26 304. The addition modification required by this

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

1 marks, copyrights, mask works, trade secrets, and
2 similar types of intangible assets;

3 This paragraph shall not apply to the following:

4 (i) any item of intangible expenses or costs
5 paid, accrued, or incurred, directly or
6 indirectly, from a transaction with a person who
7 is subject in a foreign country or state, other
8 than a state which requires mandatory unitary
9 reporting, to a tax on or measured by net income
10 with respect to such item; or

11 (ii) any item of intangible expense or cost
12 paid, accrued, or incurred, directly or
13 indirectly, if the taxpayer can establish, based
14 on a preponderance of the evidence, both of the
15 following:

16 (a) the person during the same taxable
17 year paid, accrued, or incurred, the
18 intangible expense or cost to a person that is
19 not a related member, and

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

1 (iii) any item of intangible expense or cost
2 paid, accrued, or incurred, directly or
3 indirectly, from a transaction with a person if
4 the taxpayer establishes by clear and convincing
5 evidence, that the adjustments are unreasonable;
6 or if the taxpayer and the Director agree in
7 writing to the application or use of an
8 alternative method of apportionment under Section
9 304(f);

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

19 (D-9) For taxable years ending on or after
20 December 31, 2008, an amount equal to the amount of
21 insurance premium expenses and costs otherwise allowed
22 as a deduction in computing base income, and that were
23 paid, accrued, or incurred, directly or indirectly, 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. The
4 addition modification required by this subparagraph
5 shall be reduced to the extent that dividends were
6 included in base income of the unitary group for the
7 same taxable year and received by the taxpayer or by a
8 member of the taxpayer's unitary business group
9 (including amounts included in gross income under
10 Sections 951 through 964 of the Internal Revenue Code
11 and amounts included in gross income under Section 78
12 of the Internal Revenue Code) with respect to the
13 stock of the same person to whom the premiums and costs
14 were directly or indirectly paid, incurred, or
15 accrued. The preceding sentence does not apply to the
16 extent that the same dividends caused a reduction to
17 the addition modification required under Section
18 203(d)(2)(D-7) or Section 203(d)(2)(D-8) of this Act;

19 (D-10) An amount equal to the credit allowable to
20 the taxpayer under Section 218(a) of this Act,
21 determined without regard to Section 218(c) of this
22 Act;

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

1 and by deducting from the total so obtained the following
2 amounts:

3 (E) The valuation limitation amount;

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

7 (G) An amount equal to all amounts included in
8 taxable income as modified by subparagraphs (A), (B),
9 (C) and (D) 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 (H) Any income of the partnership which
18 constitutes personal service income as defined in
19 Section 1348(b)(1) of the Internal Revenue Code (as in
20 effect December 31, 1981) or a reasonable allowance
21 for compensation paid or accrued for services rendered
22 by partners to the partnership, whichever is greater;
23 this subparagraph (H) is exempt from the provisions of
24 Section 250;

25 (I) An amount equal to all amounts of income
26 distributable to an entity subject to the Personal

1 Property Tax Replacement Income Tax imposed by
2 subsections (c) and (d) of Section 201 of this Act
3 including amounts distributable to organizations
4 exempt from federal income tax by reason of Section
5 501(a) of the Internal Revenue Code; this subparagraph
6 (I) is exempt from the provisions of Section 250;

7 (J) With the exception of any amounts subtracted
8 under subparagraph (G), an amount equal to the sum of
9 all amounts disallowed as deductions by (i) Sections
10 171(a)(2) and 265(a)(2) of the Internal Revenue Code,
11 and all amounts of expenses allocable to interest and
12 disallowed as deductions by Section 265(a)(1) of the
13 Internal Revenue Code; and (ii) for taxable years
14 ending on or after August 13, 1999, Sections
15 171(a)(2), 265, 280C, and 832(b)(5)(B)(i) of the
16 Internal Revenue Code, plus, (iii) for taxable years
17 ending on or after December 31, 2011, Section
18 45G(e)(3) of the Internal Revenue Code and, for
19 taxable years ending on or after December 31, 2008,
20 any amount included in gross income under Section 87
21 of the Internal Revenue Code; the provisions of this
22 subparagraph are exempt from the provisions of Section
23 250;

24 (K) An amount equal to those dividends included in
25 such total which were paid by a corporation which
26 conducts business operations in a River Edge

1 Redevelopment Zone or zones created under the River
2 Edge Redevelopment Zone Act and conducts substantially
3 all of its operations from a River Edge Redevelopment
4 Zone or zones. This subparagraph (K) is exempt from
5 the provisions of Section 250;

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

9 (M) An amount equal to those dividends included in
10 such total that were paid by a corporation that
11 conducts business operations in a federally designated
12 Foreign Trade Zone or Sub-Zone and that is designated
13 a High Impact Business located in Illinois; provided
14 that dividends eligible for the deduction provided in
15 subparagraph (K) of paragraph (2) of this subsection
16 shall not be eligible for the deduction provided under
17 this subparagraph (M);

18 (N) An amount equal to the amount of the deduction
19 used to compute the federal income tax credit for
20 restoration of substantial amounts held under claim of
21 right for the taxable year pursuant to Section 1341 of
22 the Internal Revenue Code;

23 (O) For taxable years 2001 and thereafter, for the
24 taxable year in which the bonus depreciation deduction
25 is taken on the taxpayer's federal income tax return
26 under subsection (k) of Section 168 of the Internal

1 Revenue Code and for each applicable taxable year
2 thereafter, an amount equal to "x", where:

3 (1) "y" equals the amount of the depreciation
4 deduction taken for the taxable year on the
5 taxpayer's federal income tax return on property
6 for which the bonus depreciation deduction was
7 taken in any year under subsection (k) of Section
8 168 of the Internal Revenue Code, but not
9 including the bonus depreciation deduction;

10 (2) for taxable years ending on or before
11 December 31, 2005, "x" equals "y" multiplied by 30
12 and then divided by 70 (or "y" multiplied by
13 0.429); and

14 (3) for taxable years ending after December
15 31, 2005:

16 (i) for property on which a bonus
17 depreciation deduction of 30% of the adjusted
18 basis was taken, "x" equals "y" multiplied by
19 30 and then divided by 70 (or "y" multiplied
20 by 0.429);

21 (ii) for property on which a bonus
22 depreciation deduction of 50% of the adjusted
23 basis was taken, "x" equals "y" multiplied by
24 1.0;

25 (iii) for property on which a bonus
26 depreciation deduction of 100% of the adjusted

1 basis was taken in a taxable year ending on or
2 after December 31, 2021, "x" equals the
3 depreciation deduction that would be allowed
4 on that property if the taxpayer had made the
5 election under Section 168(k)(7) of the
6 Internal Revenue Code to not claim bonus
7 depreciation on that property; and

8 (iv) for property on which a bonus
9 depreciation deduction of a percentage other
10 than 30%, 50% or 100% of the adjusted basis
11 was taken in a taxable year ending on or after
12 December 31, 2021, "x" equals "y" multiplied
13 by 100 times the percentage bonus depreciation
14 on the property (that is, $100(\text{bonus}\%)$) and
15 then divided by 100 times 1 minus the
16 percentage bonus depreciation on the property
17 (that is, $100(1-\text{bonus}\%)$).

18 The aggregate amount deducted under this
19 subparagraph in all taxable years for any one piece of
20 property may not exceed the amount of the bonus
21 depreciation deduction taken on that property on the
22 taxpayer's federal income tax return under subsection
23 (k) of Section 168 of the Internal Revenue Code. This
24 subparagraph (O) is exempt from the provisions of
25 Section 250;

26 (P) If the taxpayer sells, transfers, abandons, or

1 otherwise disposes of property for which the taxpayer
2 was required in any taxable year to make an addition
3 modification under subparagraph (D-5), then an amount
4 equal to that addition modification.

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 required in any taxable year to make an addition
10 modification under subparagraph (D-5), then an amount
11 equal to that addition modification.

12 The taxpayer is allowed to take the deduction
13 under this subparagraph only once with respect to any
14 one piece of property.

15 This subparagraph (P) is exempt from the
16 provisions of Section 250;

17 (Q) The amount of (i) any interest income (net of
18 the deductions allocable thereto) taken into account
19 for the taxable year with respect to a transaction
20 with a taxpayer that is required to make an addition
21 modification with respect to such transaction under
22 Section 203(a)(2)(D-17), 203(b)(2)(E-12),
23 203(c)(2)(G-12), or 203(d)(2)(D-7), but not to exceed
24 the amount of such addition modification and (ii) any
25 income from intangible property (net of the deductions
26 allocable thereto) taken into account for the taxable

1 year with respect to a transaction with a taxpayer
2 that is required to make an addition modification with
3 respect to such transaction under Section
4 203(a)(2)(D-18), 203(b)(2)(E-13), 203(c)(2)(G-13), or
5 203(d)(2)(D-8), but not to exceed the amount of such
6 addition modification. This subparagraph (Q) is exempt
7 from Section 250;

8 (R) An amount equal to the interest income taken
9 into account for the taxable year (net of the
10 deductions allocable thereto) with respect to
11 transactions with (i) a foreign person who would be a
12 member of the taxpayer's unitary business group but
13 for the fact that the foreign person's business
14 activity outside the United States is 80% or more of
15 that person's total business activity and (ii) for
16 taxable years ending on or after December 31, 2008, to
17 a person who would be a member of the same unitary
18 business group but for the fact that the person is
19 prohibited under Section 1501(a)(27) from being
20 included in the unitary business group because he or
21 she is ordinarily required to apportion business
22 income under different subsections of Section 304, but
23 not to exceed the addition modification required to be
24 made for the same taxable year under Section
25 203(d)(2)(D-7) for interest paid, accrued, or
26 incurred, directly or indirectly, to the same person.

1 This subparagraph (R) is exempt from Section 250;

2 (S) An amount equal to the income from intangible
3 property taken into account for the taxable year (net
4 of the deductions allocable thereto) with respect to
5 transactions with (i) a foreign person who would be a
6 member of the taxpayer's unitary business group but
7 for the fact that the foreign person's business
8 activity outside the United States is 80% or more of
9 that person's total business activity and (ii) for
10 taxable years ending on or after December 31, 2008, to
11 a person who would be a member of the same unitary
12 business group but for the fact that the person is
13 prohibited under Section 1501(a)(27) from being
14 included in the unitary business group because he or
15 she is ordinarily required to apportion business
16 income under different subsections of Section 304, but
17 not to exceed the addition modification required to be
18 made for the same taxable year under Section
19 203(d)(2)(D-8) for intangible expenses and costs paid,
20 accrued, or incurred, directly or indirectly, to the
21 same person. This subparagraph (S) is exempt from
22 Section 250; ~~and~~

23 (T) For taxable years ending on or after December
24 31, 2011, in the case of a taxpayer who was required to
25 add back any insurance premiums under Section
26 203(d)(2)(D-9), such taxpayer may elect to subtract

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

13 (U) For taxable years beginning on or after
14 January 1, 2024, for any cannabis establishment
15 operating in this State and licensed under the
16 Cannabis Regulation and Tax Act or any cannabis
17 cultivation center or medical cannabis dispensing
18 organization operating in this State and licensed
19 under the Compassionate Use of Cannabis Program Act,
20 an amount equal to the deductions and credits that
21 were disallowed under Section 280E of the Internal
22 Revenue Code for the taxable year and that would not be
23 added back under this subsection. The provisions of
24 this subparagraph (U) are exempt from the provisions
25 of Section 250.

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

2 (1) In general. Subject to the provisions of paragraph
3 (2) and subsection (b) (3), for purposes of this Section
4 and Section 803(e), a taxpayer's gross income, adjusted
5 gross income, or taxable income for the taxable year shall
6 mean the amount of gross income, adjusted gross income or
7 taxable income properly reportable for federal income tax
8 purposes for the taxable year under the provisions of the
9 Internal Revenue Code. Taxable income may be less than
10 zero. However, for taxable years ending on or after
11 December 31, 1986, net operating loss carryforwards from
12 taxable years ending prior to December 31, 1986, may not
13 exceed the sum of federal taxable income for the taxable
14 year before net operating loss deduction, plus the excess
15 of addition modifications over subtraction modifications
16 for the taxable year. For taxable years ending prior to
17 December 31, 1986, taxable income may never be an amount
18 in excess of the net operating loss for the taxable year as
19 defined in subsections (c) and (d) of Section 172 of the
20 Internal Revenue Code, provided that when taxable income
21 of a corporation (other than a Subchapter S corporation),
22 trust, or estate is less than zero and addition
23 modifications, other than those provided by subparagraph
24 (E) of paragraph (2) of subsection (b) for corporations or
25 subparagraph (E) of paragraph (2) of subsection (c) for
26 trusts and estates, exceed subtraction modifications, an

1 addition modification must be made under those
2 subparagraphs for any other taxable year to which the
3 taxable income less than zero (net operating loss) is
4 applied under Section 172 of the Internal Revenue Code or
5 under subparagraph (E) of paragraph (2) of this subsection
6 (e) applied in conjunction with Section 172 of the
7 Internal Revenue Code.

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

11 (A) Certain life insurance companies. In the case
12 of a life insurance company subject to the tax imposed
13 by Section 801 of the Internal Revenue Code, life
14 insurance company taxable income, plus the amount of
15 distribution from pre-1984 policyholder surplus
16 accounts as calculated under Section 815a of the
17 Internal Revenue Code;

18 (B) Certain other insurance companies. In the case
19 of mutual insurance companies subject to the tax
20 imposed by Section 831 of the Internal Revenue Code,
21 insurance company taxable income;

22 (C) Regulated investment companies. In the case of
23 a regulated investment company subject to the tax
24 imposed by Section 852 of the Internal Revenue Code,
25 investment company taxable income;

26 (D) Real estate investment trusts. In the case of

1 a real estate investment trust subject to the tax
2 imposed by Section 857 of the Internal Revenue Code,
3 real estate investment trust taxable income;

4 (E) Consolidated corporations. In the case of a
5 corporation which is a member of an affiliated group
6 of corporations filing a consolidated income tax
7 return for the taxable year for federal income tax
8 purposes, taxable income determined as if such
9 corporation had filed a separate return for federal
10 income tax purposes for the taxable year and each
11 preceding taxable year for which it was a member of an
12 affiliated group. For purposes of this subparagraph,
13 the taxpayer's separate taxable income shall be
14 determined as if the election provided by Section
15 243(b)(2) of the Internal Revenue Code had been in
16 effect for all such years;

17 (F) Cooperatives. In the case of a cooperative
18 corporation or association, the taxable income of such
19 organization determined in accordance with the
20 provisions of Section 1381 through 1388 of the
21 Internal Revenue Code, but without regard to the
22 prohibition against offsetting losses from patronage
23 activities against income from nonpatronage
24 activities; except that a cooperative corporation or
25 association may make an election to follow its federal
26 income tax treatment of patronage losses and

1 nonpatronage losses. In the event such election is
2 made, such losses shall be computed and carried over
3 in a manner consistent with subsection (a) of Section
4 207 of this Act and apportioned by the apportionment
5 factor reported by the cooperative on its Illinois
6 income tax return filed for the taxable year in which
7 the losses are incurred. The election shall be
8 effective for all taxable years with original returns
9 due on or after the date of the election. In addition,
10 the cooperative may file an amended return or returns,
11 as allowed under this Act, to provide that the
12 election shall be effective for losses incurred or
13 carried forward for taxable years occurring prior to
14 the date of the election. Once made, the election may
15 only be revoked upon approval of the Director. The
16 Department shall adopt rules setting forth
17 requirements for documenting the elections and any
18 resulting Illinois net loss and the standards to be
19 used by the Director in evaluating requests to revoke
20 elections. Public Act 96-932 is declaratory of
21 existing law;

22 (G) Subchapter S corporations. In the case of: (i)
23 a Subchapter S corporation for which there is in
24 effect an election for the taxable year under Section
25 1362 of the Internal Revenue Code, the taxable income
26 of such corporation determined in accordance with

1 Section 1363(b) of the Internal Revenue Code, except
2 that taxable income shall take into account those
3 items which are required by Section 1363(b)(1) of the
4 Internal Revenue Code to be separately stated; and
5 (ii) a Subchapter S corporation for which there is in
6 effect a federal election to opt out of the provisions
7 of the Subchapter S Revision Act of 1982 and have
8 applied instead the prior federal Subchapter S rules
9 as in effect on July 1, 1982, the taxable income of
10 such corporation determined in accordance with the
11 federal Subchapter S rules as in effect on July 1,
12 1982; and

13 (H) Partnerships. In the case of a partnership,
14 taxable income determined in accordance with Section
15 703 of the Internal Revenue Code, except that taxable
16 income shall take into account those items which are
17 required by Section 703(a)(1) to be separately stated
18 but which would be taken into account by an individual
19 in calculating his taxable income.

20 (3) Recapture of business expenses on disposition of
21 asset or business. Notwithstanding any other law to the
22 contrary, if in prior years income from an asset or
23 business has been classified as business income and in a
24 later year is demonstrated to be non-business income, then
25 all expenses, without limitation, deducted in such later
26 year and in the 2 immediately preceding taxable years

1 related to that asset or business that generated the
2 non-business income shall be added back and recaptured as
3 business income in the year of the disposition of the
4 asset or business. Such amount shall be apportioned to
5 Illinois using the greater of the apportionment fraction
6 computed for the business under Section 304 of this Act
7 for the taxable year or the average of the apportionment
8 fractions computed for the business under Section 304 of
9 this Act for the taxable year and for the 2 immediately
10 preceding taxable years.

11 (f) Valuation limitation amount.

12 (1) In general. The valuation limitation amount
13 referred to in subsections (a) (2) (G), (c) (2) (I) and
14 (d) (2) (E) is an amount equal to:

15 (A) The sum of the pre-August 1, 1969 appreciation
16 amounts (to the extent consisting of gain reportable
17 under the provisions of Section 1245 or 1250 of the
18 Internal Revenue Code) for all property in respect of
19 which such gain was reported for the taxable year;
20 plus

21 (B) The lesser of (i) the sum of the pre-August 1,
22 1969 appreciation amounts (to the extent consisting of
23 capital gain) for all property in respect of which
24 such gain was reported for federal income tax purposes
25 for the taxable year, or (ii) the net capital gain for

1 the taxable year, reduced in either case by any amount
2 of such gain included in the amount determined under
3 subsection (a) (2) (F) or (c) (2) (H).

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

5 (A) If the fair market value of property referred
6 to in paragraph (1) was readily ascertainable on
7 August 1, 1969, the pre-August 1, 1969 appreciation
8 amount for such property is the lesser of (i) the
9 excess of such fair market value over the taxpayer's
10 basis (for determining gain) for such property on that
11 date (determined under the Internal Revenue Code as in
12 effect on that date), or (ii) the total gain realized
13 and reportable for federal income tax purposes in
14 respect of the sale, exchange or other disposition of
15 such property.

16 (B) If the fair market value of property referred
17 to in paragraph (1) was not readily ascertainable on
18 August 1, 1969, the pre-August 1, 1969 appreciation
19 amount for such property is that amount which bears
20 the same ratio to the total gain reported in respect of
21 the property for federal income tax purposes for the
22 taxable year, as the number of full calendar months in
23 that part of the taxpayer's holding period for the
24 property ending July 31, 1969 bears to the number of
25 full calendar months in the taxpayer's entire holding
26 period for the property.

1 (C) The Department shall prescribe such
2 regulations as may be necessary to carry out the
3 purposes of this paragraph.

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

7 (h) Legislative intention. Except as expressly provided by
8 this Section there shall be no modifications or limitations on
9 the amounts of income, gain, loss or deduction taken into
10 account in determining gross income, adjusted gross income or
11 taxable income for federal income tax purposes for the taxable
12 year, or in the amount of such items entering into the
13 computation of base income and net income under this Act for
14 such taxable year, whether in respect of property values as of
15 August 1, 1969 or otherwise.

16 (Source: P.A. 101-9, eff. 6-5-19; 101-81, eff. 7-12-19;
17 102-16, eff. 6-17-21; 102-558, eff. 8-20-21; 102-658, eff.
18 8-27-21; 102-813, eff. 5-13-22; 102-1112, eff. 12-21-22.)

19 Section 10. The Civic Center Code is amended by changing
20 Section 245-12 as follows:

21 (70 ILCS 200/245-12)

22 Sec. 245-12. Use and occupation taxes.

1 (a) The Authority may adopt a resolution that authorizes a
2 referendum on the question of whether the Authority shall be
3 authorized to impose a retailers' occupation tax, a service
4 occupation tax, and a use tax in one-quarter percent
5 increments at a rate not to exceed 1%. The Authority shall
6 certify the question to the proper election authorities who
7 shall submit the question to the voters of the metropolitan
8 area at the next regularly scheduled election in accordance
9 with the general election law. The question shall be in
10 substantially the following form:

11 "Shall the Salem Civic Center Authority be authorized to
12 impose a retailers' occupation tax, a service occupation
13 tax, and a use tax at the rate of (rate) for the sole
14 purpose of obtaining funds for the support, construction,
15 maintenance, or financing of a facility of the Authority?"

16 Votes shall be recorded as "yes" or "no".

17 If a majority of all votes cast on the proposition are in
18 favor of the proposition, the Authority is authorized to
19 impose the tax.

20 (b) The Authority shall impose the retailers' occupation
21 tax upon all persons engaged in the business of selling
22 tangible personal property at retail in the metropolitan area,
23 at the rate approved by referendum, on the gross receipts from
24 the sales made in the course of such business within the
25 metropolitan area. Beginning December 1, 2019 and through
26 December 31, 2020, this tax is not imposed on sales of aviation

1 fuel unless the tax revenue is expended for airport-related
2 purposes. If the Authority does not have an airport-related
3 purpose to which it dedicates aviation fuel tax revenue, then
4 aviation fuel is excluded from the tax. The Authority must
5 comply with the certification requirements for airport-related
6 purposes under Section 2-22 of the Retailers' Occupation Tax
7 Act. For purposes of this Section, "airport-related purposes"
8 has the meaning ascribed in Section 6z-20.2 of the State
9 Finance Act. Beginning January 1, 2021, this tax is not
10 imposed on sales of aviation fuel for so long as the revenue
11 use requirements of 49 U.S.C. 47107(b) and 49 U.S.C. 47133 are
12 binding on the Authority.

13 The tax imposed under this Section and all civil penalties
14 that may be assessed as an incident thereof shall be collected
15 and enforced by the Department of Revenue. The Department has
16 full power to administer and enforce this Section; to collect
17 all taxes and penalties so collected in the manner provided in
18 this Section; and to determine all rights to credit memoranda
19 arising on account of the erroneous payment of tax or penalty
20 hereunder. In the administration of, and compliance with, this
21 Section, the Department and persons who are subject to this
22 Section shall (i) have the same rights, remedies, privileges,
23 immunities, powers and duties, (ii) be subject to the same
24 conditions, restrictions, limitations, penalties, exclusions,
25 exemptions, and definitions of terms, and (iii) employ the
26 same modes of procedure as are prescribed in Sections 1, 1a,

1 1a-1, 1c, 1d, 1e, 1f, 1i, 1j, 1k, 1m, 1n, 2, 2-5, 2-5.5, 2-10
2 (in respect to all provisions therein other than the State
3 rate of tax), 2-12, 2-15 through 2-70, 2a, 2b, 2c, 3 (except as
4 to the disposition of taxes and penalties collected and
5 provisions related to quarter monthly payments, and except
6 that the retailer's discount is not allowed for taxes paid on
7 aviation fuel that are subject to the revenue use requirements
8 of 49 U.S.C. 47107(b) and 49 U.S.C. 47133), 4, 5, 5a, 5b, 5c,
9 5d, 5e, 5f, 5g, 5i, 5j, 5k, 5l, 6, 6a, 6b, 6c, 7, 8, 9, 10, 11,
10 11a, 12, and 13 of the Retailers' Occupation Tax Act and
11 Section 3-7 of the Uniform Penalty and Interest Act, as fully
12 as if those provisions were set forth in this subsection.

13 Persons subject to any tax imposed under this subsection
14 may reimburse themselves for their seller's tax liability by
15 separately stating the tax as an additional charge, which
16 charge may be stated in combination, in a single amount, with
17 State taxes that sellers are required to collect, in
18 accordance with such bracket schedules as the Department may
19 prescribe.

20 Whenever the Department determines that a refund should be
21 made under this subsection to a claimant instead of issuing a
22 credit memorandum, the Department shall notify the State
23 Comptroller, who shall cause the warrant to be drawn for the
24 amount specified, and to the person named, in the notification
25 from the Department. The refund shall be paid by the State
26 Treasurer out of the tax fund referenced under paragraph (g)

1 of this Section or the Local Government Aviation Trust Fund,
2 as appropriate.

3 If a tax is imposed under this subsection (b), a tax shall
4 also be imposed at the same rate under subsections (c) and (d)
5 of this Section.

6 For the purpose of determining whether a tax authorized
7 under this Section is applicable, a retail sale, by a producer
8 of coal or other mineral mined in Illinois, is a sale at retail
9 at the place where the coal or other mineral mined in Illinois
10 is extracted from the earth. This paragraph does not apply to
11 coal or other mineral when it is delivered or shipped by the
12 seller to the purchaser at a point outside Illinois so that the
13 sale is exempt under the Federal Constitution as a sale in
14 interstate or foreign commerce.

15 Nothing in this Section shall be construed to authorize
16 the Authority to impose a tax upon the privilege of engaging in
17 any business which under the Constitution of the United States
18 may not be made the subject of taxation by this State.

19 (c) If a tax has been imposed under subsection (b), a
20 service occupation tax shall also be imposed at the same rate
21 upon all persons engaged, in the metropolitan area, in the
22 business of making sales of service, who, as an incident to
23 making those sales of service, transfer tangible personal
24 property within the metropolitan area as an incident to a sale
25 of service. The tax imposed under this subsection and all
26 civil penalties that may be assessed as an incident thereof

1 shall be collected and enforced by the Department of Revenue.

2 Beginning December 1, 2019 and through December 31, 2020,
3 this tax is not imposed on sales of aviation fuel unless the
4 tax revenue is expended for airport-related purposes. If the
5 Authority does not have an airport-related purpose to which it
6 dedicates aviation fuel tax revenue, then aviation fuel is
7 excluded from the tax. The Authority must comply with the
8 certification requirements for airport-related purposes under
9 Section 2-22 of the Retailers' Occupation Tax Act. Beginning
10 January 1, 2021, this tax is not imposed on sales of aviation
11 fuel for so long as the revenue use requirements of 49 U.S.C.
12 47107(b) and 49 U.S.C. 47133 are binding on the Authority.

13 The Department has full power to administer and enforce
14 this paragraph; to collect all taxes and penalties due
15 hereunder; to dispose of taxes and penalties so collected in
16 the manner hereinafter provided; and to determine all rights
17 to credit memoranda arising on account of the erroneous
18 payment of tax or penalty hereunder. In the administration of,
19 and compliance with this paragraph, the Department and persons
20 who are subject to this paragraph shall (i) have the same
21 rights, remedies, privileges, immunities, powers, and duties,
22 (ii) be subject to the same conditions, restrictions,
23 limitations, penalties, exclusions, exemptions, and
24 definitions of terms, and (iii) employ the same modes of
25 procedure as are prescribed in Sections 2 (except that the
26 reference to State in the definition of supplier maintaining a

1 place of business in this State shall mean the metropolitan
2 area), 2a, 2b, 3 through 3-55 (in respect to all provisions
3 therein other than the State rate of tax), 4 (except that the
4 reference to the State shall be to the Authority), 5, 7, 8
5 (except that the jurisdiction to which the tax shall be a debt
6 to the extent indicated in that Section 8 shall be the
7 Authority), 9 (except as to the disposition of taxes and
8 penalties collected, and except that the returned merchandise
9 credit for this tax may not be taken against any State tax, and
10 except that the retailer's discount is not allowed for taxes
11 paid on aviation fuel that are subject to the revenue use
12 requirements of 49 U.S.C. 47107(b) and 49 U.S.C. 47133), 11,
13 12 (except the reference therein to Section 2b of the
14 Retailers' Occupation Tax Act), 13 (except that any reference
15 to the State shall mean the Authority), 15, 16, 17, 18, 19 and
16 20 of the Service Occupation Tax Act and Section 3-7 of the
17 Uniform Penalty and Interest Act, as fully as if those
18 provisions were set forth herein.

19 Persons subject to any tax imposed under the authority
20 granted in this subsection may reimburse themselves for their
21 serviceman's tax liability by separately stating the tax as an
22 additional charge, which charge may be stated in combination,
23 in a single amount, with State tax that servicemen are
24 authorized to collect under the Service Use Tax Act, in
25 accordance with such bracket schedules as the Department may
26 prescribe.

1 Whenever the Department determines that a refund should be
2 made under this subsection to a claimant instead of issuing a
3 credit memorandum, the Department shall notify the State
4 Comptroller, who shall cause the warrant to be drawn for the
5 amount specified, and to the person named, in the notification
6 from the Department. The refund shall be paid by the State
7 Treasurer out of the tax fund referenced under paragraph (g)
8 of this Section or the Local Government Aviation Trust Fund,
9 as appropriate.

10 Nothing in this paragraph shall be construed to authorize
11 the Authority to impose a tax upon the privilege of engaging in
12 any business which under the Constitution of the United States
13 may not be made the subject of taxation by the State.

14 (d) If a tax has been imposed under subsection (b), a use
15 tax shall also be imposed at the same rate upon the privilege
16 of using, in the metropolitan area, any item of tangible
17 personal property that is purchased outside the metropolitan
18 area at retail from a retailer, and that is titled or
19 registered at a location within the metropolitan area with an
20 agency of this State's government. "Selling price" is defined
21 as in the Use Tax Act. The tax shall be collected from persons
22 whose Illinois address for titling or registration purposes is
23 given as being in the metropolitan area. The tax shall be
24 collected by the Department of Revenue for the Authority. The
25 tax must be paid to the State, or an exemption determination
26 must be obtained from the Department of Revenue, before the

1 title or certificate of registration for the property may be
2 issued. The tax or proof of exemption may be transmitted to the
3 Department by way of the State agency with which, or the State
4 officer with whom, the tangible personal property must be
5 titled or registered if the Department and the State agency or
6 State officer determine that this procedure will expedite the
7 processing of applications for title or registration.

8 The Department has full power to administer and enforce
9 this paragraph; to collect all taxes, penalties and interest
10 due hereunder; to dispose of taxes, penalties and interest so
11 collected in the manner hereinafter provided; and to determine
12 all rights to credit memoranda or refunds arising on account
13 of the erroneous payment of tax, penalty or interest
14 hereunder. In the administration of, and compliance with, this
15 subsection, the Department and persons who are subject to this
16 paragraph shall (i) have the same rights, remedies,
17 privileges, immunities, powers, and duties, (ii) be subject to
18 the same conditions, restrictions, limitations, penalties,
19 exclusions, exemptions, and definitions of terms, and (iii)
20 employ the same modes of procedure as are prescribed in
21 Sections 2 (except the definition of "retailer maintaining a
22 place of business in this State"), 3, 3-5, 3-10, 3-45, 3-55,
23 3-65, 3-70, 3-85, 3a, 4, 6, 7, 8 (except that the jurisdiction
24 to which the tax shall be a debt to the extent indicated in
25 that Section 8 shall be the Authority), 9 (except provisions
26 relating to quarter monthly payments), 10, 11, 12, 12a, 12b,

1 13, 14, 15, 19, 20, 21, and 22 of the Use Tax Act and Section
2 3-7 of the Uniform Penalty and Interest Act, that are not
3 inconsistent with this paragraph, as fully as if those
4 provisions were set forth herein.

5 Whenever the Department determines that a refund should be
6 made under this subsection to a claimant instead of issuing a
7 credit memorandum, the Department shall notify the State
8 Comptroller, who shall cause the order to be drawn for the
9 amount specified, and to the person named, in the notification
10 from the Department. The refund shall be paid by the State
11 Treasurer out of the tax fund referenced under paragraph (g)
12 of this Section.

13 (e) A certificate of registration issued by the State
14 Department of Revenue to a retailer under the Retailers'
15 Occupation Tax Act or under the Service Occupation Tax Act
16 shall permit the registrant to engage in a business that is
17 taxed under the tax imposed under paragraphs (b), (c), or (d)
18 of this Section and no additional registration shall be
19 required. A certificate issued under the Use Tax Act or the
20 Service Use Tax Act shall be applicable with regard to any tax
21 imposed under paragraph (c) of this Section.

22 (f) The results of any election authorizing a proposition
23 to impose a tax under this Section or effecting a change in the
24 rate of tax shall be certified by the proper election
25 authorities and filed with the Illinois Department on or
26 before the first day of April. In addition, an ordinance

1 imposing, discontinuing, or effecting a change in the rate of
2 tax under this Section shall be adopted and a certified copy
3 thereof filed with the Department on or before the first day of
4 April. After proper receipt of such certifications, the
5 Department shall proceed to administer and enforce this
6 Section as of the first day of July next following such
7 adoption and filing.

8 (g) Except as otherwise provided, the Department of
9 Revenue shall, upon collecting any taxes and penalties as
10 provided in this Section, pay the taxes and penalties over to
11 the State Treasurer as trustee for the Authority. The taxes
12 and penalties shall be held in a trust fund outside the State
13 Treasury. Taxes and penalties collected on aviation fuel sold
14 on or after December 1, 2019 and through December 31, 2020,
15 shall be immediately paid over by the Department to the State
16 Treasurer, ex officio, as trustee, for deposit into the Local
17 Government Aviation Trust Fund. The Department shall only pay
18 moneys into the Local Government Aviation Trust Fund under
19 this Section for so long as the revenue use requirements of 49
20 U.S.C. 47107(b) and 49 U.S.C. 47133 are binding on the
21 District. On or before the 25th day of each calendar month, the
22 Department of Revenue shall prepare and certify to the
23 Comptroller of the State of Illinois the amount to be paid to
24 the Authority, which shall be the balance in the fund, less any
25 amount determined by the Department to be necessary for the
26 payment of refunds and not including taxes and penalties

1 collected on aviation fuel sold on or after December 1, 2019.
2 Within 10 days after receipt by the Comptroller of the
3 certification of the amount to be paid to the Authority, the
4 Comptroller shall cause an order to be drawn for payment for
5 the amount in accordance with the directions contained in the
6 certification. Amounts received from the tax imposed under
7 this Section shall be used only for the support, construction,
8 maintenance, or financing of a facility of the Authority.

9 (h) When certifying the amount of a monthly disbursement
10 to the Authority under this Section, the Department shall
11 increase or decrease the amounts by an amount necessary to
12 offset any miscalculation of previous disbursements. The
13 offset amount shall be the amount erroneously disbursed within
14 the previous 6 months from the time a miscalculation is
15 discovered.

16 (h-1) Notwithstanding any other provision of law, no tax
17 may be imposed under this Section on the sale or use of
18 cannabis, as defined in Section 1-10 of the Cannabis
19 Regulation and Tax Act.

20 (i) This Section may be cited as the Salem Civic Center Use
21 and Occupation Tax Law.

22 (Source: P.A. 101-10, eff. 6-5-19; 101-604, eff. 12-13-19.)

23 Section 15. The Flood Prevention District Act is amended
24 by changing Section 25 as follows:

1 (70 ILCS 750/25)

2 Sec. 25. Flood prevention retailers' and service
3 occupation taxes.

4 (a) If the Board of Commissioners of a flood prevention
5 district determines that an emergency situation exists
6 regarding levee repair or flood prevention, and upon an
7 ordinance confirming the determination adopted by the
8 affirmative vote of a majority of the members of the county
9 board of the county in which the district is situated, the
10 county may impose a flood prevention retailers' occupation tax
11 upon all persons engaged in the business of selling tangible
12 personal property at retail within the territory of the
13 district to provide revenue to pay the costs of providing
14 emergency levee repair and flood prevention and to secure the
15 payment of bonds, notes, and other evidences of indebtedness
16 issued under this Act for a period not to exceed 25 years or as
17 required to repay the bonds, notes, and other evidences of
18 indebtedness issued under this Act. The tax rate shall be
19 0.25% of the gross receipts from all taxable sales made in the
20 course of that business. Beginning December 1, 2019 and
21 through December 31, 2020, this tax is not imposed on sales of
22 aviation fuel unless the tax revenue is expended for
23 airport-related purposes. If the District does not have an
24 airport-related purpose to which it dedicates aviation fuel
25 tax revenue, then aviation fuel is excluded from the tax. The
26 County must comply with the certification requirements for

1 airport-related purposes under Section 2-22 of the Retailers'
2 Occupation Tax Act. The tax imposed under this Section and all
3 civil penalties that may be assessed as an incident thereof
4 shall be collected and enforced by the State Department of
5 Revenue. The Department shall have full power to administer
6 and enforce this Section; to collect all taxes and penalties
7 so collected in the manner hereinafter provided; and to
8 determine all rights to credit memoranda arising on account of
9 the erroneous payment of tax or penalty hereunder.

10 For purposes of this Act, "airport-related purposes" has
11 the meaning ascribed in Section 6z-20.2 of the State Finance
12 Act. Beginning January 1, 2021, this tax is not imposed on
13 sales of aviation fuel for so long as the revenue use
14 requirements of 49 U.S.C. 47107(b) and 49 U.S.C. 47133 are
15 binding on the District.

16 In the administration of and compliance with this
17 subsection, the Department and persons who are subject to this
18 subsection (i) have the same rights, remedies, privileges,
19 immunities, powers, and duties, (ii) are subject to the same
20 conditions, restrictions, limitations, penalties, and
21 definitions of terms, and (iii) shall employ the same modes of
22 procedure as are set forth in Sections 1 through 1o, 2 through
23 2-70 (in respect to all provisions contained in those Sections
24 other than the State rate of tax), 2a through 2h, 3 (except as
25 to the disposition of taxes and penalties collected, and
26 except that the retailer's discount is not allowed for taxes

1 paid on aviation fuel that are subject to the revenue use
2 requirements of 49 U.S.C. 47107(b) and 49 U.S.C. 47133), 4, 5,
3 5a, 5b, 5c, 5d, 5e, 5f, 5g, 5h, 5i, 5l, 6, 6a, 6b, 6c, 6d, 7,
4 8, 9, 10, 11, 11a, 12, and 13 of the Retailers' Occupation Tax
5 Act and all provisions of the Uniform Penalty and Interest Act
6 as if those provisions were set forth in this subsection.

7 Persons subject to any tax imposed under this Section may
8 reimburse themselves for their seller's tax liability
9 hereunder by separately stating the tax as an additional
10 charge, which charge may be stated in combination in a single
11 amount with State taxes that sellers are required to collect
12 under the Use Tax Act, under any bracket schedules the
13 Department may prescribe.

14 If a tax is imposed under this subsection (a), a tax shall
15 also be imposed under subsection (b) of this Section.

16 (b) If a tax has been imposed under subsection (a), a flood
17 prevention service occupation tax shall also be imposed upon
18 all persons engaged within the territory of the district in
19 the business of making sales of service, who, as an incident to
20 making the sales of service, transfer tangible personal
21 property, either in the form of tangible personal property or
22 in the form of real estate as an incident to a sale of service
23 to provide revenue to pay the costs of providing emergency
24 levee repair and flood prevention and to secure the payment of
25 bonds, notes, and other evidences of indebtedness issued under
26 this Act for a period not to exceed 25 years or as required to

1 repay the bonds, notes, and other evidences of indebtedness.
2 The tax rate shall be 0.25% of the selling price of all
3 tangible personal property transferred. Beginning December 1,
4 2019 and through December 31, 2020, this tax is not imposed on
5 sales of aviation fuel unless the tax revenue is expended for
6 airport-related purposes. If the District does not have an
7 airport-related purpose to which it dedicates aviation fuel
8 tax revenue, then aviation fuel is excluded from the tax. The
9 County must comply with the certification requirements for
10 airport-related purposes under Section 2-22 of the Retailers'
11 Occupation Tax Act. For purposes of this Act, "airport-related
12 purposes" has the meaning ascribed in Section 6z-20.2 of the
13 State Finance Act. Beginning January 1, 2021, this tax is not
14 imposed on sales of aviation fuel for so long as the revenue
15 use requirements of 49 U.S.C. 47107(b) and 49 U.S.C. 47133 are
16 binding on the District.

17 The tax imposed under this subsection and all civil
18 penalties that may be assessed as an incident thereof shall be
19 collected and enforced by the State Department of Revenue. The
20 Department shall have full power to administer and enforce
21 this subsection; to collect all taxes and penalties due
22 hereunder; to dispose of taxes and penalties collected in the
23 manner hereinafter provided; and to determine all rights to
24 credit memoranda arising on account of the erroneous payment
25 of tax or penalty hereunder.

26 In the administration of and compliance with this

1 subsection, the Department and persons who are subject to this
2 subsection shall (i) have the same rights, remedies,
3 privileges, immunities, powers, and duties, (ii) be subject to
4 the same conditions, restrictions, limitations, penalties, and
5 definitions of terms, and (iii) employ the same modes of
6 procedure as are set forth in Sections 2 (except that the
7 reference to State in the definition of supplier maintaining a
8 place of business in this State means the district), 2a
9 through 2d, 3 through 3-50 (in respect to all provisions
10 contained in those Sections other than the State rate of tax),
11 4 (except that the reference to the State shall be to the
12 district), 5, 7, 8 (except that the jurisdiction to which the
13 tax is a debt to the extent indicated in that Section 8 is the
14 district), 9 (except as to the disposition of taxes and
15 penalties collected, and except that the retailer's discount
16 is not allowed for taxes paid on aviation fuel that are subject
17 to the revenue use requirements of 49 U.S.C. 47107(b) and 49
18 U.S.C. 47133), 10, 11, 12 (except the reference therein to
19 Section 2b of the Retailers' Occupation Tax Act), 13 (except
20 that any reference to the State means the district), Section
21 15, 16, 17, 18, 19, and 20 of the Service Occupation Tax Act
22 and all provisions of the Uniform Penalty and Interest Act, as
23 fully as if those provisions were set forth herein.

24 Persons subject to any tax imposed under the authority
25 granted in this subsection may reimburse themselves for their
26 serviceman's tax liability hereunder by separately stating the

1 tax as an additional charge, that charge may be stated in
2 combination in a single amount with State tax that servicemen
3 are authorized to collect under the Service Use Tax Act, under
4 any bracket schedules the Department may prescribe.

5 (c) The taxes imposed in subsections (a) and (b) may not be
6 imposed on personal property titled or registered with an
7 agency of the State or on personal property taxed at the 1%
8 rate under the Retailers' Occupation Tax Act and the Service
9 Occupation Tax Act (or at the 0% rate imposed under this
10 amendatory Act of the 102nd General Assembly).

11 (d) Nothing in this Section shall be construed to
12 authorize the district to impose a tax upon the privilege of
13 engaging in any business that under the Constitution of the
14 United States may not be made the subject of taxation by the
15 State.

16 (e) The certificate of registration that is issued by the
17 Department to a retailer under the Retailers' Occupation Tax
18 Act or a serviceman under the Service Occupation Tax Act
19 permits the retailer or serviceman to engage in a business
20 that is taxable without registering separately with the
21 Department under an ordinance or resolution under this
22 Section.

23 (f) Except as otherwise provided, the Department shall
24 immediately pay over to the State Treasurer, ex officio, as
25 trustee, all taxes and penalties collected under this Section
26 to be deposited into the Flood Prevention Occupation Tax Fund,

1 which shall be an unappropriated trust fund held outside the
2 State treasury. Taxes and penalties collected on aviation fuel
3 sold on or after December 1, 2019 and through December 31,
4 2020, shall be immediately paid over by the Department to the
5 State Treasurer, ex officio, as trustee, for deposit into the
6 Local Government Aviation Trust Fund. The Department shall
7 only pay moneys into the Local Government Aviation Trust Fund
8 under this Act for so long as the revenue use requirements of
9 49 U.S.C. 47107(b) and 49 U.S.C. 47133 are binding on the
10 District.

11 On or before the 25th day of each calendar month, the
12 Department shall prepare and certify to the Comptroller the
13 disbursement of stated sums of money to the counties from
14 which retailers or servicemen have paid taxes or penalties to
15 the Department during the second preceding calendar month. The
16 amount to be paid to each county is equal to the amount (not
17 including credit memoranda and not including taxes and
18 penalties collected on aviation fuel sold on or after December
19 1, 2019 and through December 31, 2020) collected from the
20 county under this Section during the second preceding calendar
21 month by the Department, (i) less 2% of that amount (except the
22 amount collected on aviation fuel sold on or after December 1,
23 2019 and through December 31, 2020), which shall be deposited
24 into the Tax Compliance and Administration Fund and shall be
25 used by the Department in administering and enforcing the
26 provisions of this Section on behalf of the county, (ii) plus

1 an amount that the Department determines is necessary to
2 offset any amounts that were erroneously paid to a different
3 taxing body; (iii) less an amount equal to the amount of
4 refunds made during the second preceding calendar month by the
5 Department on behalf of the county; and (iv) less any amount
6 that the Department determines is necessary to offset any
7 amounts that were payable to a different taxing body but were
8 erroneously paid to the county. When certifying the amount of
9 a monthly disbursement to a county under this Section, the
10 Department shall increase or decrease the amounts by an amount
11 necessary to offset any miscalculation of previous
12 disbursements within the previous 6 months from the time a
13 miscalculation is discovered.

14 Within 10 days after receipt by the Comptroller from the
15 Department of the disbursement certification to the counties
16 provided for in this Section, the Comptroller shall cause the
17 orders to be drawn for the respective amounts in accordance
18 with directions contained in the certification.

19 If the Department determines that a refund should be made
20 under this Section to a claimant instead of issuing a credit
21 memorandum, then the Department shall notify the Comptroller,
22 who shall cause the order to be drawn for the amount specified
23 and to the person named in the notification from the
24 Department. The refund shall be paid by the Treasurer out of
25 the Flood Prevention Occupation Tax Fund or the Local
26 Government Aviation Trust Fund, as appropriate.

1 (g) If a county imposes a tax under this Section, then the
2 county board shall, by ordinance, discontinue the tax upon the
3 payment of all indebtedness of the flood prevention district.
4 The tax shall not be discontinued until all indebtedness of
5 the District has been paid.

6 (h) Any ordinance imposing the tax under this Section, or
7 any ordinance that discontinues the tax, must be certified by
8 the county clerk and filed with the Illinois Department of
9 Revenue either (i) on or before the first day of April,
10 whereupon the Department shall proceed to administer and
11 enforce the tax or change in the rate as of the first day of
12 July next following the filing; or (ii) on or before the first
13 day of October, whereupon the Department shall proceed to
14 administer and enforce the tax or change in the rate as of the
15 first day of January next following the filing.

16 (j) County Flood Prevention Occupation Tax Fund. All
17 proceeds received by a county from a tax distribution under
18 this Section must be maintained in a special fund known as the
19 [name of county] flood prevention occupation tax fund. The
20 county shall, at the direction of the flood prevention
21 district, use moneys in the fund to pay the costs of providing
22 emergency levee repair and flood prevention and to pay bonds,
23 notes, and other evidences of indebtedness issued under this
24 Act.

25 (j-5) Notwithstanding any other provision of law, no tax
26 may be imposed under this Section on the sale or use of

1 cannabis, as defined in Section 1-10 of the Cannabis
2 Regulation and Tax Act.

3 (k) This Section may be cited as the Flood Prevention
4 Occupation Tax Law.

5 (Source: P.A. 101-10, eff. 6-5-19; 101-604, eff. 12-13-19;
6 102-700, eff. 4-19-22.)

7 Section 20. The Metro-East Park and Recreation District
8 Act is amended by changing Section 30 as follows:

9 (70 ILCS 1605/30)

10 Sec. 30. Taxes.

11 (a) The board shall impose a tax upon all persons engaged
12 in the business of selling tangible personal property, other
13 than personal property titled or registered with an agency of
14 this State's government, at retail in the District on the
15 gross receipts from the sales made in the course of business.
16 This tax shall be imposed only at the rate of one-tenth of one
17 per cent.

18 This additional tax may not be imposed on tangible
19 personal property taxed at the 1% rate under the Retailers'
20 Occupation Tax Act (or at the 0% rate imposed under this
21 amendatory Act of the 102nd General Assembly). Beginning
22 December 1, 2019 and through December 31, 2020, this tax is not
23 imposed on sales of aviation fuel unless the tax revenue is
24 expended for airport-related purposes. If the District does

1 not have an airport-related purpose to which it dedicates
2 aviation fuel tax revenue, then aviation fuel shall be
3 excluded from tax. The board must comply with the
4 certification requirements for airport-related purposes under
5 Section 2-22 of the Retailers' Occupation Tax Act. For
6 purposes of this Act, "airport-related purposes" has the
7 meaning ascribed in Section 6z-20.2 of the State Finance Act.
8 Beginning January 1, 2021, this tax is not imposed on sales of
9 aviation fuel for so long as the revenue use requirements of 49
10 U.S.C. 47107(b) and 49 U.S.C. 47133 are binding on the
11 District. The tax imposed by the Board under this Section and
12 all civil penalties that may be assessed as an incident of the
13 tax shall be collected and enforced by the Department of
14 Revenue. The certificate of registration that is issued by the
15 Department to a retailer under the Retailers' Occupation Tax
16 Act shall permit the retailer to engage in a business that is
17 taxable without registering separately with the Department
18 under an ordinance or resolution under this Section. The
19 Department has full power to administer and enforce this
20 Section, to collect all taxes and penalties due under this
21 Section, to dispose of taxes and penalties so collected in the
22 manner provided in this Section, and to determine all rights
23 to credit memoranda arising on account of the erroneous
24 payment of a tax or penalty under this Section. In the
25 administration of and compliance with this Section, the
26 Department and persons who are subject to this Section shall

1 (i) have the same rights, remedies, privileges, immunities,
2 powers, and duties, (ii) be subject to the same conditions,
3 restrictions, limitations, penalties, and definitions of
4 terms, and (iii) employ the same modes of procedure as are
5 prescribed in Sections 1, 1a, 1a-1, 1d, 1e, 1f, 1i, 1j, 1k, 1m,
6 1n, 2, 2-5, 2-5.5, 2-10 (in respect to all provisions
7 contained in those Sections other than the State rate of tax),
8 2-12, 2-15 through 2-70, 2a, 2b, 2c, 3 (except provisions
9 relating to transaction returns and quarter monthly payments,
10 and except that the retailer's discount is not allowed for
11 taxes paid on aviation fuel that are subject to the revenue use
12 requirements of 49 U.S.C. 47107(b) and 49 U.S.C. 47133), 4, 5,
13 5a, 5b, 5c, 5d, 5e, 5f, 5g, 5h, 5i, 5j, 5k, 5l, 6, 6a, 6b, 6c,
14 6d, 7, 8, 9, 10, 11, 11a, 12, and 13 of the Retailers'
15 Occupation Tax Act and the Uniform Penalty and Interest Act as
16 if those provisions were set forth in this Section.

17 Persons subject to any tax imposed under the authority
18 granted in this Section may reimburse themselves for their
19 sellers' tax liability by separately stating the tax as an
20 additional charge, which charge may be stated in combination,
21 in a single amount, with State tax which sellers are required
22 to collect under the Use Tax Act, pursuant to such bracketed
23 schedules as the Department may prescribe.

24 Whenever the Department determines that a refund should be
25 made under this Section to a claimant instead of issuing a
26 credit memorandum, the Department shall notify the State

1 Comptroller, who shall cause the order to be drawn for the
2 amount specified and to the person named in the notification
3 from the Department. The refund shall be paid by the State
4 Treasurer out of the State Metro-East Park and Recreation
5 District Fund or the Local Government Aviation Trust Fund, as
6 appropriate.

7 (b) If a tax has been imposed under subsection (a), a
8 service occupation tax shall also be imposed at the same rate
9 upon all persons engaged, in the District, in the business of
10 making sales of service, who, as an incident to making those
11 sales of service, transfer tangible personal property within
12 the District as an incident to a sale of service. This tax may
13 not be imposed on tangible personal property taxed at the 1%
14 rate under the Service Occupation Tax Act (or at the 0% rate
15 imposed under this amendatory Act of the 102nd General
16 Assembly). Beginning December 1, 2019 and through December 31,
17 2020, this tax may not be imposed on sales of aviation fuel
18 unless the tax revenue is expended for airport-related
19 purposes. If the District does not have an airport-related
20 purpose to which it dedicates aviation fuel tax revenue, then
21 aviation fuel shall be excluded from tax. The board must
22 comply with the certification requirements for airport-related
23 purposes under Section 2-22 of the Retailers' Occupation Tax
24 Act. For purposes of this Act, "airport-related purposes" has
25 the meaning ascribed in Section 6z-20.2 of the State Finance
26 Act. Beginning January 1, 2021, this tax is not imposed on

1 sales of aviation fuel for so long as the revenue use
2 requirements of 49 U.S.C. 47107(b) and 49 U.S.C. 47133 are
3 binding on the District. The tax imposed under this subsection
4 and all civil penalties that may be assessed as an incident
5 thereof shall be collected and enforced by the Department of
6 Revenue. The Department has full power to administer and
7 enforce this subsection; to collect all taxes and penalties
8 due hereunder; to dispose of taxes and penalties so collected
9 in the manner hereinafter provided; and to determine all
10 rights to credit memoranda arising on account of the erroneous
11 payment of tax or penalty hereunder. In the administration of,
12 and compliance with this subsection, the Department and
13 persons who are subject to this paragraph shall (i) have the
14 same rights, remedies, privileges, immunities, powers, and
15 duties, (ii) be subject to the same conditions, restrictions,
16 limitations, penalties, exclusions, exemptions, and
17 definitions of terms, and (iii) employ the same modes of
18 procedure as are prescribed in Sections 2 (except that the
19 reference to State in the definition of supplier maintaining a
20 place of business in this State shall mean the District), 2a,
21 2b, 2c, 3 through 3-50 (in respect to all provisions therein
22 other than the State rate of tax), 4 (except that the reference
23 to the State shall be to the District), 5, 7, 8 (except that
24 the jurisdiction to which the tax shall be a debt to the extent
25 indicated in that Section 8 shall be the District), 9 (except
26 as to the disposition of taxes and penalties collected, and

1 except that the retailer's discount is not allowed for taxes
2 paid on aviation fuel that are subject to the revenue use
3 requirements of 49 U.S.C. 47107(b) and 49 U.S.C. 47133), 10,
4 11, 12 (except the reference therein to Section 2b of the
5 Retailers' Occupation Tax Act), 13 (except that any reference
6 to the State shall mean the District), Sections 15, 16, 17, 18,
7 19 and 20 of the Service Occupation Tax Act and the Uniform
8 Penalty and Interest Act, as fully as if those provisions were
9 set forth herein.

10 Persons subject to any tax imposed under the authority
11 granted in this subsection may reimburse themselves for their
12 serviceman's tax liability by separately stating the tax as an
13 additional charge, which charge may be stated in combination,
14 in a single amount, with State tax that servicemen are
15 authorized to collect under the Service Use Tax Act, in
16 accordance with such bracket schedules as the Department may
17 prescribe.

18 Whenever the Department determines that a refund should be
19 made under this subsection to a claimant instead of issuing a
20 credit memorandum, the Department shall notify the State
21 Comptroller, who shall cause the warrant to be drawn for the
22 amount specified, and to the person named, in the notification
23 from the Department. The refund shall be paid by the State
24 Treasurer out of the State Metro-East Park and Recreation
25 District Fund or the Local Government Aviation Trust Fund, as
26 appropriate.

1 Nothing in this subsection shall be construed to authorize
2 the board to impose a tax upon the privilege of engaging in any
3 business which under the Constitution of the United States may
4 not be made the subject of taxation by the State.

5 (c) Except as otherwise provided in this paragraph, the
6 Department shall immediately pay over to the State Treasurer,
7 ex officio, as trustee, all taxes and penalties collected
8 under this Section to be deposited into the State Metro-East
9 Park and Recreation District Fund, which shall be an
10 unappropriated trust fund held outside of the State treasury.
11 Taxes and penalties collected on aviation fuel sold on or
12 after December 1, 2019 and through December 31, 2020, shall be
13 immediately paid over by the Department to the State
14 Treasurer, ex officio, as trustee, for deposit into the Local
15 Government Aviation Trust Fund. The Department shall only pay
16 moneys into the Local Government Aviation Trust Fund under
17 this Act for so long as the revenue use requirements of 49
18 U.S.C. 47107(b) and 49 U.S.C. 47133 are binding on the
19 District.

20 As soon as possible after the first day of each month,
21 beginning January 1, 2011, upon certification of the
22 Department of Revenue, the Comptroller shall order
23 transferred, and the Treasurer shall transfer, to the STAR
24 Bonds Revenue Fund the local sales tax increment, as defined
25 in the Innovation Development and Economy Act, collected under
26 this Section during the second preceding calendar month for

1 sales within a STAR bond district. The Department shall make
2 this certification only if the Metro East Park and Recreation
3 District imposes a tax on real property as provided in the
4 definition of "local sales taxes" under the Innovation
5 Development and Economy Act.

6 After the monthly transfer to the STAR Bonds Revenue Fund,
7 on or before the 25th day of each calendar month, the
8 Department shall prepare and certify to the Comptroller the
9 disbursement of stated sums of money pursuant to Section 35 of
10 this Act to the District from which retailers have paid taxes
11 or penalties to the Department during the second preceding
12 calendar month. The amount to be paid to the District shall be
13 the amount (not including credit memoranda and not including
14 taxes and penalties collected on aviation fuel sold on or
15 after December 1, 2019 and through December 31, 2020)
16 collected under this Section during the second preceding
17 calendar month by the Department plus an amount the Department
18 determines is necessary to offset any amounts that were
19 erroneously paid to a different taxing body, and not including
20 (i) an amount equal to the amount of refunds made during the
21 second preceding calendar month by the Department on behalf of
22 the District, (ii) any amount that the Department determines
23 is necessary to offset any amounts that were payable to a
24 different taxing body but were erroneously paid to the
25 District, (iii) any amounts that are transferred to the STAR
26 Bonds Revenue Fund, and (iv) 1.5% of the remainder, which the

1 Department shall transfer into the Tax Compliance and
2 Administration Fund. The Department, at the time of each
3 monthly disbursement to the District, shall prepare and
4 certify to the State Comptroller the amount to be transferred
5 into the Tax Compliance and Administration Fund under this
6 subsection. Within 10 days after receipt by the Comptroller of
7 the disbursement certification to the District and the Tax
8 Compliance and Administration Fund provided for in this
9 Section to be given to the Comptroller by the Department, the
10 Comptroller shall cause the orders to be drawn for the
11 respective amounts in accordance with directions contained in
12 the certification.

13 (d) For the purpose of determining whether a tax
14 authorized under this Section is applicable, a retail sale by
15 a producer of coal or another mineral mined in Illinois is a
16 sale at retail at the place where the coal or other mineral
17 mined in Illinois is extracted from the earth. This paragraph
18 does not apply to coal or another mineral when it is delivered
19 or shipped by the seller to the purchaser at a point outside
20 Illinois so that the sale is exempt under the United States
21 Constitution as a sale in interstate or foreign commerce.

22 (e) Nothing in this Section shall be construed to
23 authorize the board to impose a tax upon the privilege of
24 engaging in any business that under the Constitution of the
25 United States may not be made the subject of taxation by this
26 State.

1 (f) An ordinance imposing a tax under this Section or an
2 ordinance extending the imposition of a tax to an additional
3 county or counties shall be certified by the board and filed
4 with the Department of Revenue either (i) on or before the
5 first day of April, whereupon the Department shall proceed to
6 administer and enforce the tax as of the first day of July next
7 following the filing; or (ii) on or before the first day of
8 October, whereupon the Department shall proceed to administer
9 and enforce the tax as of the first day of January next
10 following the filing.

11 (g) When certifying the amount of a monthly disbursement
12 to the District under this Section, the Department shall
13 increase or decrease the amounts by an amount necessary to
14 offset any misallocation of previous disbursements. The offset
15 amount shall be the amount erroneously disbursed within the
16 previous 6 months from the time a misallocation is discovered.

17 (h) Notwithstanding any other provision of law, no tax may
18 be imposed under this Section on the sale or use of cannabis,
19 as defined in Section 1-10 of the Cannabis Regulation and Tax
20 Act.

21 (Source: P.A. 101-10, eff. 6-5-19; 101-81, eff. 7-12-19;
22 101-604, eff. 12-13-19; 102-700, eff. 4-19-22.)

23 Section 25. The Local Mass Transit District Act is amended
24 by changing Section 5.01 as follows:

1 (70 ILCS 3610/5.01) (from Ch. 111 2/3, par. 355.01)

2 Sec. 5.01. Metro East Mass Transit District; use and
3 occupation taxes.

4 (a) The Board of Trustees of any Metro East Mass Transit
5 District may, by ordinance adopted with the concurrence of
6 two-thirds of the then trustees, impose throughout the
7 District any or all of the taxes and fees provided in this
8 Section. Except as otherwise provided, all taxes and fees
9 imposed under this Section shall be used only for public mass
10 transportation systems, and the amount used to provide mass
11 transit service to unserved areas of the District shall be in
12 the same proportion to the total proceeds as the number of
13 persons residing in the unserved areas is to the total
14 population of the District. Except as otherwise provided in
15 this Act, taxes imposed under this Section and civil penalties
16 imposed incident thereto shall be collected and enforced by
17 the State Department of Revenue. The Department shall have the
18 power to administer and enforce the taxes and to determine all
19 rights for refunds for erroneous payments of the taxes.

20 (b) The Board may impose a Metro East Mass Transit
21 District Retailers' Occupation Tax upon all persons engaged in
22 the business of selling tangible personal property at retail
23 in the district at a rate of 1/4 of 1%, or as authorized under
24 subsection (d-5) of this Section, of the gross receipts from
25 the sales made in the course of such business within the
26 district, except that the rate of tax imposed under this

1 Section on sales of aviation fuel on or after December 1, 2019
2 shall be 0.25% in Madison County unless the Metro-East Mass
3 Transit District in Madison County has an "airport-related
4 purpose" and any additional amount authorized under subsection
5 (d-5) is expended for airport-related purposes. If there is no
6 airport-related purpose to which aviation fuel tax revenue is
7 dedicated, then aviation fuel is excluded from any additional
8 amount authorized under subsection (d-5). The rate in St.
9 Clair County shall be 0.25% unless the Metro-East Mass Transit
10 District in St. Clair County has an "airport-related purpose"
11 and the additional 0.50% of the 0.75% tax on aviation fuel
12 imposed in that County is expended for airport-related
13 purposes. If there is no airport-related purpose to which
14 aviation fuel tax revenue is dedicated, then aviation fuel is
15 excluded from the additional 0.50% of the 0.75% tax.

16 The Board must comply with the certification requirements
17 for airport-related purposes under Section 2-22 of the
18 Retailers' Occupation Tax Act. For purposes of this Section,
19 "airport-related purposes" has the meaning ascribed in Section
20 6z-20.2 of the State Finance Act. This exclusion for aviation
21 fuel only applies for so long as the revenue use requirements
22 of 49 U.S.C. 47107(b) and 49 U.S.C. 47133 are binding on the
23 District.

24 The tax imposed under this Section and all civil penalties
25 that may be assessed as an incident thereof shall be collected
26 and enforced by the State Department of Revenue. The

1 Department shall have full power to administer and enforce
2 this Section; to collect all taxes and penalties so collected
3 in the manner hereinafter provided; and to determine all
4 rights to credit memoranda arising on account of the erroneous
5 payment of tax or penalty hereunder. In the administration of,
6 and compliance with, this Section, the Department and persons
7 who are subject to this Section shall have the same rights,
8 remedies, privileges, immunities, powers and duties, and be
9 subject to the same conditions, restrictions, limitations,
10 penalties, exclusions, exemptions and definitions of terms and
11 employ the same modes of procedure, as are prescribed in
12 Sections 1, 1a, 1a-1, 1c, 1d, 1e, 1f, 1i, 1j, 2 through 2-65
13 (in respect to all provisions therein other than the State
14 rate of tax), 2c, 3 (except as to the disposition of taxes and
15 penalties collected, and except that the retailer's discount
16 is not allowed for taxes paid on aviation fuel that are subject
17 to the revenue use requirements of 49 U.S.C. 47107(b) and 49
18 U.S.C. 47133), 4, 5, 5a, 5c, 5d, 5e, 5f, 5g, 5h, 5i, 5j, 5k,
19 5l, 6, 6a, 6b, 6c, 6d, 7, 8, 9, 10, 11, 12, 13, and 14 of the
20 Retailers' Occupation Tax Act and Section 3-7 of the Uniform
21 Penalty and Interest Act, as fully as if those provisions were
22 set forth herein.

23 Persons subject to any tax imposed under the Section may
24 reimburse themselves for their seller's tax liability
25 hereunder by separately stating the tax as an additional
26 charge, which charge may be stated in combination, in a single

1 amount, with State taxes that sellers are required to collect
2 under the Use Tax Act, in accordance with such bracket
3 schedules as the Department may prescribe.

4 Whenever the Department determines that a refund should be
5 made under this Section to a claimant instead of issuing a
6 credit memorandum, the Department shall notify the State
7 Comptroller, who shall cause the warrant to be drawn for the
8 amount specified, and to the person named, in the notification
9 from the Department. The refund shall be paid by the State
10 Treasurer out of the Metro East Mass Transit District tax fund
11 established under paragraph (h) of this Section or the Local
12 Government Aviation Trust Fund, as appropriate.

13 If a tax is imposed under this subsection (b), a tax shall
14 also be imposed under subsections (c) and (d) of this Section.

15 For the purpose of determining whether a tax authorized
16 under this Section is applicable, a retail sale, by a producer
17 of coal or other mineral mined in Illinois, is a sale at retail
18 at the place where the coal or other mineral mined in Illinois
19 is extracted from the earth. This paragraph does not apply to
20 coal or other mineral when it is delivered or shipped by the
21 seller to the purchaser at a point outside Illinois so that the
22 sale is exempt under the Federal Constitution as a sale in
23 interstate or foreign commerce.

24 No tax shall be imposed or collected under this subsection
25 on the sale of a motor vehicle in this State to a resident of
26 another state if that motor vehicle will not be titled in this

1 State.

2 Nothing in this Section shall be construed to authorize
3 the Metro East Mass Transit District to impose a tax upon the
4 privilege of engaging in any business which under the
5 Constitution of the United States may not be made the subject
6 of taxation by this State.

7 (c) If a tax has been imposed under subsection (b), a Metro
8 East Mass Transit District Service Occupation Tax shall also
9 be imposed upon all persons engaged, in the district, in the
10 business of making sales of service, who, as an incident to
11 making those sales of service, transfer tangible personal
12 property within the District, either in the form of tangible
13 personal property or in the form of real estate as an incident
14 to a sale of service. The tax rate shall be 1/4%, or as
15 authorized under subsection (d-5) of this Section, of the
16 selling price of tangible personal property so transferred
17 within the district, except that the rate of tax imposed in
18 these Counties under this Section on sales of aviation fuel on
19 or after December 1, 2019 shall be 0.25% in Madison County
20 unless the Metro-East Mass Transit District in Madison County
21 has an "airport-related purpose" and any additional amount
22 authorized under subsection (d-5) is expended for
23 airport-related purposes. If there is no airport-related
24 purpose to which aviation fuel tax revenue is dedicated, then
25 aviation fuel is excluded from any additional amount
26 authorized under subsection (d-5). The rate in St. Clair

1 County shall be 0.25% unless the Metro-East Mass Transit
2 District in St. Clair County has an "airport-related purpose"
3 and the additional 0.50% of the 0.75% tax on aviation fuel is
4 expended for airport-related purposes. If there is no
5 airport-related purpose to which aviation fuel tax revenue is
6 dedicated, then aviation fuel is excluded from the additional
7 0.50% of the 0.75% tax.

8 The Board must comply with the certification requirements
9 for airport-related purposes under Section 2-22 of the
10 Retailers' Occupation Tax Act. For purposes of this Section,
11 "airport-related purposes" has the meaning ascribed in Section
12 6z-20.2 of the State Finance Act. This exclusion for aviation
13 fuel only applies for so long as the revenue use requirements
14 of 49 U.S.C. 47107(b) and 49 U.S.C. 47133 are binding on the
15 District.

16 The tax imposed under this paragraph and all civil
17 penalties that may be assessed as an incident thereof shall be
18 collected and enforced by the State Department of Revenue. The
19 Department shall have full power to administer and enforce
20 this paragraph; to collect all taxes and penalties due
21 hereunder; to dispose of taxes and penalties so collected in
22 the manner hereinafter provided; and to determine all rights
23 to credit memoranda arising on account of the erroneous
24 payment of tax or penalty hereunder. In the administration of,
25 and compliance with this paragraph, the Department and persons
26 who are subject to this paragraph shall have the same rights,

1 remedies, privileges, immunities, powers and duties, and be
2 subject to the same conditions, restrictions, limitations,
3 penalties, exclusions, exemptions and definitions of terms and
4 employ the same modes of procedure as are prescribed in
5 Sections 1a-1, 2 (except that the reference to State in the
6 definition of supplier maintaining a place of business in this
7 State shall mean the Authority), 2a, 3 through 3-50 (in
8 respect to all provisions therein other than the State rate of
9 tax), 4 (except that the reference to the State shall be to the
10 Authority), 5, 7, 8 (except that the jurisdiction to which the
11 tax shall be a debt to the extent indicated in that Section 8
12 shall be the District), 9 (except as to the disposition of
13 taxes and penalties collected, and except that the returned
14 merchandise credit for this tax may not be taken against any
15 State tax, and except that the retailer's discount is not
16 allowed for taxes paid on aviation fuel that are subject to the
17 revenue use requirements of 49 U.S.C. 47107(b) and 49 U.S.C.
18 47133), 10, 11, 12 (except the reference therein to Section 2b
19 of the Retailers' Occupation Tax Act), 13 (except that any
20 reference to the State shall mean the District), the first
21 paragraph of Section 15, 16, 17, 18, 19 and 20 of the Service
22 Occupation Tax Act and Section 3-7 of the Uniform Penalty and
23 Interest Act, as fully as if those provisions were set forth
24 herein.

25 Persons subject to any tax imposed under the authority
26 granted in this paragraph may reimburse themselves for their

1 serviceman's tax liability hereunder by separately stating the
2 tax as an additional charge, which charge may be stated in
3 combination, in a single amount, with State tax that
4 servicemen are authorized to collect under the Service Use Tax
5 Act, in accordance with such bracket schedules as the
6 Department may prescribe.

7 Whenever the Department determines that a refund should be
8 made under this paragraph to a claimant instead of issuing a
9 credit memorandum, the Department shall notify the State
10 Comptroller, who shall cause the warrant to be drawn for the
11 amount specified, and to the person named, in the notification
12 from the Department. The refund shall be paid by the State
13 Treasurer out of the Metro East Mass Transit District tax fund
14 established under paragraph (h) of this Section or the Local
15 Government Aviation Trust Fund, as appropriate.

16 Nothing in this paragraph shall be construed to authorize
17 the District to impose a tax upon the privilege of engaging in
18 any business which under the Constitution of the United States
19 may not be made the subject of taxation by the State.

20 (d) If a tax has been imposed under subsection (b), a Metro
21 East Mass Transit District Use Tax shall also be imposed upon
22 the privilege of using, in the district, any item of tangible
23 personal property that is purchased outside the district at
24 retail from a retailer, and that is titled or registered with
25 an agency of this State's government, at a rate of 1/4%, or as
26 authorized under subsection (d-5) of this Section, of the

1 selling price of the tangible personal property within the
2 District, as "selling price" is defined in the Use Tax Act. The
3 tax shall be collected from persons whose Illinois address for
4 titling or registration purposes is given as being in the
5 District. The tax shall be collected by the Department of
6 Revenue for the Metro East Mass Transit District. The tax must
7 be paid to the State, or an exemption determination must be
8 obtained from the Department of Revenue, before the title or
9 certificate of registration for the property may be issued.
10 The tax or proof of exemption may be transmitted to the
11 Department by way of the State agency with which, or the State
12 officer with whom, the tangible personal property must be
13 titled or registered if the Department and the State agency or
14 State officer determine that this procedure will expedite the
15 processing of applications for title or registration.

16 The Department shall have full power to administer and
17 enforce this paragraph; to collect all taxes, penalties and
18 interest due hereunder; to dispose of taxes, penalties and
19 interest so collected in the manner hereinafter provided; and
20 to determine all rights to credit memoranda or refunds arising
21 on account of the erroneous payment of tax, penalty or
22 interest hereunder. In the administration of, and compliance
23 with, this paragraph, the Department and persons who are
24 subject to this paragraph shall have the same rights,
25 remedies, privileges, immunities, powers and duties, and be
26 subject to the same conditions, restrictions, limitations,

1 penalties, exclusions, exemptions and definitions of terms and
2 employ the same modes of procedure, as are prescribed in
3 Sections 2 (except the definition of "retailer maintaining a
4 place of business in this State"), 3 through 3-80 (except
5 provisions pertaining to the State rate of tax, and except
6 provisions concerning collection or refunding of the tax by
7 retailers), 4, 11, 12, 12a, 14, 15, 19 (except the portions
8 pertaining to claims by retailers and except the last
9 paragraph concerning refunds), 20, 21 and 22 of the Use Tax Act
10 and Section 3-7 of the Uniform Penalty and Interest Act, that
11 are not inconsistent with this paragraph, as fully as if those
12 provisions were set forth herein.

13 Whenever the Department determines that a refund should be
14 made under this paragraph to a claimant instead of issuing a
15 credit memorandum, the Department shall notify the State
16 Comptroller, who shall cause the order to be drawn for the
17 amount specified, and to the person named, in the notification
18 from the Department. The refund shall be paid by the State
19 Treasurer out of the Metro East Mass Transit District tax fund
20 established under paragraph (h) of this Section.

21 (d-5) (A) The county board of any county participating in
22 the Metro East Mass Transit District may authorize, by
23 ordinance, a referendum on the question of whether the tax
24 rates for the Metro East Mass Transit District Retailers'
25 Occupation Tax, the Metro East Mass Transit District Service
26 Occupation Tax, and the Metro East Mass Transit District Use

1 Tax for the District should be increased from 0.25% to 0.75%.
2 Upon adopting the ordinance, the county board shall certify
3 the proposition to the proper election officials who shall
4 submit the proposition to the voters of the District at the
5 next election, in accordance with the general election law.

6 The proposition shall be in substantially the following
7 form:

8 Shall the tax rates for the Metro East Mass Transit
9 District Retailers' Occupation Tax, the Metro East Mass
10 Transit District Service Occupation Tax, and the Metro
11 East Mass Transit District Use Tax be increased from 0.25%
12 to 0.75%?

13 (B) Two thousand five hundred electors of any Metro East
14 Mass Transit District may petition the Chief Judge of the
15 Circuit Court, or any judge of that Circuit designated by the
16 Chief Judge, in which that District is located to cause to be
17 submitted to a vote of the electors the question whether the
18 tax rates for the Metro East Mass Transit District Retailers'
19 Occupation Tax, the Metro East Mass Transit District Service
20 Occupation Tax, and the Metro East Mass Transit District Use
21 Tax for the District should be increased from 0.25% to 0.75%.

22 Upon submission of such petition the court shall set a
23 date not less than 10 nor more than 30 days thereafter for a
24 hearing on the sufficiency thereof. Notice of the filing of
25 such petition and of such date shall be given in writing to the
26 District and the County Clerk at least 7 days before the date

1 of such hearing.

2 If such petition is found sufficient, the court shall
3 enter an order to submit that proposition at the next
4 election, in accordance with general election law.

5 The form of the petition shall be in substantially the
6 following form: To the Circuit Court of the County of (name of
7 county):

8 We, the undersigned electors of the (name of transit
9 district), respectfully petition your honor to submit to a
10 vote of the electors of (name of transit district) the
11 following proposition:

12 Shall the tax rates for the Metro East Mass Transit
13 District Retailers' Occupation Tax, the Metro East Mass
14 Transit District Service Occupation Tax, and the Metro
15 East Mass Transit District Use Tax be increased from 0.25%
16 to 0.75%?

17 Name Address, with Street and Number.

18

19

20 (C) The votes shall be recorded as "YES" or "NO". If a
21 majority of all votes cast on the proposition are for the
22 increase in the tax rates, the Metro East Mass Transit
23 District shall begin imposing the increased rates in the
24 District, and the Department of Revenue shall begin collecting
25 the increased amounts, as provided under this Section. An
26 ordinance imposing or discontinuing a tax hereunder or

1 effecting a change in the rate thereof shall be adopted and a
2 certified copy thereof filed with the Department on or before
3 the first day of October, whereupon the Department shall
4 proceed to administer and enforce this Section as of the first
5 day of January next following the adoption and filing, or on or
6 before the first day of April, whereupon the Department shall
7 proceed to administer and enforce this Section as of the first
8 day of July next following the adoption and filing.

9 (D) If the voters have approved a referendum under this
10 subsection, before November 1, 1994, to increase the tax rate
11 under this subsection, the Metro East Mass Transit District
12 Board of Trustees may adopt by a majority vote an ordinance at
13 any time before January 1, 1995 that excludes from the rate
14 increase tangible personal property that is titled or
15 registered with an agency of this State's government. The
16 ordinance excluding titled or registered tangible personal
17 property from the rate increase must be filed with the
18 Department at least 15 days before its effective date. At any
19 time after adopting an ordinance excluding from the rate
20 increase tangible personal property that is titled or
21 registered with an agency of this State's government, the
22 Metro East Mass Transit District Board of Trustees may adopt
23 an ordinance applying the rate increase to that tangible
24 personal property. The ordinance shall be adopted, and a
25 certified copy of that ordinance shall be filed with the
26 Department, on or before October 1, whereupon the Department

1 shall proceed to administer and enforce the rate increase
2 against tangible personal property titled or registered with
3 an agency of this State's government as of the following
4 January 1. After December 31, 1995, any reimposed rate
5 increase in effect under this subsection shall no longer apply
6 to tangible personal property titled or registered with an
7 agency of this State's government. Beginning January 1, 1996,
8 the Board of Trustees of any Metro East Mass Transit District
9 may never reimpose a previously excluded tax rate increase on
10 tangible personal property titled or registered with an agency
11 of this State's government. After July 1, 2004, if the voters
12 have approved a referendum under this subsection to increase
13 the tax rate under this subsection, the Metro East Mass
14 Transit District Board of Trustees may adopt by a majority
15 vote an ordinance that excludes from the rate increase
16 tangible personal property that is titled or registered with
17 an agency of this State's government. The ordinance excluding
18 titled or registered tangible personal property from the rate
19 increase shall be adopted, and a certified copy of that
20 ordinance shall be filed with the Department on or before
21 October 1, whereupon the Department shall administer and
22 enforce this exclusion from the rate increase as of the
23 following January 1, or on or before April 1, whereupon the
24 Department shall administer and enforce this exclusion from
25 the rate increase as of the following July 1. The Board of
26 Trustees of any Metro East Mass Transit District may never

1 reimpose a previously excluded tax rate increase on tangible
2 personal property titled or registered with an agency of this
3 State's government.

4 (d-6) If the Board of Trustees of any Metro East Mass
5 Transit District has imposed a rate increase under subsection
6 (d-5) and filed an ordinance with the Department of Revenue
7 excluding titled property from the higher rate, then that
8 Board may, by ordinance adopted with the concurrence of
9 two-thirds of the then trustees, impose throughout the
10 District a fee. The fee on the excluded property shall not
11 exceed \$20 per retail transaction or an amount equal to the
12 amount of tax excluded, whichever is less, on tangible
13 personal property that is titled or registered with an agency
14 of this State's government. Beginning July 1, 2004, the fee
15 shall apply only to titled property that is subject to either
16 the Metro East Mass Transit District Retailers' Occupation Tax
17 or the Metro East Mass Transit District Service Occupation
18 Tax. No fee shall be imposed or collected under this
19 subsection on the sale of a motor vehicle in this State to a
20 resident of another state if that motor vehicle will not be
21 titled in this State.

22 (d-7) Until June 30, 2004, if a fee has been imposed under
23 subsection (d-6), a fee shall also be imposed upon the
24 privilege of using, in the district, any item of tangible
25 personal property that is titled or registered with any agency
26 of this State's government, in an amount equal to the amount of

1 the fee imposed under subsection (d-6).

2 (d-7.1) Beginning July 1, 2004, any fee imposed by the
3 Board of Trustees of any Metro East Mass Transit District
4 under subsection (d-6) and all civil penalties that may be
5 assessed as an incident of the fees shall be collected and
6 enforced by the State Department of Revenue. Reference to
7 "taxes" in this Section shall be construed to apply to the
8 administration, payment, and remittance of all fees under this
9 Section. For purposes of any fee imposed under subsection
10 (d-6), 4% of the fee, penalty, and interest received by the
11 Department in the first 12 months that the fee is collected and
12 enforced by the Department and 2% of the fee, penalty, and
13 interest following the first 12 months (except the amount
14 collected on aviation fuel sold on or after December 1, 2019)
15 shall be deposited into the Tax Compliance and Administration
16 Fund and shall be used by the Department, subject to
17 appropriation, to cover the costs of the Department. No
18 retailers' discount shall apply to any fee imposed under
19 subsection (d-6).

20 (d-8) No item of titled property shall be subject to both
21 the higher rate approved by referendum, as authorized under
22 subsection (d-5), and any fee imposed under subsection (d-6)
23 or (d-7).

24 (d-9) (Blank).

25 (d-10) (Blank).

26 (e) A certificate of registration issued by the State

1 Department of Revenue to a retailer under the Retailers'
2 Occupation Tax Act or under the Service Occupation Tax Act
3 shall permit the registrant to engage in a business that is
4 taxed under the tax imposed under paragraphs (b), (c) or (d) of
5 this Section and no additional registration shall be required
6 under the tax. A certificate issued under the Use Tax Act or
7 the Service Use Tax Act shall be applicable with regard to any
8 tax imposed under paragraph (c) of this Section.

9 (f) (Blank).

10 (g) Any ordinance imposing or discontinuing any tax under
11 this Section shall be adopted and a certified copy thereof
12 filed with the Department on or before June 1, whereupon the
13 Department of Revenue shall proceed to administer and enforce
14 this Section on behalf of the Metro East Mass Transit District
15 as of September 1 next following such adoption and filing.
16 Beginning January 1, 1992, an ordinance or resolution imposing
17 or discontinuing the tax hereunder shall be adopted and a
18 certified copy thereof filed with the Department on or before
19 the first day of July, whereupon the Department shall proceed
20 to administer and enforce this Section as of the first day of
21 October next following such adoption and filing. Beginning
22 January 1, 1993, except as provided in subsection (d-5) of
23 this Section, an ordinance or resolution imposing or
24 discontinuing the tax hereunder shall be adopted and a
25 certified copy thereof filed with the Department on or before
26 the first day of October, whereupon the Department shall

1 proceed to administer and enforce this Section as of the first
2 day of January next following such adoption and filing, or,
3 beginning January 1, 2004, on or before the first day of April,
4 whereupon the Department shall proceed to administer and
5 enforce this Section as of the first day of July next following
6 the adoption and filing.

7 (h) Except as provided in subsection (d-7.1), the State
8 Department of Revenue shall, upon collecting any taxes as
9 provided in this Section, pay the taxes over to the State
10 Treasurer as trustee for the District. The taxes shall be held
11 in a trust fund outside the State Treasury. If an
12 airport-related purpose has been certified, taxes and
13 penalties collected in St. Clair County on aviation fuel sold
14 on or after December 1, 2019 from the 0.50% of the 0.75% rate
15 shall be immediately paid over by the Department to the State
16 Treasurer, ex officio, as trustee, for deposit into the Local
17 Government Aviation Trust Fund. The Department shall only pay
18 moneys into the Local Government Aviation Trust Fund under
19 this Act for so long as the revenue use requirements of 49
20 U.S.C. 47107(b) and 49 U.S.C. 47133 are binding on the
21 District.

22 As soon as possible after the first day of each month,
23 beginning January 1, 2011, upon certification of the
24 Department of Revenue, the Comptroller shall order
25 transferred, and the Treasurer shall transfer, to the STAR
26 Bonds Revenue Fund the local sales tax increment, as defined

1 in the Innovation Development and Economy Act, collected under
2 this Section during the second preceding calendar month for
3 sales within a STAR bond district. The Department shall make
4 this certification only if the local mass transit district
5 imposes a tax on real property as provided in the definition of
6 "local sales taxes" under the Innovation Development and
7 Economy Act.

8 After the monthly transfer to the STAR Bonds Revenue Fund,
9 on or before the 25th day of each calendar month, the State
10 Department of Revenue shall prepare and certify to the
11 Comptroller of the State of Illinois the amount to be paid to
12 the District, which shall be the amount (not including credit
13 memoranda and not including taxes and penalties collected on
14 aviation fuel sold on or after December 1, 2019 that are
15 deposited into the Local Government Aviation Trust Fund)
16 collected under this Section during the second preceding
17 calendar month by the Department plus an amount the Department
18 determines is necessary to offset any amounts that were
19 erroneously paid to a different taxing body, and not including
20 any amount equal to the amount of refunds made during the
21 second preceding calendar month by the Department on behalf of
22 the District, and not including any amount that the Department
23 determines is necessary to offset any amounts that were
24 payable to a different taxing body but were erroneously paid
25 to the District, and less any amounts that are transferred to
26 the STAR Bonds Revenue Fund, less 1.5% of the remainder, which

1 the Department shall transfer into the Tax Compliance and
2 Administration Fund. The Department, at the time of each
3 monthly disbursement to the District, shall prepare and
4 certify to the State Comptroller the amount to be transferred
5 into the Tax Compliance and Administration Fund under this
6 subsection. Within 10 days after receipt by the Comptroller of
7 the certification of the amount to be paid to the District and
8 the Tax Compliance and Administration Fund, the Comptroller
9 shall cause an order to be drawn for payment for the amount in
10 accordance with the direction in the certification.

11 (i) Notwithstanding any other provision of law, no tax may
12 be imposed under this Section on the sale or use of cannabis,
13 as defined in Section 1-10 of the Cannabis Regulation and Tax
14 Act.

15 (Source: P.A. 100-23, eff. 7-6-17; 100-587, eff. 6-4-18;
16 101-10, eff. 6-5-19; 101-604, eff. 12-13-19.)

17 Section 30. The Water Commission Act of 1985 is amended by
18 changing Section 4 as follows:

19 (70 ILCS 3720/4) (from Ch. 111 2/3, par. 254)

20 Sec. 4. Taxes.

21 (a) The board of commissioners of any county water
22 commission may, by ordinance, impose throughout the territory
23 of the commission any or all of the taxes provided in this
24 Section for its corporate purposes. However, no county water

1 commission may impose any such tax unless the commission
 2 certifies the proposition of imposing the tax to the proper
 3 election officials, who shall submit the proposition to the
 4 voters residing in the territory at an election in accordance
 5 with the general election law, and the proposition has been
 6 approved by a majority of those voting on the proposition.

7 The proposition shall be in the form provided in Section 5
 8 or shall be substantially in the following form:

9 -----

10	Shall the (insert corporate	
11	name of county water commission)	YES
12	impose (state type of tax or	-----
13	taxes to be imposed) at the	NO
14	rate of 1/4%?	

15 -----

16 Taxes imposed under this Section and civil penalties
 17 imposed incident thereto shall be collected and enforced by
 18 the State Department of Revenue. The Department shall have the
 19 power to administer and enforce the taxes and to determine all
 20 rights for refunds for erroneous payments of the taxes.

21 (b) The board of commissioners may impose a County Water
 22 Commission Retailers' Occupation Tax upon all persons engaged
 23 in the business of selling tangible personal property at
 24 retail in the territory of the commission at a rate of 1/4% of
 25 the gross receipts from the sales made in the course of such
 26 business within the territory. Beginning January 1, 2021, this

1 tax is not imposed on sales of aviation fuel for so long as the
2 revenue use requirements of 49 U.S.C. 47107(b) and 49 U.S.C.
3 47133 are binding on the District.

4 The tax imposed under this paragraph and all civil
5 penalties that may be assessed as an incident thereof shall be
6 collected and enforced by the State Department of Revenue. The
7 Department shall have full power to administer and enforce
8 this paragraph; to collect all taxes and penalties due
9 hereunder; to dispose of taxes and penalties so collected in
10 the manner hereinafter provided; and to determine all rights
11 to credit memoranda arising on account of the erroneous
12 payment of tax or penalty hereunder. In the administration of,
13 and compliance with, this paragraph, the Department and
14 persons who are subject to this paragraph shall have the same
15 rights, remedies, privileges, immunities, powers and duties,
16 and be subject to the same conditions, restrictions,
17 limitations, penalties, exclusions, exemptions and definitions
18 of terms, and employ the same modes of procedure, as are
19 prescribed in Sections 1, 1a, 1a-1, 1c, 1d, 1e, 1f, 1i, 1j, 2
20 through 2-65 (in respect to all provisions therein other than
21 the State rate of tax except that tangible personal property
22 taxed at the 1% rate under the Retailers' Occupation Tax Act
23 shall not be subject to tax hereunder), 2c, 3 (except as to the
24 disposition of taxes and penalties collected, and except that
25 the retailer's discount is not allowed for taxes paid on
26 aviation fuel sold on or after December 1, 2019 and through

1 December 31, 2020), 4, 5, 5a, 5b, 5c, 5d, 5e, 5f, 5g, 5h, 5i,
2 5j, 5k, 5l, 6, 6a, 6b, 6c, 6d, 7, 8, 9, 10, 11, 12, and 13 of
3 the Retailers' Occupation Tax Act and Section 3-7 of the
4 Uniform Penalty and Interest Act, as fully as if those
5 provisions were set forth herein.

6 Persons subject to any tax imposed under the authority
7 granted in this paragraph may reimburse themselves for their
8 seller's tax liability hereunder by separately stating the tax
9 as an additional charge, which charge may be stated in
10 combination, in a single amount, with State taxes that sellers
11 are required to collect under the Use Tax Act and under
12 subsection (e) of Section 4.03 of the Regional Transportation
13 Authority Act, in accordance with such bracket schedules as
14 the Department may prescribe.

15 Whenever the Department determines that a refund should be
16 made under this paragraph to a claimant instead of issuing a
17 credit memorandum, the Department shall notify the State
18 Comptroller, who shall cause the warrant to be drawn for the
19 amount specified, and to the person named, in the notification
20 from the Department. The refund shall be paid by the State
21 Treasurer out of a county water commission tax fund
22 established under subsection (g) of this Section.

23 For the purpose of determining whether a tax authorized
24 under this paragraph is applicable, a retail sale by a
25 producer of coal or other mineral mined in Illinois is a sale
26 at retail at the place where the coal or other mineral mined in

1 Illinois is extracted from the earth. This paragraph does not
2 apply to coal or other mineral when it is delivered or shipped
3 by the seller to the purchaser at a point outside Illinois so
4 that the sale is exempt under the Federal Constitution as a
5 sale in interstate or foreign commerce.

6 If a tax is imposed under this subsection (b), a tax shall
7 also be imposed under subsections (c) and (d) of this Section.

8 No tax shall be imposed or collected under this subsection
9 on the sale of a motor vehicle in this State to a resident of
10 another state if that motor vehicle will not be titled in this
11 State.

12 Nothing in this paragraph shall be construed to authorize
13 a county water commission to impose a tax upon the privilege of
14 engaging in any business which under the Constitution of the
15 United States may not be made the subject of taxation by this
16 State.

17 (c) If a tax has been imposed under subsection (b), a
18 County Water Commission Service Occupation Tax shall also be
19 imposed upon all persons engaged, in the territory of the
20 commission, in the business of making sales of service, who,
21 as an incident to making the sales of service, transfer
22 tangible personal property within the territory. The tax rate
23 shall be 1/4% of the selling price of tangible personal
24 property so transferred within the territory. Beginning
25 January 1, 2021, this tax is not imposed on sales of aviation
26 fuel for so long as the revenue use requirements of 49 U.S.C.

1 47107(b) and 49 U.S.C. 47133 are binding on the District.

2 The tax imposed under this paragraph and all civil
3 penalties that may be assessed as an incident thereof shall be
4 collected and enforced by the State Department of Revenue. The
5 Department shall have full power to administer and enforce
6 this paragraph; to collect all taxes and penalties due
7 hereunder; to dispose of taxes and penalties so collected in
8 the manner hereinafter provided; and to determine all rights
9 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 paragraph, the Department and
12 persons who are subject to this paragraph shall have the same
13 rights, remedies, privileges, immunities, powers and duties,
14 and be subject to the same conditions, restrictions,
15 limitations, penalties, exclusions, exemptions and definitions
16 of terms, and employ the same modes of procedure, as are
17 prescribed in Sections 1a-1, 2 (except that the reference to
18 State in the definition of supplier maintaining a place of
19 business in this State shall mean the territory of the
20 commission), 2a, 3 through 3-50 (in respect to all provisions
21 therein other than the State rate of tax except that tangible
22 personal property taxed at the 1% rate under the Service
23 Occupation Tax Act shall not be subject to tax hereunder), 4
24 (except that the reference to the State shall be to the
25 territory of the commission), 5, 7, 8 (except that the
26 jurisdiction to which the tax shall be a debt to the extent

1 indicated in that Section 8 shall be the commission), 9
2 (except as to the disposition of taxes and penalties collected
3 and except that the returned merchandise credit for this tax
4 may not be taken against any State tax, and except that the
5 retailer's discount is not allowed for taxes paid on aviation
6 fuel sold on or after December 1, 2019 and through December 31,
7 2020), 10, 11, 12 (except the reference therein to Section 2b
8 of the Retailers' Occupation Tax Act), 13 (except that any
9 reference to the State shall mean the territory of the
10 commission), the first paragraph of Section 15, 15.5, 16, 17,
11 18, 19, and 20 of the Service Occupation Tax Act as fully as if
12 those provisions were set forth herein.

13 Persons subject to any tax imposed under the authority
14 granted in this paragraph may reimburse themselves for their
15 serviceman's tax liability hereunder by separately stating the
16 tax as an additional charge, which charge may be stated in
17 combination, in a single amount, with State tax that
18 servicemen are authorized to collect under the Service Use Tax
19 Act, and any tax for which servicemen may be liable under
20 subsection (f) of Section 4.03 of the Regional Transportation
21 Authority Act, in accordance with such bracket schedules as
22 the Department may prescribe.

23 Whenever the Department determines that a refund should be
24 made under this paragraph to a claimant instead of issuing a
25 credit memorandum, the Department shall notify the State
26 Comptroller, who shall cause the warrant to be drawn for the

1 amount specified, and to the person named, in the notification
2 from the Department. The refund shall be paid by the State
3 Treasurer out of a county water commission tax fund
4 established under subsection (g) of this Section.

5 Nothing in this paragraph shall be construed to authorize
6 a county water commission to impose a tax upon the privilege of
7 engaging in any business which under the Constitution of the
8 United States may not be made the subject of taxation by the
9 State.

10 (d) If a tax has been imposed under subsection (b), a tax
11 shall also be imposed upon the privilege of using, in the
12 territory of the commission, any item of tangible personal
13 property that is purchased outside the territory at retail
14 from a retailer, and that is titled or registered with an
15 agency of this State's government, at a rate of 1/4% of the
16 selling price of the tangible personal property within the
17 territory, as "selling price" is defined in the Use Tax Act.
18 The tax shall be collected from persons whose Illinois address
19 for titling or registration purposes is given as being in the
20 territory. The tax shall be collected by the Department of
21 Revenue for a county water commission. The tax must be paid to
22 the State, or an exemption determination must be obtained from
23 the Department of Revenue, before the title or certificate of
24 registration for the property may be issued. The tax or proof
25 of exemption may be transmitted to the Department by way of the
26 State agency with which, or the State officer with whom, the

1 tangible personal property must be titled or registered if the
2 Department and the State agency or State officer determine
3 that this procedure will expedite the processing of
4 applications for title or registration.

5 The Department shall have full power to administer and
6 enforce this paragraph; to collect all taxes, penalties, and
7 interest due hereunder; to dispose of taxes, penalties, and
8 interest so collected in the manner hereinafter provided; and
9 to determine all rights to credit memoranda or refunds arising
10 on account of the erroneous payment of tax, penalty, or
11 interest hereunder. In the administration of and compliance
12 with this paragraph, the Department and persons who are
13 subject to this paragraph shall have the same rights,
14 remedies, privileges, immunities, powers, and duties, and be
15 subject to the same conditions, restrictions, limitations,
16 penalties, exclusions, exemptions, and definitions of terms
17 and employ the same modes of procedure, as are prescribed in
18 Sections 2 (except the definition of "retailer maintaining a
19 place of business in this State"), 3 through 3-80 (except
20 provisions pertaining to the State rate of tax, and except
21 provisions concerning collection or refunding of the tax by
22 retailers), 4, 11, 12, 12a, 14, 15, 19 (except the portions
23 pertaining to claims by retailers and except the last
24 paragraph concerning refunds), 20, 21, and 22 of the Use Tax
25 Act and Section 3-7 of the Uniform Penalty and Interest Act
26 that are not inconsistent with this paragraph, as fully as if

1 those provisions were set forth herein.

2 Whenever the Department determines that a refund should be
3 made under this paragraph to a claimant instead of issuing a
4 credit memorandum, the Department shall notify the State
5 Comptroller, who shall cause the order to be drawn for the
6 amount specified, and to the person named, in the notification
7 from the Department. The refund shall be paid by the State
8 Treasurer out of a county water commission tax fund
9 established under subsection (g) of this Section.

10 (e) A certificate of registration issued by the State
11 Department of Revenue to a retailer under the Retailers'
12 Occupation Tax Act or under the Service Occupation Tax Act
13 shall permit the registrant to engage in a business that is
14 taxed under the tax imposed under subsection (b), (c), or (d)
15 of this Section and no additional registration shall be
16 required under the tax. A certificate issued under the Use Tax
17 Act or the Service Use Tax Act shall be applicable with regard
18 to any tax imposed under subsection (c) of this Section.

19 (f) Any ordinance imposing or discontinuing any tax under
20 this Section shall be adopted and a certified copy thereof
21 filed with the Department on or before June 1, whereupon the
22 Department of Revenue shall proceed to administer and enforce
23 this Section on behalf of the county water commission as of
24 September 1 next following the adoption and filing. Beginning
25 January 1, 1992, an ordinance or resolution imposing or
26 discontinuing the tax hereunder shall be adopted and a

1 certified copy thereof filed with the Department on or before
2 the first day of July, whereupon the Department shall proceed
3 to administer and enforce this Section as of the first day of
4 October next following such adoption and filing. Beginning
5 January 1, 1993, an ordinance or resolution imposing or
6 discontinuing the tax hereunder shall be adopted and a
7 certified copy thereof filed with the Department on or before
8 the first day of October, whereupon the Department shall
9 proceed to administer and enforce this Section as of the first
10 day of January next following such adoption and filing.

11 (g) The State Department of Revenue shall, upon collecting
12 any taxes as provided in this Section, pay the taxes over to
13 the State Treasurer as trustee for the commission. The taxes
14 shall be held in a trust fund outside the State Treasury.

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 State
25 Department of Revenue shall prepare and certify to the
26 Comptroller of the State of Illinois the amount to be paid to

1 the commission, which shall be the amount (not including
2 credit memoranda) collected under this Section during the
3 second preceding calendar month by the Department plus an
4 amount the Department determines is necessary to offset any
5 amounts that were erroneously paid to a different taxing body,
6 and not including any amount equal to the amount of refunds
7 made during the second preceding calendar month by the
8 Department on behalf of the commission, and not including any
9 amount that the Department determines is necessary to offset
10 any amounts that were payable to a different taxing body but
11 were erroneously paid to the commission, and less any amounts
12 that are transferred to the STAR Bonds Revenue Fund, less 1.5%
13 of the remainder, which shall be transferred into the Tax
14 Compliance and Administration Fund. The Department, at the
15 time of each monthly disbursement to the commission, 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 subsection. Within 10 days after receipt by the
19 Comptroller of the certification of the amount to be paid to
20 the commission and the Tax Compliance and Administration Fund,
21 the Comptroller shall cause an order to be drawn for the
22 payment for the amount in accordance with the direction in the
23 certification.

24 (h) Beginning June 1, 2016, any tax imposed pursuant to
25 this Section may no longer be imposed or collected, unless a
26 continuation of the tax is approved by the voters at a

1 referendum as set forth in this Section.

2 (i) Notwithstanding any other provision of law, no tax may
3 be imposed under this Section on the sale or use of cannabis,
4 as defined in Section 1-10 of the Cannabis Regulation and Tax
5 Act.

6 (Source: P.A. 100-23, eff. 7-6-17; 100-587, eff. 6-4-18;
7 100-863, eff. 8-14-18; 100-1171, eff. 1-4-19; 101-10, eff.
8 6-5-19; 101-81, eff. 7-12-19; 101-604, eff. 12-13-19.)

9 Section 35. The Cannabis Regulation and Tax Act is amended
10 by changing Sections 20-50, 60-10, and 65-10 as follows:

11 (410 ILCS 705/20-50)

12 Sec. 20-50. Cultivator taxes; returns.

13 (a) A tax is imposed upon the privilege of cultivating and
14 processing adult use cannabis at the rate of 7% of the gross
15 receipts from the sale of cannabis by a cultivator to a
16 dispensing organization. The sale of any adult use product
17 that contains any amount of cannabis or any derivative thereof
18 is subject to the tax under this Section on the full selling
19 price of the product. The proceeds from this tax shall be
20 deposited into the Cannabis Regulation Fund. This tax shall be
21 paid by the cultivator who makes the first sale and is not the
22 responsibility of a dispensing organization, qualifying
23 patient, or purchaser.

24 (b) In the administration of and compliance with this

1 Section, the Department of Revenue and persons who are subject
2 to this Section: (i) have the same rights, remedies,
3 privileges, immunities, powers, and duties, (ii) are subject
4 to the same conditions, restrictions, limitations, penalties,
5 and definitions of terms, and (iii) shall employ the same
6 modes of procedure as are set forth in the Cannabis
7 Cultivation Privilege Tax Law and the Uniform Penalty and
8 Interest Act as if those provisions were set forth in this
9 Section.

10 (c) The tax imposed under this Act shall be in addition to
11 all other occupation or privilege taxes imposed by the State
12 of Illinois or by any municipal corporation or political
13 subdivision thereof.

14 (d) Notwithstanding any other provision of law, no tax may
15 be imposed under this Section on the sale or use of cannabis,
16 as defined in Section 1-10 of the Cannabis Regulation and Tax
17 Act.

18 (Source: P.A. 101-27, eff. 6-25-19.)

19 (410 ILCS 705/60-10)

20 Sec. 60-10. Tax imposed.

21 (a) Beginning September 1, 2019, a tax is imposed upon the
22 privilege of cultivating cannabis at the rate of 7% of the
23 gross receipts from the first sale of cannabis by a
24 cultivator. The sale of any product that contains any amount
25 of cannabis or any derivative thereof is subject to the tax

1 under this Section on the full selling price of the product.
2 The Department may determine the selling price of the cannabis
3 when the seller and purchaser are affiliated persons, when the
4 sale and purchase of cannabis is not an arm's length
5 transaction, or when cannabis is transferred by a craft grower
6 to the craft grower's dispensing organization or infuser or
7 processing organization and a value is not established for the
8 cannabis. The value determined by the Department shall be
9 commensurate with the actual price received for products of
10 like quality, character, and use in the area. If there are no
11 sales of cannabis of like quality, character, and use in the
12 same area, then the Department shall establish a reasonable
13 value based on sales of products of like quality, character,
14 and use in other areas of the State, taking into consideration
15 any other relevant factors.

16 (b) The Cannabis Cultivation Privilege Tax imposed under
17 this Article is solely the responsibility of the cultivator
18 who makes the first sale and is not the responsibility of a
19 subsequent purchaser, a dispensing organization, or an
20 infuser. Persons subject to the tax imposed under this Article
21 may, however, reimburse themselves for their tax liability
22 hereunder by separately stating reimbursement for their tax
23 liability as an additional charge.

24 (c) The tax imposed under this Article shall be in
25 addition to all other occupation, privilege, or excise taxes
26 imposed by the State of Illinois or by any unit of local

1 government.

2 (d) Notwithstanding any other provision of law, no special
3 district may levy a tax upon the cultivation and processing of
4 adult use cannabis.

5 (Source: P.A. 101-27, eff. 6-25-19.)

6 (410 ILCS 705/65-10)

7 Sec. 65-10. Tax imposed.

8 (a) Beginning January 1, 2020, a tax is imposed upon
9 purchasers for the privilege of using cannabis at the
10 following rates:

11 (1) Any cannabis, other than a cannabis-infused
12 product, with an adjusted delta-9-tetrahydrocannabinol
13 level at or below 35% shall be taxed at a rate of 10% of
14 the purchase price;

15 (2) Any cannabis, other than a cannabis-infused
16 product, with an adjusted delta-9-tetrahydrocannabinol
17 level above 35% shall be taxed at a rate of 25% of the
18 purchase price; and

19 (3) A cannabis-infused product shall be taxed at a
20 rate of 20% of the purchase price.

21 (b) The purchase of any product that contains any amount
22 of cannabis or any derivative thereof is subject to the tax
23 under subsection (a) of this Section on the full purchase
24 price of the product.

25 (c) The tax imposed under this Section is not imposed on

1 cannabis that is subject to tax under the Compassionate Use of
2 Medical Cannabis Program Act. The tax imposed by this Section
3 is not imposed with respect to any transaction in interstate
4 commerce, to the extent the transaction may not, under the
5 Constitution and statutes of the United States, be made the
6 subject of taxation by this State.

7 (d) The tax imposed under this Article shall be in
8 addition to all other occupation, privilege, or excise taxes
9 imposed by the State of Illinois or by any municipal
10 corporation or political subdivision thereof.

11 (e) The tax imposed under this Article shall not be
12 imposed on any purchase by a purchaser if the cannabis
13 retailer is prohibited by federal or State Constitution,
14 treaty, convention, statute, or court decision from collecting
15 the tax from the purchaser.

16 (f) Notwithstanding any other provision of law, no special
17 district may levy a tax upon purchasers for the use of
18 cannabis.

19 (Source: P.A. 101-27, eff. 6-25-19; 101-593, eff. 12-4-19.)

20 Section 99. Effective date. This Act takes effect upon
21 becoming law.