

1 AN ACT in relation to taxes.

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 211 as follows:

6 (35 ILCS 5/211)

7 Sec. 211. Economic Development for a Growing Economy Tax  
8 Credit. For tax years beginning on or after January 1, 1999,  
9 a Taxpayer who has entered into an Agreement under the  
10 Economic Development for a Growing Economy Tax Credit Act is  
11 entitled to a credit against the taxes imposed under  
12 subsections (a) and (b) of Section 201 of this Act in an  
13 amount to be determined in the Agreement. If the Taxpayer is  
14 a partnership or Subchapter S corporation, the credit shall  
15 be allowed to the partners or shareholders in accordance with  
16 the determination of income and distributive share of income  
17 under Sections 702 and 704 and subchapter S of the Internal  
18 Revenue Code. The Department, in cooperation with the  
19 Department of Commerce and Community Affairs, shall prescribe  
20 rules to enforce and administer the provisions of this  
21 Section. This Section is exempt from the provisions of  
22 Section 250 of this Act.

23 The credit shall be subject to the conditions set forth  
24 in the Agreement and the following limitations:

25 (1) The tax credit shall not exceed the Incremental  
26 Income Tax (as defined in Section 5-5 of the Economic  
27 Development for a Growing Economy Tax Credit Act) with  
28 respect to the project.

29 (2) The amount of the credit allowed during the tax  
30 year plus the sum of all amounts allowed in prior years  
31 shall not exceed 100% of the aggregate amount expended by

1 the Taxpayer during all prior tax years on approved costs  
2 defined by Agreement.

3 (3) The amount of the credit shall be determined on  
4 an annual basis. Except as applied in a carryover year  
5 pursuant to Section 211(4) of this Act, the credit may  
6 not be applied against any State income tax liability in  
7 more than 15 10 taxable years; provided, however, that  
8 (i) an eligible business certified by the Department of  
9 Commerce and Community Affairs under the Corporate  
10 Headquarters Relocation Act may not apply the credit  
11 against any of its State income tax liability in more  
12 than 15 taxable years and (ii) credits allowed to that  
13 eligible business are subject to the conditions and  
14 requirements set forth in Sections 5-35 and 5-45 of the  
15 Economic Development for a Growing Economy Tax Credit  
16 Act.

17 (4) The credit may not exceed the amount of taxes  
18 imposed pursuant to subsections (a) and (b) of Section  
19 201 of this Act. Any credit that is unused in the year  
20 the credit is computed may be carried forward and applied  
21 to the tax liability of the 5 taxable years following the  
22 excess credit year. The credit shall be applied to the  
23 earliest year for which there is a tax liability. If  
24 there are credits from more than one tax year that are  
25 available to offset a liability, the earlier credit shall  
26 be applied first.

27 (5) No credit shall be allowed with respect to any  
28 Agreement for any taxable year ending after the  
29 Noncompliance Date. Upon receiving notification by the  
30 Department of Commerce and Community Affairs of the  
31 noncompliance of a Taxpayer with an Agreement, the  
32 Department shall notify the Taxpayer that no credit is  
33 allowed with respect to that Agreement for any taxable  
34 year ending after the Noncompliance Date, as stated in

1 such notification. If any credit has been allowed with  
2 respect to an Agreement for a taxable year ending after  
3 the Noncompliance Date for that Agreement, any refund  
4 paid to the Taxpayer for that taxable year shall, to the  
5 extent of that credit allowed, be an erroneous refund  
6 within the meaning of Section 912 of this Act.

7 (6) For purposes of this Section, the terms  
8 "Agreement", "Incremental Income Tax", and  
9 "Noncompliance Date" have the same meaning as when used  
10 in the Economic Development for a Growing Economy Tax  
11 Credit Act.

12 (Source: P.A. 91-476, eff. 8-11-99; 92-207, eff. 8-1-01.)

13 Section 5. The Economic Development for a Growing  
14 Economy Tax Credit Act is amended by changing Sections 5-20  
15 and 5-45 as follows:

16 (35 ILCS 10/5-20)

17 Sec. 5-20. Application for a project to create and  
18 retain new jobs.

19 (a) Any Taxpayer proposing a project located or planned  
20 to be located in Illinois may request consideration for  
21 designation of its project, by formal written letter of  
22 request or by formal application to the Department, in which  
23 the Applicant states its intent to make at least a specified  
24 level of investment and intends to hire or retain a specified  
25 number of full-time employees at a designated location in  
26 Illinois. As circumstances require, the Department may  
27 require a formal application from an Applicant and a formal  
28 letter of request for assistance.

29 (b) In order to qualify for Credits under this Act, an  
30 Applicant's project must:

31 (1) involve an investment of at least \$5,000,000 in  
32 capital improvements to be placed in service and to

1 employ at least 25 New Employees within the State as a  
2 direct result of the project; or

3 (2) involve an investment of at least an amount (to  
4 be expressly specified by the Department and the  
5 Committee) in capital improvements to be placed in  
6 service and will employ at least an amount (to be  
7 expressly specified by the Department and the Committee)  
8 of New Employees within the State, provided that the  
9 Department and the Committee have determined that the  
10 project will provide a substantial economic benefit to  
11 the State and that the State will receive a return on its  
12 investment.

13 (c) After receipt of an application, the Department may  
14 enter into an Agreement with the Applicant if the application  
15 is accepted in accordance with Section 5-25.

16 (Source: P.A. 91-476, eff. 8-11-99.)

17 (35 ILCS 10/5-45)

18 Sec. 5-45. Amount and duration of the credit.

19 (a) The Department shall determine the amount and  
20 duration of the credit awarded under this Act. The duration  
21 of the credit may not exceed 15 ~~10~~ taxable years. The credit  
22 may be stated as a percentage of the Incremental Income Tax  
23 attributable to the applicant's project and may include a  
24 fixed dollar limitation.

25 (b) Notwithstanding subsection (a), and except as the  
26 credit may be applied in a carryover year pursuant to Section  
27 211(4) of the Illinois Income Tax Act, the credit may be  
28 applied against the State income tax liability in more than  
29 10 taxable years but not in more than 15 taxable years for an  
30 eligible business that (i) qualifies under this Act and the  
31 Corporate Headquarters Relocation Act and has in fact  
32 undertaken a qualifying project within the time frame  
33 specified by the Department of Commerce and Community Affairs

1 under that Act, and (ii) applies against its State income tax  
2 liability, during the entire 15-year period, no more than 60%  
3 of the maximum credit per year that would otherwise be  
4 available under this Act.

5 (Source: P.A. 91-476, eff. 8-11-99; 92-207, eff. 8-1-01.)

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