



Sen. James T. Meeks

Filed: 5/12/2005

09400HB0755sam002

LRB094 06595 BDD 46447 a

1 AMENDMENT TO HOUSE BILL 755

2 AMENDMENT NO. _____. Amend House Bill 755 by replacing
3 everything after the enacting clause with the following:

4 "Section 5. The State Finance Act is amended by changing
5 Section 8h and by adding Sections 5.640, 5.645, 6z-68, and
6 6z-69 as follows:

7 (30 ILCS 105/5.640 new)

8 Sec. 5.640. The Higher Education Operating Assistance
9 Fund.

10 (30 ILCS 105/5.645 new)

11 Sec. 5.645. The School District Property Tax Relief Fund.

12 (30 ILCS 105/6z-68 new)

13 Sec. 6z-68. School District Property Tax Relief Fund.

14 (a) The School District Property Tax Relief Fund is created
15 as a special Fund in the State treasury. All interest earned on
16 moneys in the Fund shall be deposited into the Fund.

17 (b) As used in this Section:

18 "Department" means the Department of Revenue.

19 "School district" means elementary, high school, and unit
20 districts that levy property taxes.

21 "Property tax relief grant" means the amount of property
22 tax relief that will be distributed to counties from the School

1 District Property Tax Relief Fund in each fiscal year for
2 grants to each school district.

3 (c) In fiscal year 2006, the General Assembly shall
4 appropriate an amount sufficient to fund the required monthly
5 transfers under Section 18-19(4) of the School Code, from the
6 Education Assistance Fund to the School District Property Tax
7 Relief Fund. In fiscal year 2007, the General Assembly shall
8 appropriate 3,105,000,000 from the Education Assistance Fund
9 to the School District Property Tax Relief Fund. In each fiscal
10 year thereafter, the General Assembly shall appropriate an
11 amount from the Education Assistance Fund to the School
12 District Property Tax Relief Fund equal to the amount
13 appropriated to the School District Property Tax Relief Fund in
14 the immediately preceding fiscal year, increased by the lesser
15 of 3.5% or the percentage increase in the Consumer Price Index
16 for All Urban Consumers published by the U.S. Bureau of Labor
17 Statistics for the immediately preceding fiscal year.

18 (d) Beginning in 2005 and for every year thereafter, the
19 Department must certify, no earlier than November 15 and no
20 later than November 17, the total amount of property tax relief
21 each school district will receive from the School District
22 Property Tax Relief Fund. The relief shall be determined as
23 follows:

24 In each fiscal year commencing with fiscal year 2006,
25 the General Assembly shall appropriate the total amount
26 appropriated to the School District Property Tax Relief
27 Fund for that fiscal year to fund the aggregate amount of
28 property tax relief grants that will be distributed through
29 the counties to all school districts. The Department then
30 shall calculate the amount of property tax relief grant to
31 be distributed to each school district in each fiscal year
32 as follows:

33 (A) for fiscal year 2006, each school district
34 shall receive a property tax relief grant in an amount

1 equal to 30% of the total property taxes levied for
2 that school district in tax year 2001 (payable in
3 2002); and

4 (B) for each fiscal year thereafter, the property
5 tax relief grant for each school district must be
6 increased by the lesser of 3.5% or the percentage
7 increase, if any, in the Consumer Price Index For All
8 Urban Consumers published for the prior fiscal year.

9 Property tax relief grants in each fiscal year shall be
10 distributed to the county collectors in the appropriate
11 counties. The county collectors must then distribute the moneys
12 to the school districts as if the grant were property tax
13 receipts.

14 (e) This amendatory Act of the 94th General Assembly
15 constitutes an irrevocable and continuing appropriation (i)
16 from the Education Assistance Fund to the School District
17 Property Tax Relief Fund and (ii) from the School District
18 Property Tax Relief Fund to the school districts for property
19 tax relief grants in accordance with the provisions of this
20 Section.

21 (30 ILCS 105/6z-69 new)

22 Sec. 6z-69. Higher Education Operating Assistance Fund.

23 (a) The Higher Education Operating Assistance Fund is
24 created as a special fund in the State treasury. Moneys in the
25 Fund may be used only for the purposes set forth in this
26 Section. All interest earned on moneys in the Fund must be
27 deposited into the Fund.

28 (b) Beginning in fiscal year 2007, the General Assembly
29 must appropriate \$370,000,000, or an amount sufficient to fund
30 the required monthly transfers under Section 18-19(1) of the
31 School Code, from the Education Assistance Fund to the Higher
32 Education Operating Assistance Fund.

33 (c) In each fiscal year thereafter, the amount appropriated

1 from the Education Assistance Fund to the Higher Education
2 Operating Assistance Fund must be increased by the percentage
3 of increase, in the previous calendar year, of the Consumer
4 Price Index for all Urban Consumers published by the federal
5 Bureau of Labor Statistics.

6 (c-1) Distributions from the Higher Education Operating
7 Assistance Fund are to be made only if the level of the
8 appropriations from general funds is equal to or greater than
9 the "base appropriation level for higher education purposes",
10 as adjusted for each intervening year by the percentage
11 increase, if any, in the Consumer Price Index For All Urban
12 Consumers ("CPI") published by the federal Bureau of Labor
13 Statistics for the prior fiscal year. For purposes of this
14 amendatory Act of the 94th General Assembly, the "base
15 appropriation level for higher education purposes" is the FY05
16 General Revenue Fund level specified in Public Act 93-0842,
17 effective July 7, 2004, as amended by Public Act 93-1070,
18 Article 11, effective January 15, 2005 and referenced in Item
19 #12 of the Illinois Board of Higher Education August 10, 2004
20 Board Report.

21 If the amount appropriated in any year for higher education
22 purposes is less than the "base appropriation level for higher
23 education purposes" from the prior fiscal year as adjusted by
24 the percentage increase in CPI, then no moneys may be
25 appropriated from the Higher Education Operating Assistance
26 Fund for that fiscal year for any purpose and all moneys shall
27 remain in the Higher Education Operating Assistance Fund until
28 the following fiscal year.

29 For purposes of this subsection (c-1), the term "amount
30 appropriated for higher education purposes" does not include
31 any amount appropriated from the Higher Education Operating
32 Assistance Fund.

33 (c-2) Distributions from the Higher Education Operating
34 Assistance Fund shall be as follows, subject to the conditions

1 in subsection (c-1):

2 (1) The General Assembly must appropriate 75% of all
3 moneys in the Higher Education Operating Assistance Fund,
4 including any balance from the prior year, to the Board of
5 Higher Education for grants to State universities for their
6 ordinary and contingent expenses. The grants under this
7 item (1) must be distributed to each State university based
8 upon each university's full time equivalent head count; and

9 (2) The General Assembly must appropriate 25% of all
10 moneys in the Higher Education Operating Assistance Fund,
11 including any balance from the prior year, to the Illinois
12 Community College Board for grants to community colleges
13 for their ordinary and contingent expenses. The grants
14 under this item (2) must be distributed to each community
15 college based upon each community college's full time
16 equivalent head count.

17 For the purposes of this subsection (c-2), "full time
18 equivalent head count" means the total number of undergraduate
19 students enrolled in 12 or more semester hours or quarter hours
20 of credit courses in any given semester or quarter.

21 (d) Distributions from the Higher Education Operating
22 Assistance Fund shall not be used for the following:

23 Executive management: executive level activities
24 concerned with the overall management of, and long-range
25 planning for, the entire university. This includes
26 activities such as policy formation and executive
27 direction, including the activities of the governing
28 board, the chief executive officer, and the senior
29 executive officers. Legal activities conducted on behalf
30 of the university are included.

31 Financial management and operations: activities
32 related to the day-to-day financial management and fiscal
33 operations of the university and long-range financial
34 planning and policy formulations.

1 General administrative and logistical services:
2 general administrative operations and services of the
3 university (with exception of financial operations and
4 student records activities). This includes administration
5 of personnel programs, purchasing and maintenance of
6 supplies and materials, management of facilities, and
7 administrative computing support.

8 Faculty and staff auxiliary services: support services
9 established primarily to service the faculty and staff,
10 such as faculty lounges, cafeterias, or centers providing a
11 variety of services.

12 Public relations and development: activities
13 established to maintain relations with the local
14 community, the university's alumni, governmental entities,
15 and the public in general, as well as activities carried
16 out to support institution-side fund raising and
17 development efforts.

18 Academic administration: administrative support and
19 management activities carried out specifically for the
20 support of a university's primary programs of instruction,
21 organized research, and public service.

22 Superintendence: activities necessary to carry out the
23 duties of management and administration for all areas under
24 the jurisdiction of the physical plant division of the
25 university.

26 Custodial: activities related to custodial service in
27 building interiors.

28 Grounds maintenance: operation and maintenance of
29 campus landscape and grounds. This includes maintenance of
30 roads and walkways; snow removal; maintenance of fences,
31 retaining walls, and drainage ditches; and care of shrubs,
32 trees, and grass.

33 Transportation: all charges related to the purchase,
34 maintenance, and operation of motor vehicles specifically

1 for the use of the physical plant department. Operational
2 costs for a central motor pool are not included in this
3 category and should be charged to the departments and
4 programs that use the vehicles.

5 (e) This amendatory Act of the 94th General Assembly
6 constitutes an irrevocable and continuing appropriation (i)
7 from the Education Assistance Fund to the Higher Education
8 Operating Assistance Fund and (ii) from the Higher Education
9 Operating Assistance Fund to the Board of Higher Education and
10 to the Illinois Community College Board in accordance with the
11 provisions of this Section.

12 (30 ILCS 105/8h)

13 Sec. 8h. Transfers to General Revenue Fund.

14 (a) Except as provided in subsection (b), notwithstanding
15 any other State law to the contrary, the Governor may, through
16 June 30, 2007, from time to time direct the State Treasurer and
17 Comptroller to transfer a specified sum from any fund held by
18 the State Treasurer to the General Revenue Fund in order to
19 help defray the State's operating costs for the fiscal year.
20 The total transfer under this Section from any fund in any
21 fiscal year shall not exceed the lesser of (i) 8% of the
22 revenues to be deposited into the fund during that fiscal year
23 or (ii) an amount that leaves a remaining fund balance of 25%
24 of the July 1 fund balance of that fiscal year. In fiscal year
25 2005 only, prior to calculating the July 1, 2004 final
26 balances, the Governor may calculate and direct the State
27 Treasurer with the Comptroller to transfer additional amounts
28 determined by applying the formula authorized in Public Act
29 93-839 to the funds balances on July 1, 2003. No transfer may
30 be made from a fund under this Section that would have the
31 effect of reducing the available balance in the fund to an
32 amount less than the amount remaining unexpended and unreserved
33 from the total appropriation from that fund estimated to be

1 expended for that fiscal year. This Section does not apply to
2 any funds that are restricted by federal law to a specific use,
3 to any funds in the Motor Fuel Tax Fund, the Hospital Provider
4 Fund, the Medicaid Provider Relief Fund, the Education
5 Assistance Fund, the School District Property Tax Relief Fund,
6 the Higher Education Operating Assistance Fund, the Income Tax
7 Refund Fund, or the Reviewing Court Alternative Dispute
8 Resolution Fund, or to any funds to which subsection (f) of
9 Section 20-40 of the Nursing and Advanced Practice Nursing Act
10 applies. Notwithstanding any other provision of this Section,
11 for fiscal year 2004, the total transfer under this Section
12 from the Road Fund or the State Construction Account Fund shall
13 not exceed the lesser of (i) 5% of the revenues to be deposited
14 into the fund during that fiscal year or (ii) 25% of the
15 beginning balance in the fund. For fiscal year 2005 through
16 fiscal year 2007, no amounts may be transferred under this
17 Section from the Road Fund, the State Construction Account
18 Fund, the Criminal Justice Information Systems Trust Fund, the
19 Wireless Service Emergency Fund, or the Mandatory Arbitration
20 Fund.

21 In determining the available balance in a fund, the
22 Governor may include receipts, transfers into the fund, and
23 other resources anticipated to be available in the fund in that
24 fiscal year.

25 The State Treasurer and Comptroller shall transfer the
26 amounts designated under this Section as soon as may be
27 practicable after receiving the direction to transfer from the
28 Governor.

29 (b) This Section does not apply to any fund established
30 under the Community Senior Services and Resources Act.

31 (Source: P.A. 93-32, eff. 6-20-03; 93-659, eff. 2-3-04; 93-674,
32 eff. 6-10-04; 93-714, eff. 7-12-04; 93-801, eff. 7-22-04;
33 93-839, eff. 7-30-04; 93-1054, eff. 11-18-04; 93-1067, eff.
34 1-15-05.)

1 Section 10. The Illinois Income Tax Act is amended by
2 changing Sections 201, 208, 212, and 901 and by adding Section
3 202.5 as follows:

4 (35 ILCS 5/201) (from Ch. 120, par. 2-201)

5 Sec. 201. Tax Imposed.

6 (a) In general. A tax measured by net income is hereby
7 imposed on every individual, corporation, trust and estate for
8 each taxable year ending after July 31, 1969 on the privilege
9 of earning or receiving income in or as a resident of this
10 State. Such tax shall be in addition to all other occupation or
11 privilege taxes imposed by this State or by any municipal
12 corporation or political subdivision thereof.

13 (b) Rates. The tax imposed by subsection (a) of this
14 Section shall be determined as follows, except as adjusted by
15 subsection (d-1):

16 (1) In the case of an individual, trust or estate, for
17 taxable years ending prior to July 1, 1989, an amount equal
18 to 2 1/2% of the taxpayer's net income for the taxable
19 year.

20 (2) In the case of an individual, trust or estate, for
21 taxable years beginning prior to July 1, 1989 and ending
22 after June 30, 1989, an amount equal to the sum of (i) 2
23 1/2% of the taxpayer's net income for the period prior to
24 July 1, 1989, as calculated under Section 202.3, and (ii)
25 3% of the taxpayer's net income for the period after June
26 30, 1989, as calculated under Section 202.3.

27 (3) In the case of an individual, trust or estate, for
28 taxable years beginning after June 30, 1989 and ending on
29 or before December 31, 2005 , an amount equal to 3% of the
30 taxpayer's net income for the taxable year.

31 (4) In the case of an individual, trust, or estate, for
32 taxable years beginning prior to January 1, 2006 and ending

1 after December 31, 2005, an amount equal to the sum of (i)
2 3% of the taxpayer's net income for the period prior to
3 January 1, 2006, as calculated under Section 202.5, and
4 (ii) 5% of the taxpayer's net income for the period after
5 December 31, 2005, as calculated under Section 202.5.
6 ~~(Blank).~~

7 (5) In the case of an individual, trust or estate, for
8 taxable years beginning after December 31, 2005, an amount
9 equal to 5% of the taxpayer's net income for the taxable
10 year. ~~(Blank).~~

11 (6) In the case of a corporation, for taxable years
12 ending prior to July 1, 1989, an amount equal to 4% of the
13 taxpayer's net income for the taxable year.

14 (7) In the case of a corporation, for taxable years
15 beginning prior to July 1, 1989 and ending after June 30,
16 1989, an amount equal to the sum of (i) 4% of the
17 taxpayer's net income for the period prior to July 1, 1989,
18 as calculated under Section 202.3, and (ii) 4.8% of the
19 taxpayer's net income for the period after June 30, 1989,
20 as calculated under Section 202.3.

21 (8) In the case of a corporation, for taxable years
22 beginning after June 30, 1989 and ending on or before
23 December 31, 2005, an amount equal to 4.8% of the
24 taxpayer's net income for the taxable year.

25 (9) In the case of a corporation, for taxable years
26 beginning prior to January 1, 2006 and ending after
27 December 31, 2005, an amount equal to the sum of (i) 4.8%
28 of the taxpayer's net income for the period prior to
29 January 1, 2006, as calculated under Section 202.5, and
30 (ii) 8% of the taxpayer's net income for the period after
31 December 31, 2005, as calculated under Section 202.5.

32 (10) In the case of a corporation, for taxable years
33 beginning after December 31, 2005, an amount equal to 8% of
34 the taxpayer's net income for the taxable year.

1 (c) Personal Property Tax Replacement Income Tax.
2 Beginning on July 1, 1979 and thereafter, in addition to such
3 income tax, there is also hereby imposed the Personal Property
4 Tax Replacement Income Tax measured by net income on every
5 corporation (including Subchapter S corporations), partnership
6 and trust, for each taxable year ending after June 30, 1979.
7 Such taxes are imposed on the privilege of earning or receiving
8 income in or as a resident of this State. The Personal Property
9 Tax Replacement Income Tax shall be in addition to the income
10 tax imposed by subsections (a) and (b) of this Section and in
11 addition to all other occupation or privilege taxes imposed by
12 this State or by any municipal corporation or political
13 subdivision thereof.

14 (d) Additional Personal Property Tax Replacement Income
15 Tax Rates. The personal property tax replacement income tax
16 imposed by this subsection and subsection (c) of this Section
17 in the case of a corporation, other than a Subchapter S
18 corporation and except as adjusted by subsection (d-1), shall
19 be an additional amount equal to 2.85% of such taxpayer's net
20 income for the taxable year, except that beginning on January
21 1, 1981, and thereafter, the rate of 2.85% specified in this
22 subsection shall be reduced to 2.5%, and in the case of a
23 partnership, trust or a Subchapter S corporation shall be an
24 additional amount equal to 1.5% of such taxpayer's net income
25 for the taxable year.

26 (d-1) Rate reduction for certain foreign insurers. In the
27 case of a foreign insurer, as defined by Section 35A-5 of the
28 Illinois Insurance Code, whose state or country of domicile
29 imposes on insurers domiciled in Illinois a retaliatory tax
30 (excluding any insurer whose premiums from reinsurance assumed
31 are 50% or more of its total insurance premiums as determined
32 under paragraph (2) of subsection (b) of Section 304, except
33 that for purposes of this determination premiums from
34 reinsurance do not include premiums from inter-affiliate

1 reinsurance arrangements), beginning with taxable years ending
2 on or after December 31, 1999, the sum of the rates of tax
3 imposed by subsections (b) and (d) shall be reduced (but not
4 increased) to the rate at which the total amount of tax imposed
5 under this Act, net of all credits allowed under this Act,
6 shall equal (i) the total amount of tax that would be imposed
7 on the foreign insurer's net income allocable to Illinois for
8 the taxable year by such foreign insurer's state or country of
9 domicile if that net income were subject to all income taxes
10 and taxes measured by net income imposed by such foreign
11 insurer's state or country of domicile, net of all credits
12 allowed or (ii) a rate of zero if no such tax is imposed on such
13 income by the foreign insurer's state of domicile. For the
14 purposes of this subsection (d-1), an inter-affiliate includes
15 a mutual insurer under common management.

16 (1) For the purposes of subsection (d-1), in no event
17 shall the sum of the rates of tax imposed by subsections
18 (b) and (d) be reduced below the rate at which the sum of:

19 (A) the total amount of tax imposed on such foreign
20 insurer under this Act for a taxable year, net of all
21 credits allowed under this Act, plus

22 (B) the privilege tax imposed by Section 409 of the
23 Illinois Insurance Code, the fire insurance company
24 tax imposed by Section 12 of the Fire Investigation
25 Act, and the fire department taxes imposed under
26 Section 11-10-1 of the Illinois Municipal Code,
27 equals 1.25% for taxable years ending prior to December 31,
28 2003, or 1.75% for taxable years ending on or after
29 December 31, 2003, of the net taxable premiums written for
30 the taxable year, as described by subsection (1) of Section
31 409 of the Illinois Insurance Code. This paragraph will in
32 no event increase the rates imposed under subsections (b)
33 and (d).

34 (2) Any reduction in the rates of tax imposed by this

1 subsection shall be applied first against the rates imposed
2 by subsection (b) and only after the tax imposed by
3 subsection (a) net of all credits allowed under this
4 Section other than the credit allowed under subsection (i)
5 has been reduced to zero, against the rates imposed by
6 subsection (d).

7 This subsection (d-1) is exempt from the provisions of
8 Section 250.

9 (e) Investment credit. A taxpayer shall be allowed a credit
10 against the Personal Property Tax Replacement Income Tax for
11 investment in qualified property.

12 (1) A taxpayer shall be allowed a credit equal to .5%
13 of the basis of qualified property placed in service during
14 the taxable year, provided such property is placed in
15 service on or after July 1, 1984. There shall be allowed an
16 additional credit equal to .5% of the basis of qualified
17 property placed in service during the taxable year,
18 provided such property is placed in service on or after
19 July 1, 1986, and the taxpayer's base employment within
20 Illinois has increased by 1% or more over the preceding
21 year as determined by the taxpayer's employment records
22 filed with the Illinois Department of Employment Security.
23 Taxpayers who are new to Illinois shall be deemed to have
24 met the 1% growth in base employment for the first year in
25 which they file employment records with the Illinois
26 Department of Employment Security. The provisions added to
27 this Section by Public Act 85-1200 (and restored by Public
28 Act 87-895) shall be construed as declaratory of existing
29 law and not as a new enactment. If, in any year, the
30 increase in base employment within Illinois over the
31 preceding year is less than 1%, the additional credit shall
32 be limited to that percentage times a fraction, the
33 numerator of which is .5% and the denominator of which is
34 1%, but shall not exceed .5%. The investment credit shall

1 not be allowed to the extent that it would reduce a
2 taxpayer's liability in any tax year below zero, nor may
3 any credit for qualified property be allowed for any year
4 other than the year in which the property was placed in
5 service in Illinois. For tax years ending on or after
6 December 31, 1987, and on or before December 31, 1988, the
7 credit shall be allowed for the tax year in which the
8 property is placed in service, or, if the amount of the
9 credit exceeds the tax liability for that year, whether it
10 exceeds the original liability or the liability as later
11 amended, such excess may be carried forward and applied to
12 the tax liability of the 5 taxable years following the
13 excess credit years if the taxpayer (i) makes investments
14 which cause the creation of a minimum of 2,000 full-time
15 equivalent jobs in Illinois, (ii) is located in an
16 enterprise zone established pursuant to the Illinois
17 Enterprise Zone Act and (iii) is certified by the
18 Department of Commerce and Community Affairs (now
19 Department of Commerce and Economic Opportunity) as
20 complying with the requirements specified in clause (i) and
21 (ii) by July 1, 1986. The Department of Commerce and
22 Community Affairs (now Department of Commerce and Economic
23 Opportunity) shall notify the Department of Revenue of all
24 such certifications immediately. For tax years ending
25 after December 31, 1988, the credit shall be allowed for
26 the tax year in which the property is placed in service,
27 or, if the amount of the credit exceeds the tax liability
28 for that year, whether it exceeds the original liability or
29 the liability as later amended, such excess may be carried
30 forward and applied to the tax liability of the 5 taxable
31 years following the excess credit years. The credit shall
32 be applied to the earliest year for which there is a
33 liability. If there is credit from more than one tax year
34 that is available to offset a liability, earlier credit

1 shall be applied first.

2 (2) The term "qualified property" means property
3 which:

4 (A) is tangible, whether new or used, including
5 buildings and structural components of buildings and
6 signs that are real property, but not including land or
7 improvements to real property that are not a structural
8 component of a building such as landscaping, sewer
9 lines, local access roads, fencing, parking lots, and
10 other appurtenances;

11 (B) is depreciable pursuant to Section 167 of the
12 Internal Revenue Code, except that "3-year property"
13 as defined in Section 168(c)(2)(A) of that Code is not
14 eligible for the credit provided by this subsection
15 (e);

16 (C) is acquired by purchase as defined in Section
17 179(d) of the Internal Revenue Code;

18 (D) is used in Illinois by a taxpayer who is
19 primarily engaged in manufacturing, or in mining coal
20 or fluorite, or in retailing; and

21 (E) has not previously been used in Illinois in
22 such a manner and by such a person as would qualify for
23 the credit provided by this subsection (e) or
24 subsection (f).

25 (3) For purposes of this subsection (e),
26 "manufacturing" means the material staging and production
27 of tangible personal property by procedures commonly
28 regarded as manufacturing, processing, fabrication, or
29 assembling which changes some existing material into new
30 shapes, new qualities, or new combinations. For purposes of
31 this subsection (e) the term "mining" shall have the same
32 meaning as the term "mining" in Section 613(c) of the
33 Internal Revenue Code. For purposes of this subsection (e),
34 the term "retailing" means the sale of tangible personal

1 property or services rendered in conjunction with the sale
2 of tangible consumer goods or commodities.

3 (4) The basis of qualified property shall be the basis
4 used to compute the depreciation deduction for federal
5 income tax purposes.

6 (5) If the basis of the property for federal income tax
7 depreciation purposes is increased after it has been placed
8 in service in Illinois by the taxpayer, the amount of such
9 increase shall be deemed property placed in service on the
10 date of such increase in basis.

11 (6) The term "placed in service" shall have the same
12 meaning as under Section 46 of the Internal Revenue Code.

13 (7) If during any taxable year, any property ceases to
14 be qualified property in the hands of the taxpayer within
15 48 months after being placed in service, or the situs of
16 any qualified property is moved outside Illinois within 48
17 months after being placed in service, the Personal Property
18 Tax Replacement Income Tax for such taxable year shall be
19 increased. Such increase shall be determined by (i)
20 recomputing the investment credit which would have been
21 allowed for the year in which credit for such property was
22 originally allowed by eliminating such property from such
23 computation and, (ii) subtracting such recomputed credit
24 from the amount of credit previously allowed. For the
25 purposes of this paragraph (7), a reduction of the basis of
26 qualified property resulting from a redetermination of the
27 purchase price shall be deemed a disposition of qualified
28 property to the extent of such reduction.

29 (8) Unless the investment credit is extended by law,
30 the basis of qualified property shall not include costs
31 incurred after December 31, 2008, except for costs incurred
32 pursuant to a binding contract entered into on or before
33 December 31, 2008.

34 (9) Each taxable year ending before December 31, 2000,

1 a partnership may elect to pass through to its partners the
2 credits to which the partnership is entitled under this
3 subsection (e) for the taxable year. A partner may use the
4 credit allocated to him or her under this paragraph only
5 against the tax imposed in subsections (c) and (d) of this
6 Section. If the partnership makes that election, those
7 credits shall be allocated among the partners in the
8 partnership in accordance with the rules set forth in
9 Section 704(b) of the Internal Revenue Code, and the rules
10 promulgated under that Section, and the allocated amount of
11 the credits shall be allowed to the partners for that
12 taxable year. The partnership shall make this election on
13 its Personal Property Tax Replacement Income Tax return for
14 that taxable year. The election to pass through the credits
15 shall be irrevocable.

16 For taxable years ending on or after December 31, 2000,
17 a partner that qualifies its partnership for a subtraction
18 under subparagraph (I) of paragraph (2) of subsection (d)
19 of Section 203 or a shareholder that qualifies a Subchapter
20 S corporation for a subtraction under subparagraph (S) of
21 paragraph (2) of subsection (b) of Section 203 shall be
22 allowed a credit under this subsection (e) equal to its
23 share of the credit earned under this subsection (e) during
24 the taxable year by the partnership or Subchapter S
25 corporation, determined in accordance with the
26 determination of income and distributive share of income
27 under Sections 702 and 704 and Subchapter S of the Internal
28 Revenue Code. This paragraph is exempt from the provisions
29 of Section 250.

30 (f) Investment credit; Enterprise Zone.

31 (1) A taxpayer shall be allowed a credit against the
32 tax imposed by subsections (a) and (b) of this Section for
33 investment in qualified property which is placed in service
34 in an Enterprise Zone created pursuant to the Illinois

1 Enterprise Zone Act. For partners, shareholders of
2 Subchapter S corporations, and owners of limited liability
3 companies, if the liability company is treated as a
4 partnership for purposes of federal and State income
5 taxation, there shall be allowed a credit under this
6 subsection (f) to be determined in accordance with the
7 determination of income and distributive share of income
8 under Sections 702 and 704 and Subchapter S of the Internal
9 Revenue Code. The credit shall be .5% of the basis for such
10 property. The credit shall be available only in the taxable
11 year in which the property is placed in service in the
12 Enterprise Zone and shall not be allowed to the extent that
13 it would reduce a taxpayer's liability for the tax imposed
14 by subsections (a) and (b) of this Section to below zero.
15 For tax years ending on or after December 31, 1985, the
16 credit shall be allowed for the tax year in which the
17 property is placed in service, or, if the amount of the
18 credit exceeds the tax liability for that year, whether it
19 exceeds the original liability or the liability as later
20 amended, such excess may be carried forward and applied to
21 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 liability. If there is
24 credit from more than one tax year that is available to
25 offset a liability, the credit accruing first in time shall
26 be applied first.

27 (2) The term qualified property means property which:

28 (A) is tangible, whether new or used, including
29 buildings and structural components of buildings;

30 (B) is depreciable pursuant to Section 167 of the
31 Internal Revenue Code, except that "3-year property"
32 as defined in Section 168(c)(2)(A) of that Code is not
33 eligible for the credit provided by this subsection
34 (f);

1 (C) is acquired by purchase as defined in Section
2 179(d) of the Internal Revenue Code;

3 (D) is used in the Enterprise Zone by the taxpayer;
4 and

5 (E) has not been previously used in Illinois in
6 such a manner and by such a person as would qualify for
7 the credit provided by this subsection (f) or
8 subsection (e).

9 (3) The basis of qualified property shall be the basis
10 used to compute the depreciation deduction for federal
11 income tax purposes.

12 (4) If the basis of the property for federal income tax
13 depreciation purposes is increased after it has been placed
14 in service in the Enterprise Zone by the taxpayer, the
15 amount of such increase shall be deemed property placed in
16 service on the date of such increase in basis.

17 (5) The term "placed in service" shall have the same
18 meaning as under Section 46 of the Internal Revenue Code.

19 (6) If during any taxable year, any property ceases to
20 be qualified property in the hands of the taxpayer within
21 48 months after being placed in service, or the situs of
22 any qualified property is moved outside the Enterprise Zone
23 within 48 months after being placed in service, the tax
24 imposed under subsections (a) and (b) of this Section for
25 such taxable year shall be increased. Such increase shall
26 be determined by (i) recomputing the investment credit
27 which would have been allowed for the year in which credit
28 for such property was originally allowed by eliminating
29 such property from such computation, and (ii) subtracting
30 such recomputed credit from the amount of credit previously
31 allowed. For the purposes of this paragraph (6), a
32 reduction of the basis of qualified property resulting from
33 a redetermination of the purchase price shall be deemed a
34 disposition of qualified property to the extent of such

1 reduction.

2 (g) Jobs Tax Credit; Enterprise Zone and Foreign Trade
3 Zone or Sub-Zone.

4 (1) A taxpayer conducting a trade or business in an
5 enterprise zone or a High Impact Business designated by the
6 Department of Commerce and Economic Opportunity conducting
7 a trade or business in a federally designated Foreign Trade
8 Zone or Sub-Zone shall be allowed a credit against the tax
9 imposed by subsections (a) and (b) of this Section in the
10 amount of \$500 per eligible employee hired to work in the
11 zone during the taxable year.

12 (2) To qualify for the credit:

13 (A) the taxpayer must hire 5 or more eligible
14 employees to work in an enterprise zone or federally
15 designated Foreign Trade Zone or Sub-Zone during the
16 taxable year;

17 (B) the taxpayer's total employment within the
18 enterprise zone or federally designated Foreign Trade
19 Zone or Sub-Zone must increase by 5 or more full-time
20 employees beyond the total employed in that zone at the
21 end of the previous tax year for which a jobs tax
22 credit under this Section was taken, or beyond the
23 total employed by the taxpayer as of December 31, 1985,
24 whichever is later; and

25 (C) the eligible employees must be employed 180
26 consecutive days in order to be deemed hired for
27 purposes of this subsection.

28 (3) An "eligible employee" means an employee who is:

29 (A) Certified by the Department of Commerce and
30 Economic Opportunity as "eligible for services"
31 pursuant to regulations promulgated in accordance with
32 Title II of the Job Training Partnership Act, Training
33 Services for the Disadvantaged or Title III of the Job
34 Training Partnership Act, Employment and Training

1 Assistance for Dislocated Workers Program.

2 (B) Hired after the enterprise zone or federally
3 designated Foreign Trade Zone or Sub-Zone was
4 designated or the trade or business was located in that
5 zone, whichever is later.

6 (C) Employed in the enterprise zone or Foreign
7 Trade Zone or Sub-Zone. An employee is employed in an
8 enterprise zone or federally designated Foreign Trade
9 Zone or Sub-Zone if his services are rendered there or
10 it is the base of operations for the services
11 performed.

12 (D) A full-time employee working 30 or more hours
13 per week.

14 (4) For tax years ending on or after December 31, 1985
15 and prior to December 31, 1988, the credit shall be allowed
16 for the tax year in which the eligible employees are hired.
17 For tax years ending on or after December 31, 1988, the
18 credit shall be allowed for the tax year immediately
19 following the tax year in which the eligible employees are
20 hired. If the amount of the credit exceeds the tax
21 liability for that year, whether it exceeds the original
22 liability or the liability as later amended, such excess
23 may be carried forward and applied to the tax liability of
24 the 5 taxable years following the excess credit year. The
25 credit shall be applied to the earliest year for which
26 there is a liability. If there is credit from more than one
27 tax year that is available to offset a liability, earlier
28 credit shall be applied first.

29 (5) The Department of Revenue shall promulgate such
30 rules and regulations as may be deemed necessary to carry
31 out the purposes of this subsection (g).

32 (6) The credit shall be available for eligible
33 employees hired on or after January 1, 1986.

34 (h) Investment credit; High Impact Business.

1 (1) Subject to subsections (b) and (b-5) of Section 5.5
2 of the Illinois Enterprise Zone Act, a taxpayer shall be
3 allowed a credit against the tax imposed by subsections (a)
4 and (b) of this Section for investment in qualified
5 property which is placed in service by a Department of
6 Commerce and Economic Opportunity designated High Impact
7 Business. The credit shall be .5% of the basis for such
8 property. The credit shall not be available (i) until the
9 minimum investments in qualified property set forth in
10 subdivision (a)(3)(A) of Section 5.5 of the Illinois
11 Enterprise Zone Act have been satisfied or (ii) until the
12 time authorized in subsection (b-5) of the Illinois
13 Enterprise Zone Act for entities designated as High Impact
14 Businesses under subdivisions (a)(3)(B), (a)(3)(C), and
15 (a)(3)(D) of Section 5.5 of the Illinois Enterprise Zone
16 Act, and shall not be allowed to the extent that it would
17 reduce a taxpayer's liability for the tax imposed by
18 subsections (a) and (b) of this Section to below zero. The
19 credit applicable to such investments shall be taken in the
20 taxable year in which such investments have been completed.
21 The credit for additional investments beyond the minimum
22 investment by a designated high impact business authorized
23 under subdivision (a)(3)(A) of Section 5.5 of the Illinois
24 Enterprise Zone Act shall be available only in the taxable
25 year in which the property is placed in service and shall
26 not be allowed to the extent that it would reduce a
27 taxpayer's liability for the tax imposed by subsections (a)
28 and (b) of this Section to below zero. For tax years ending
29 on or after December 31, 1987, the credit shall be allowed
30 for the tax year in which the property is placed in
31 service, or, if the amount of the credit exceeds the tax
32 liability for that year, whether it exceeds the original
33 liability or the liability as later amended, such excess
34 may be carried forward and applied to the tax liability of

1 the 5 taxable years following the excess credit year. The
2 credit shall be applied to the earliest year for which
3 there is a liability. If there is credit from more than one
4 tax year that is available to offset a liability, the
5 credit accruing first in time shall be applied first.

6 Changes made in this subdivision (h) (1) by Public Act
7 88-670 restore changes made by Public Act 85-1182 and
8 reflect existing law.

9 (2) The term qualified property means property which:

10 (A) is tangible, whether new or used, including
11 buildings and structural components of buildings;

12 (B) is depreciable pursuant to Section 167 of the
13 Internal Revenue Code, except that "3-year property"
14 as defined in Section 168(c) (2) (A) of that Code is not
15 eligible for the credit provided by this subsection
16 (h);

17 (C) is acquired by purchase as defined in Section
18 179(d) of the Internal Revenue Code; and

19 (D) is not eligible for the Enterprise Zone
20 Investment Credit provided by subsection (f) of this
21 Section.

22 (3) The basis of qualified property shall be the basis
23 used to compute the depreciation deduction for federal
24 income tax purposes.

25 (4) If the basis of the property for federal income tax
26 depreciation purposes is increased after it has been placed
27 in service in a federally designated Foreign Trade Zone or
28 Sub-Zone located in Illinois by the taxpayer, the amount of
29 such increase shall be deemed property placed in service on
30 the date of such increase in basis.

31 (5) The term "placed in service" shall have the same
32 meaning as under Section 46 of the Internal Revenue Code.

33 (6) If during any taxable year ending on or before
34 December 31, 1996, any property ceases to be qualified

1 property in the hands of the taxpayer within 48 months
2 after being placed in service, or the situs of any
3 qualified property is moved outside Illinois within 48
4 months after being placed in service, the tax imposed under
5 subsections (a) and (b) of this Section for such taxable
6 year shall be increased. Such increase shall be determined
7 by (i) recomputing the investment credit which would have
8 been allowed for the year in which credit for such property
9 was originally allowed by eliminating such property from
10 such computation, and (ii) subtracting such recomputed
11 credit from the amount of credit previously allowed. For
12 the purposes of this paragraph (6), a reduction of the
13 basis of qualified property resulting from a
14 redetermination of the purchase price shall be deemed a
15 disposition of qualified property to the extent of such
16 reduction.

17 (7) Beginning with tax years ending after December 31,
18 1996, if a taxpayer qualifies for the credit under this
19 subsection (h) and thereby is granted a tax abatement and
20 the taxpayer relocates its entire facility in violation of
21 the explicit terms and length of the contract under Section
22 18-183 of the Property Tax Code, the tax imposed under
23 subsections (a) and (b) of this Section shall be increased
24 for the taxable year in which the taxpayer relocated its
25 facility by an amount equal to the amount of credit
26 received by the taxpayer under this subsection (h).

27 (i) Credit for Personal Property Tax Replacement Income
28 Tax. For tax years ending prior to December 31, 2003, a credit
29 shall be allowed against the tax imposed by subsections (a) and
30 (b) of this Section for the tax imposed by subsections (c) and
31 (d) of this Section. This credit shall be computed by
32 multiplying the tax imposed by subsections (c) and (d) of this
33 Section by a fraction, the numerator of which is base income
34 allocable to Illinois and the denominator of which is Illinois

1 base income, and further multiplying the product by the tax
2 rate imposed by subsections (a) and (b) of this Section.

3 Any credit earned on or after December 31, 1986 under this
4 subsection which is unused in the year the credit is computed
5 because it exceeds the tax liability imposed by subsections (a)
6 and (b) for that year (whether it exceeds the original
7 liability or the liability as later amended) may be carried
8 forward and applied to the tax liability imposed by subsections
9 (a) and (b) of the 5 taxable years following the excess credit
10 year, provided that no credit may be carried forward to any
11 year ending on or after December 31, 2003. This credit shall be
12 applied first to the earliest year for which there is a
13 liability. If there is a credit under this subsection from more
14 than one tax year that is available to offset a liability the
15 earliest credit arising under this subsection shall be applied
16 first.

17 If, during any taxable year ending on or after December 31,
18 1986, the tax imposed by subsections (c) and (d) of this
19 Section for which a taxpayer has claimed a credit under this
20 subsection (i) is reduced, the amount of credit for such tax
21 shall also be reduced. Such reduction shall be determined by
22 recomputing the credit to take into account the reduced tax
23 imposed by subsections (c) and (d). If any portion of the
24 reduced amount of credit has been carried to a different
25 taxable year, an amended return shall be filed for such taxable
26 year to reduce the amount of credit claimed.

27 (j) Training expense credit. Beginning with tax years
28 ending on or after December 31, 1986 and prior to December 31,
29 2003, a taxpayer shall be allowed a credit against the tax
30 imposed by subsections (a) and (b) under this Section for all
31 amounts paid or accrued, on behalf of all persons employed by
32 the taxpayer in Illinois or Illinois residents employed outside
33 of Illinois by a taxpayer, for educational or vocational
34 training in semi-technical or technical fields or semi-skilled

1 or skilled fields, which were deducted from gross income in the
2 computation of taxable income. The credit against the tax
3 imposed by subsections (a) and (b) shall be 1.6% of such
4 training expenses. For partners, shareholders of subchapter S
5 corporations, and owners of limited liability companies, if the
6 liability company is treated as a partnership for purposes of
7 federal and State income taxation, there shall be allowed a
8 credit under this subsection (j) to be determined in accordance
9 with the determination of income and distributive share of
10 income under Sections 702 and 704 and subchapter S of the
11 Internal Revenue Code.

12 Any credit allowed under this subsection which is unused in
13 the year the credit is earned may be carried forward to each of
14 the 5 taxable years following the year for which the credit is
15 first computed until it is used. This credit shall be applied
16 first to the earliest year for which there is a liability. If
17 there is a credit under this subsection from more than one tax
18 year that is available to offset a liability the earliest
19 credit arising under this subsection shall be applied first. No
20 carryforward credit may be claimed in any tax year ending on or
21 after December 31, 2003.

22 (k) Research and development credit.

23 For tax years ending after July 1, 1990 and prior to
24 December 31, 2003, and beginning again for tax years ending on
25 or after December 31, 2004, a taxpayer shall be allowed a
26 credit against the tax imposed by subsections (a) and (b) of
27 this Section for increasing research activities in this State.
28 The credit allowed against the tax imposed by subsections (a)
29 and (b) shall be equal to 6 1/2% of the qualifying expenditures
30 for increasing research activities in this State. For partners,
31 shareholders of subchapter S corporations, and owners of
32 limited liability companies, if the liability company is
33 treated as a partnership for purposes of federal and State
34 income taxation, there shall be allowed a credit under this

1 subsection to be determined in accordance with the
2 determination of income and distributive share of income under
3 Sections 702 and 704 and subchapter S of the Internal Revenue
4 Code.

5 For purposes of this subsection, "qualifying expenditures"
6 means the qualifying expenditures as defined for the federal
7 credit for increasing research activities which would be
8 allowable under Section 41 of the Internal Revenue Code and
9 which are conducted in this State, "qualifying expenditures for
10 increasing research activities in this State" means the excess
11 of qualifying expenditures for the taxable year in which
12 incurred over qualifying expenditures for the base period,
13 "qualifying expenditures for the base period" means the average
14 of the qualifying expenditures for each year in the base
15 period, and "base period" means the 3 taxable years immediately
16 preceding the taxable year for which the determination is being
17 made.

18 Any credit in excess of the tax liability for the taxable
19 year may be carried forward. A taxpayer may elect to have the
20 unused credit shown on its final completed return carried over
21 as a credit against the tax liability for the following 5
22 taxable years or until it has been fully used, whichever occurs
23 first; provided that no credit earned in a tax year ending
24 prior to December 31, 2003 may be carried forward to any year
25 ending on or after December 31, 2003.

26 If an unused credit is carried forward to a given year from
27 2 or more earlier years, that credit arising in the earliest
28 year will be applied first against the tax liability for the
29 given year. If a tax liability for the given year still
30 remains, the credit from the next earliest year will then be
31 applied, and so on, until all credits have been used or no tax
32 liability for the given year remains. Any remaining unused
33 credit or credits then will be carried forward to the next
34 following year in which a tax liability is incurred, except

1 that no credit can be carried forward to a year which is more
2 than 5 years after the year in which the expense for which the
3 credit is given was incurred.

4 No inference shall be drawn from this amendatory Act of the
5 91st General Assembly in construing this Section for taxable
6 years beginning before January 1, 1999.

7 (1) Environmental Remediation Tax Credit.

8 (i) For tax years ending after December 31, 1997 and on
9 or before December 31, 2001, a taxpayer shall be allowed a
10 credit against the tax imposed by subsections (a) and (b)
11 of this Section for certain amounts paid for unreimbursed
12 eligible remediation costs, as specified in this
13 subsection. For purposes of this Section, "unreimbursed
14 eligible remediation costs" means costs approved by the
15 Illinois Environmental Protection Agency ("Agency") under
16 Section 58.14 of the Environmental Protection Act that were
17 paid in performing environmental remediation at a site for
18 which a No Further Remediation Letter was issued by the
19 Agency and recorded under Section 58.10 of the
20 Environmental Protection Act. The credit must be claimed
21 for the taxable year in which Agency approval of the
22 eligible remediation costs is granted. The credit is not
23 available to any taxpayer if the taxpayer or any related
24 party caused or contributed to, in any material respect, a
25 release of regulated substances on, in, or under the site
26 that was identified and addressed by the remedial action
27 pursuant to the Site Remediation Program of the
28 Environmental Protection Act. After the Pollution Control
29 Board rules are adopted pursuant to the Illinois
30 Administrative Procedure Act for the administration and
31 enforcement of Section 58.9 of the Environmental
32 Protection Act, determinations as to credit availability
33 for purposes of this Section shall be made consistent with
34 those rules. For purposes of this Section, "taxpayer"

1 includes a person whose tax attributes the taxpayer has
2 succeeded to under Section 381 of the Internal Revenue Code
3 and "related party" includes the persons disallowed a
4 deduction for losses by paragraphs (b), (c), and (f)(1) of
5 Section 267 of the Internal Revenue Code by virtue of being
6 a related taxpayer, as well as any of its partners. The
7 credit allowed against the tax imposed by subsections (a)
8 and (b) shall be equal to 25% of the unreimbursed eligible
9 remediation costs in excess of \$100,000 per site, except
10 that the \$100,000 threshold shall not apply to any site
11 contained in an enterprise zone as determined by the
12 Department of Commerce and Community Affairs (now
13 Department of Commerce and Economic Opportunity). The
14 total credit allowed shall not exceed \$40,000 per year with
15 a maximum total of \$150,000 per site. For partners and
16 shareholders of subchapter S corporations, there shall be
17 allowed a credit under this subsection to be determined in
18 accordance with the determination of income and
19 distributive share of income under Sections 702 and 704 and
20 subchapter S of the Internal Revenue Code.

21 (ii) A credit allowed under this subsection that is
22 unused in the year the credit is earned may be carried
23 forward to each of the 5 taxable years following the year
24 for which the credit is first earned until it is used. The
25 term "unused credit" does not include any amounts of
26 unreimbursed eligible remediation costs in excess of the
27 maximum credit per site authorized under paragraph (i).
28 This credit shall be applied first to the earliest year for
29 which there is a liability. If there is a credit under this
30 subsection from more than one tax year that is available to
31 offset a liability, the earliest credit arising under this
32 subsection shall be applied first. A credit allowed under
33 this subsection may be sold to a buyer as part of a sale of
34 all or part of the remediation site for which the credit

1 was granted. The purchaser of a remediation site and the
2 tax credit shall succeed to the unused credit and remaining
3 carry-forward period of the seller. To perfect the
4 transfer, the assignor shall record the transfer in the
5 chain of title for the site and provide written notice to
6 the Director of the Illinois Department of Revenue of the
7 assignor's intent to sell the remediation site and the
8 amount of the tax credit to be transferred as a portion of
9 the sale. In no event may a credit be transferred to any
10 taxpayer if the taxpayer or a related party would not be
11 eligible under the provisions of subsection (i).

12 (iii) For purposes of this Section, the term "site"
13 shall have the same meaning as under Section 58.2 of the
14 Environmental Protection Act.

15 (m) Education expense credit. Beginning with tax years
16 ending after December 31, 1999, a taxpayer who is the custodian
17 of one or more qualifying pupils shall be allowed a credit
18 against the tax imposed by subsections (a) and (b) of this
19 Section for qualified education expenses incurred on behalf of
20 the qualifying pupils. For taxable years ending on or before
21 December 30, 2006, the ~~The~~ credit shall be equal to 25% of
22 qualified education expenses, but in no event may the total
23 credit under this subsection claimed by a family that is the
24 custodian of qualifying pupils exceed \$500. For taxable years
25 ending on or after December 31, 2006, the credit is equal to
26 50% of the qualified education expense, but in no event may the
27 total credit under this subsection claimed by a family that is
28 the custodian of qualifying pupils exceed \$1,000. In no event
29 shall a credit under this subsection reduce the taxpayer's
30 liability under this Act to less than zero. This subsection is
31 exempt from the provisions of Section 250 of this Act.

32 For purposes of this subsection:

33 "Qualifying pupils" means individuals who (i) are
34 residents of the State of Illinois, (ii) are under the age of

1 21 at the close of the school year for which a credit is
2 sought, and (iii) during the school year for which a credit is
3 sought were full-time pupils enrolled in a kindergarten through
4 twelfth grade education program at any school, as defined in
5 this subsection.

6 "Qualified education expense" means the amount incurred on
7 behalf of a qualifying pupil in excess of \$250 for tuition,
8 book fees, and lab fees at the school in which the pupil is
9 enrolled during the regular school year.

10 "School" means any public or nonpublic elementary or
11 secondary school in Illinois that is in compliance with Title
12 VI of the Civil Rights Act of 1964 and attendance at which
13 satisfies the requirements of Section 26-1 of the School Code,
14 except that nothing shall be construed to require a child to
15 attend any particular public or nonpublic school to qualify for
16 the credit under this Section.

17 "Custodian" means, with respect to qualifying pupils, an
18 Illinois resident who is a parent, the parents, a legal
19 guardian, or the legal guardians of the qualifying pupils.

20 (Source: P.A. 92-12, eff. 7-1-01; 92-16, eff. 6-28-01; 92-651,
21 eff. 7-11-02; 93-840, eff. 7-30-04; 92-846, eff. 8-23-02;
22 93-29, eff. 6-20-03; 93-840, eff. 7-30-04; 93-871, eff. 8-6-04;
23 revised 10-25-04.)

24 (35 ILCS 5/202.5 new)

25 Sec. 202.5. Net income attributable to the period prior to
26 January 1, 2006 and net income attributable to the period after
27 December 31, 2005.

28 (a) In general. With respect to the taxable year of a
29 taxpayer beginning prior to January 1, 2006 and ending after
30 December 31, 2005, net income for the period after December 31,
31 2005 shall be that amount that bears the same ratio to the
32 taxpayer's net income for the entire taxable year as the number
33 of days in that year after December 31, 2005 bears to the total

1 number of days in that year, and the net income for the period
2 prior to January 1, 2006 shall be that amount that bears the
3 same ratio to the taxpayer's net income for the entire taxable
4 year as the number of days in that year prior to January 1,
5 2006 bears to the total number of days in that year.

6 (b) Election to attribute income and deduction items
7 specifically to the respective portions of a taxable year prior
8 to January 1, 2006 and after December 31, 2005. In the case of
9 a taxpayer with a taxable year beginning prior to January 1,
10 2006 and ending after December 31, 2005, the taxpayer may
11 elect, instead of the procedure established in subsection (a)
12 of this Section, to determine net income on a specific
13 accounting basis for the 2 portions of his or her taxable year:

14 (i) from the beginning of the taxable year through
15 December 31, 2005; and

16 (ii) from January 1, 2006 through the end of the
17 taxable year.

18 If the taxpayer elects specific accounting under this
19 subsection, there shall be taken into account in computing base
20 income for each of the 2 portions of the taxable year only
21 those items earned, received, paid, incurred or accrued in each
22 such period. The standard exemption provided by Section 204
23 shall be divided between the respective periods in amounts that
24 bear the same ratio to the total exemption allowable under
25 Section 204 (determined without regard to this Section) as the
26 total number of days in each such period bears to the total
27 number of days in the taxable year. The election provided by
28 this subsection must be made in such manner and at such time
29 that the Department by forms or regulations prescribes, but
30 must be made no later than the due date (including any
31 extensions thereof) for the filing of the return for the
32 taxable year, and shall be irrevocable.

1 Sec. 208. Tax credit for residential real property taxes.

2 (a) Beginning with tax years ending on or after December
3 31, 1991 and through tax years ending on or before December 30,
4 2006, every individual taxpayer shall be entitled to a tax
5 credit equal to 5% of real property taxes paid by such taxpayer
6 during the taxable year on the principal residence of the
7 taxpayer.

8 (b) Beginning with taxable years ending on or after
9 December 31, 2006, every individual taxpayer who is not claimed
10 as a dependent on the tax return of any other taxpayer is
11 entitled to a tax credit equal to the greater of:

12 (1) \$30; or

13 (2) 5% of real property taxes paid by the taxpayer
14 during the taxable year on the principal residence of the
15 taxpayer.

16 (c) In the case of multi-unit or multi-use structures and
17 farm dwellings, the taxes on the taxpayer's principal residence
18 shall be that portion of the total taxes which is attributable
19 to such principal residence.

20 (d) This Section is exempt from the provisions of Section
21 250 of this Act.

22 (Source: P.A. 87-17.)

23 (35 ILCS 5/212)

24 Sec. 212. Earned income tax credit.

25 (a) With respect to the federal earned income tax credit
26 allowed for the taxable year under Section 32 of the federal
27 Internal Revenue Code, 26 U.S.C. 32, each individual taxpayer
28 is entitled to a credit against the tax imposed by subsections
29 (a) and (b) of Section 201 in an amount equal to 5% of the
30 federal tax credit for each taxable year beginning on or after
31 January 1, 2000 and ending on or before December 30, 2006 and
32 in an amount equal to 20% of the federal tax credit for each
33 taxable year ending on or after December 31, 2006.

1 For a non-resident or part-year resident, the amount of the
2 credit under this Section shall be in proportion to the amount
3 of income attributable to this State.

4 (b) For taxable years beginning before January 1, 2003, in
5 no event shall a credit under this Section reduce the
6 taxpayer's liability to less than zero. For each taxable year
7 beginning on or after January 1, 2003, if the amount of the
8 credit exceeds the income tax liability for the applicable tax
9 year, then the excess credit shall be refunded to the taxpayer.
10 The amount of a refund shall not be included in the taxpayer's
11 income or resources for the purposes of determining eligibility
12 or benefit level in any means-tested benefit program
13 administered by a governmental entity unless required by
14 federal law.

15 (b-5) Refunds authorized by subsection (b) are subject to
16 the availability of funds from the federal Temporary Assistance
17 for Needy Families Block Grant and the State's ability to meet
18 its required Maintenance of Effort.

19 (c) This Section is exempt from the provisions of Section
20 250.

21 (Source: P.A. 93-534, eff. 8-18-03; 93-653, eff. 1-8-04.)

22 (35 ILCS 5/901) (from Ch. 120, par. 9-901)

23 Sec. 901. Collection Authority.

24 (a) In general.

25 The Department shall collect the taxes imposed by this Act.
26 The Department shall collect certified past due child support
27 amounts under Section 2505-650 of the Department of Revenue Law
28 (20 ILCS 2505/2505-650). Except as provided in subsections (c)
29 and (e) of this Section, money collected pursuant to
30 subsections (a) and (b) of Section 201 of this Act shall be
31 paid into the General Revenue Fund in the State treasury; money
32 collected pursuant to subsections (c) and (d) of Section 201 of
33 this Act shall be paid into the Personal Property Tax

1 Replacement Fund, a special fund in the State Treasury; and
2 money collected under Section 2505-650 of the Department of
3 Revenue Law (20 ILCS 2505/2505-650) shall be paid into the
4 Child Support Enforcement Trust Fund, a special fund outside
5 the State Treasury, or to the State Disbursement Unit
6 established under Section 10-26 of the Illinois Public Aid
7 Code, as directed by the Department of Public Aid.

8 (b) Local Governmental Distributive Fund.

9 Beginning August 1, 1969, and continuing through June 30,
10 1994, the Treasurer shall transfer each month from the General
11 Revenue Fund to a special fund in the State treasury, to be
12 known as the "Local Government Distributive Fund", an amount
13 equal to 1/12 of the net revenue realized from the tax imposed
14 by subsections (a) and (b) of Section 201 of this Act during
15 the preceding month. Beginning July 1, 1994, and continuing
16 through June 30, 1995, the Treasurer shall transfer each month
17 from the General Revenue Fund to the Local Government
18 Distributive Fund an amount equal to 1/11 of the net revenue
19 realized from the tax imposed by subsections (a) and (b) of
20 Section 201 of this Act during the preceding month. Beginning
21 July 1, 1995, the Treasurer shall transfer each month from the
22 General Revenue Fund to the Local Government Distributive Fund
23 an amount equal to the net of (i) 1/10 of the net revenue
24 realized from the tax imposed by subsections (a) and (b) of
25 Section 201 of the Illinois Income Tax Act during the preceding
26 month, except that the net revenue attributable to the increase
27 in the income tax imposed by subsections (a) and (b) of Section
28 201 of this Act in accordance with this amendatory Act of the
29 94th General Assembly shall not be used to calculate the amount
30 transferred to the Local Governmental Distributive Fund (ii)
31 minus, beginning July 1, 2003 and ending June 30, 2004,
32 \$6,666,666, and beginning July 1, 2004, zero. Net revenue
33 realized for a month shall be defined as the revenue from the
34 tax imposed by subsections (a) and (b) of Section 201 of this

1 Act which is deposited in the General Revenue Fund, the
2 Educational Assistance Fund and the Income Tax Surcharge Local
3 Government Distributive Fund during the month minus the amount
4 paid out of the General Revenue Fund in State warrants during
5 that same month as refunds to taxpayers for overpayment of
6 liability under the tax imposed by subsections (a) and (b) of
7 Section 201 of this Act.

8 (c) Deposits Into Income Tax Refund Fund.

9 (1) Beginning on January 1, 1989 and thereafter, the
10 Department shall deposit a percentage of the amounts
11 collected pursuant to subsections (a) and (b)(1), (2), and
12 (3), of Section 201 of this Act into a fund in the State
13 treasury known as the Income Tax Refund Fund. The
14 Department shall deposit 6% of such amounts during the
15 period beginning January 1, 1989 and ending on June 30,
16 1989. Beginning with State fiscal year 1990 and for each
17 fiscal year thereafter, the percentage deposited into the
18 Income Tax Refund Fund during a fiscal year shall be the
19 Annual Percentage. For fiscal years 1999 through 2001, the
20 Annual Percentage shall be 7.1%. For fiscal year 2003, the
21 Annual Percentage shall be 8%. For fiscal year 2004, the
22 Annual Percentage shall be 11.7%. Upon the effective date
23 of this amendatory Act of the 93rd General Assembly, the
24 Annual Percentage shall be 10% for fiscal year 2005. For
25 all other fiscal years, the Annual Percentage shall be
26 calculated as a fraction, the numerator of which shall be
27 the amount of refunds approved for payment by the
28 Department during the preceding fiscal year as a result of
29 overpayment of tax liability under subsections (a) and
30 (b)(1), (2), and (3) of Section 201 of this Act plus the
31 amount of such refunds remaining approved but unpaid at the
32 end of the preceding fiscal year, minus the amounts
33 transferred into the Income Tax Refund Fund from the
34 Tobacco Settlement Recovery Fund, and the denominator of

1 which shall be the amounts which will be collected pursuant
2 to subsections (a) and (b) (1), (2), and (3) of Section 201
3 of this Act during the preceding fiscal year; except that
4 in State fiscal year 2002, the Annual Percentage shall in
5 no event exceed 7.6%. The Director of Revenue shall certify
6 the Annual Percentage to the Comptroller on the last
7 business day of the fiscal year immediately preceding the
8 fiscal year for which it is to be effective.

9 (2) Beginning on January 1, 1989 and thereafter, the
10 Department shall deposit a percentage of the amounts
11 collected pursuant to subsections (a) and (b) (6), (7), and
12 (8), (c) and (d) of Section 201 of this Act into a fund in
13 the State treasury known as the Income Tax Refund Fund. The
14 Department shall deposit 18% of such amounts during the
15 period beginning January 1, 1989 and ending on June 30,
16 1989. Beginning with State fiscal year 1990 and for each
17 fiscal year thereafter, the percentage deposited into the
18 Income Tax Refund Fund during a fiscal year shall be the
19 Annual Percentage. For fiscal years 1999, 2000, and 2001,
20 the Annual Percentage shall be 19%. For fiscal year 2003,
21 the Annual Percentage shall be 27%. For fiscal year 2004,
22 the Annual Percentage shall be 32%. Upon the effective date
23 of this amendatory Act of the 93rd General Assembly, the
24 Annual Percentage shall be 24% for fiscal year 2005. For
25 all other fiscal years, the Annual Percentage shall be
26 calculated as a fraction, the numerator of which shall be
27 the amount of refunds approved for payment by the
28 Department during the preceding fiscal year as a result of
29 overpayment of tax liability under subsections (a) and
30 (b) (6), (7), and (8), (c) and (d) of Section 201 of this
31 Act plus the amount of such refunds remaining approved but
32 unpaid at the end of the preceding fiscal year, and the
33 denominator of which shall be the amounts which will be
34 collected pursuant to subsections (a) and (b) (6), (7), and

1 (8), (c) and (d) of Section 201 of this Act during the
2 preceding fiscal year; except that in State fiscal year
3 2002, the Annual Percentage shall in no event exceed 23%.
4 The Director of Revenue shall certify the Annual Percentage
5 to the Comptroller on the last business day of the fiscal
6 year immediately preceding the fiscal year for which it is
7 to be effective.

8 (3) The Comptroller shall order transferred and the
9 Treasurer shall transfer from the Tobacco Settlement
10 Recovery Fund to the Income Tax Refund Fund (i) \$35,000,000
11 in January, 2001, (ii) \$35,000,000 in January, 2002, and
12 (iii) \$35,000,000 in January, 2003.

13 (d) Expenditures from Income Tax Refund Fund.

14 (1) Beginning January 1, 1989, money in the Income Tax
15 Refund Fund shall be expended exclusively for the purpose
16 of paying refunds resulting from overpayment of tax
17 liability under Section 201 of this Act, for paying rebates
18 under Section 208.1 in the event that the amounts in the
19 Homeowners' Tax Relief Fund are insufficient for that
20 purpose, and for making transfers pursuant to this
21 subsection (d).

22 (2) The Director shall order payment of refunds
23 resulting from overpayment of tax liability under Section
24 201 of this Act from the Income Tax Refund Fund only to the
25 extent that amounts collected pursuant to Section 201 of
26 this Act and transfers pursuant to this subsection (d) and
27 item (3) of subsection (c) have been deposited and retained
28 in the Fund.

29 (3) As soon as possible after the end of each fiscal
30 year, the Director shall order transferred and the State
31 Treasurer and State Comptroller shall transfer from the
32 Income Tax Refund Fund to the Personal Property Tax
33 Replacement Fund an amount, certified by the Director to
34 the Comptroller, equal to the excess of the amount

1 collected pursuant to subsections (c) and (d) of Section
2 201 of this Act deposited into the Income Tax Refund Fund
3 during the fiscal year over the amount of refunds resulting
4 from overpayment of tax liability under subsections (c) and
5 (d) of Section 201 of this Act paid from the Income Tax
6 Refund Fund during the fiscal year.

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

19 (4.5) As soon as possible after the end of fiscal year
20 1999 and of each fiscal year thereafter, the Director shall
21 order transferred and the State Treasurer and State
22 Comptroller shall transfer from the Income Tax Refund Fund
23 to the General Revenue Fund any surplus remaining in the
24 Income Tax Refund Fund as of the end of such fiscal year;
25 excluding for fiscal years 2000, 2001, and 2002 amounts
26 attributable to transfers under item (3) of subsection (c)
27 less refunds resulting from the earned income tax credit.

28 (5) This Act shall constitute an irrevocable and
29 continuing appropriation from the Income Tax Refund Fund
30 for the purpose of paying refunds upon the order of the
31 Director in accordance with the provisions of this Section.

32 (e) Deposits into the Education Assistance Fund and the
33 Income Tax Surcharge Local Government Distributive Fund.

34 On January 1, 2006 and thereafter, of the amounts collected

1 pursuant to subsections (a) and (b) of Section 201 of this Act,
2 minus deposits into the Income Tax Refund Fund, the Department
3 shall deposit into the Education Assistance Fund in the State
4 treasury: (i) an amount equal to 7.3% of the amount
5 attributable to the rates in effect prior to the effective date
6 of this amendatory Act of the 94th General Assembly, plus (ii)
7 100% of the amount attributable to the increase in the amounts
8 collected pursuant to subsections (a) and (b) of Section 201 of
9 this Act under this amendatory Act of the 94th General
10 Assembly. On July 1, 1991, and through December 31, 2005
11 ~~thereafter~~, of the amounts collected pursuant to subsections
12 (a) and (b) of Section 201 of this Act, minus deposits into the
13 Income Tax Refund Fund, the Department shall deposit 7.3% into
14 the Education Assistance Fund in the State Treasury. Beginning
15 July 1, 1991, and continuing through January 31, 1993, of the
16 amounts collected pursuant to subsections (a) and (b) of
17 Section 201 of the Illinois Income Tax Act, minus deposits into
18 the Income Tax Refund Fund, the Department shall deposit 3.0%
19 into the Income Tax Surcharge Local Government Distributive
20 Fund in the State Treasury. Beginning February 1, 1993 and
21 continuing through June 30, 1993, of the amounts collected
22 pursuant to subsections (a) and (b) of Section 201 of the
23 Illinois Income Tax Act, minus deposits into the Income Tax
24 Refund Fund, the Department shall deposit 4.4% into the Income
25 Tax Surcharge Local Government Distributive Fund in the State
26 Treasury. Beginning July 1, 1993, and continuing through June
27 30, 1994, of the amounts collected under subsections (a) and
28 (b) of Section 201 of this Act, minus deposits into the Income
29 Tax Refund Fund, the Department shall deposit 1.475% into the
30 Income Tax Surcharge Local Government Distributive Fund in the
31 State Treasury.

32 (Source: P.A. 92-11, eff. 6-11-01; 92-16, eff. 6-28-01; 92-600,
33 eff. 6-28-02; 93-32, eff. 6-20-03; 93-839, eff. 7-30-04.)

1 Section 15. The Property Tax Code is amended by changing
2 Sections 18-255, 20-15, and 21-30 and by adding Section 18-178
3 as follows:

4 (35 ILCS 200/18-178 new)

5 Sec. 18-178. Education tax abatement. Beginning with taxes
6 levied for 2005 (payable in 2006), the county clerk must
7 determine the final extension for educational purposes for all
8 taxable property in a school district located in the county or
9 for the taxable property of that part of a school district
10 located in the county, taking into account the maximum rate,
11 levy, and extension authorized under the Property Tax Extension
12 Limitation Law, the Truth in Taxation Law, and any other
13 statute. The county clerk must then abate the extension for
14 educational purposes for each school district or part of a
15 school district in the county by the amount of the property tax
16 relief grant certified to the county clerk for that school
17 district or part of a school district by the Department of
18 Revenue under Section 6z-68 of the State Finance Act. When the
19 final extension for educational purposes has been determined
20 and abated, the county clerk must notify the Department of
21 Revenue. The county clerk must determine the prorated portion
22 of the certified property tax relief grants allocable to each
23 taxpayer in a given school district based on the tax rate for
24 educational purposes for that school district and the aggregate
25 relief granted to that school district. The extension amount
26 for educational purposes, as originally calculated before
27 abatement, is the official, final extension for educational
28 purposes and must be used for all other purposes, including
29 determining the maximum rate, levy, and extension authorized
30 under the Property Tax Extension Limitation Law, the Truth in
31 Taxation Law, and any calculations for tax increment allocation
32 financing under any statute and the maximum amount of tax
33 anticipation warrants under Sections 17-16 and 34-23 of the

1 School Code. Nothing in this Section shall reduce any tax
2 increment arising from levies upon taxable real property in any
3 area subject to tax increment financing.

4 (35 ILCS 200/18-255)

5 Sec. 18-255. Abstract of assessments and extensions. When
6 the collector's books are completed, the county clerk shall
7 make a complete statement of the assessment and extensions, in
8 conformity to the instructions of the Department. The clerk
9 shall certify the statement to the Department. Beginning with
10 the 2005 levy year, the Department shall require the statement
11 to include a separate listing of the amount of any extension
12 that is abated under Section 18-178 of this Act.

13 (Source: Laws 1943, vol. 1, p. 1136; P.A. 88-455.)

14 (35 ILCS 200/20-15)

15 Sec. 20-15. Information on bill or separate statement. The
16 amount of tax due and rates shown on the tax bill pursuant to
17 this Section shall be net of any abatement under Section
18 18-178. There shall be printed on each bill, or on a separate
19 slip which shall be mailed with the bill:

20 (a) a statement itemizing the rate at which taxes have
21 been extended for each of the taxing districts in the
22 county in whose district the property is located, and in
23 those counties utilizing electronic data processing
24 equipment the dollar amount of tax due from the person
25 assessed allocable to each of those taxing districts,
26 including a separate statement of the dollar amount of tax
27 due which is allocable to a tax levied under the Illinois
28 Local Library Act or to any other tax levied by a
29 municipality or township for public library purposes,

30 (b) a separate statement for each of the taxing
31 districts of the dollar amount of tax due which is
32 allocable to a tax levied under the Illinois Pension Code

1 or to any other tax levied by a municipality or township
2 for public pension or retirement purposes,

3 (c) the total tax rate,

4 (d) the total amount of tax due, ~~and~~

5 (e) the amount by which the total tax and the tax
6 allocable to each taxing district differs from the
7 taxpayer's last prior tax bill, and

8 (f) the amount of tax abated under Section 18-178
9 labeled "Portion of your Education Related Property Taxes
10 paid by the State of Illinois".

11 The county treasurer shall ensure that only those taxing
12 districts in which a parcel of property is located shall be
13 listed on the bill for that property.

14 In all counties the statement shall also provide:

15 (1) the property index number or other suitable
16 description,

17 (2) the assessment of the property,

18 (3) the equalization factors imposed by the county and
19 by the Department, and

20 (4) the equalized assessment resulting from the
21 application of the equalization factors to the basic
22 assessment.

23 In all counties which do not classify property for purposes
24 of taxation, for property on which a single family residence is
25 situated the statement shall also include a statement to
26 reflect the fair cash value determined for the property. In all
27 counties which classify property for purposes of taxation in
28 accordance with Section 4 of Article IX of the Illinois
29 Constitution, for parcels of residential property in the lowest
30 assessment classification the statement shall also include a
31 statement to reflect the fair cash value determined for the
32 property.

33 In all counties, the statement shall include information
34 that certain taxpayers may be eligible for the Senior Citizens

1 and Disabled Persons Property Tax Relief and Pharmaceutical
2 Assistance Act and that applications are available from the
3 Illinois Department of Revenue.

4 In counties which use the estimated or accelerated billing
5 methods, these statements shall only be provided with the final
6 installment of taxes due, except that the statement under item
7 (f) shall be included with both installments in those counties
8 under estimated or accelerated billing methods, the first
9 billing showing the amount deducted from the first installment,
10 and the final billing showing the total tax abated for the levy
11 year under Section 18-178. The provisions of this Section
12 create a mandatory statutory duty. They are not merely
13 directory or discretionary. The failure or neglect of the
14 collector to mail the bill, or the failure of the taxpayer to
15 receive the bill, shall not affect the validity of any tax, or
16 the liability for the payment of any tax.

17 (Source: P.A. 91-699, eff. 1-1-01.)

18 (35 ILCS 200/21-30)

19 Sec. 21-30. Accelerated billing. Except as provided in this
20 Section, Section 9-260, and Section 21-40, in counties with
21 3,000,000 or more inhabitants, by January 31 annually,
22 estimated tax bills setting out the first installment of
23 property taxes for the preceding year, payable in that year,
24 shall be prepared and mailed. The first installment of taxes on
25 the estimated tax bills shall be computed at 50% of the total
26 of each tax bill before the abatement of taxes under Section
27 18-178 for the preceding year, less an estimate of one-half of
28 the school district property tax relief grant for the current
29 year determined based on information available. If, prior to
30 the preparation of the estimated tax bills, a certificate of
31 error has been either approved by a court on or before November
32 30 of the preceding year or certified pursuant to Section 14-15
33 on or before November 30 of the preceding year, then the first

1 installment of taxes on the estimated tax bills shall be
2 computed at 50% of the total taxes before the abatement of
3 taxes under Section 18-178 for the preceding year as corrected
4 by the certificate of error, less an estimate of one-half of
5 the school district property tax relief grant for the current
6 year determined based on information available. By June 30
7 annually, actual tax bills shall be prepared and mailed. These
8 bills shall set out total taxes due and the amount of estimated
9 taxes billed in the first installment, and shall state the
10 balance of taxes due for that year as represented by the sum
11 derived from subtracting the amount of the first installment
12 from the total taxes due for that year.

13 The county board may provide by ordinance, in counties with
14 3,000,000 or more inhabitants, for taxes to be paid in 4
15 installments. For the levy year for which the ordinance is
16 first effective and each subsequent year, estimated tax bills
17 setting out the first, second, and third installment of taxes
18 for the preceding year, payable in that year, shall be prepared
19 and mailed not later than the date specified by ordinance. Each
20 installment on estimated tax bills shall be computed at 25% of
21 the total of each tax bill for the preceding year. By the date
22 specified in the ordinance, actual tax bills shall be prepared
23 and mailed. These bills shall set out total taxes due and the
24 amount of estimated taxes billed in the first, second, and
25 third installments and shall state the balance of taxes due for
26 that year as represented by the sum derived from subtracting
27 the amount of the estimated installments from the total taxes
28 due for that year.

29 The county board of any county with less than 3,000,000
30 inhabitants may, by ordinance or resolution, adopt an
31 accelerated method of tax billing. The county board may
32 subsequently rescind the ordinance or resolution and revert to
33 the method otherwise provided for in this Code.

34 Taxes levied on homestead property in which a member of the

1 National Guard or reserves of the armed forces of the United
2 States who was called to active duty on or after August 1,
3 1990, and who has an ownership interest shall not be deemed
4 delinquent and no interest shall accrue or be charged as a
5 penalty on such taxes due and payable in 1991 or 1992 until one
6 year after that member returns to civilian status.

7 (Source: P.A. 92-475, eff. 8-23-01; 93-560, eff. 8-20-03.)

8 Section 20. The School Code is amended by changing Sections
9 18-8.05 and 18-19 and by adding Section 18-25 as follows:

10 (105 ILCS 5/18-8.05)

11 Sec. 18-8.05. Basis for apportionment of general State
12 financial aid and supplemental general State aid to the common
13 schools for the 1998-1999 and subsequent school years.

14 (A) General Provisions.

15 (1) The provisions of this Section apply to the 1998-1999
16 and subsequent school years. The system of general State
17 financial aid provided for in this Section is designed to
18 assure that, through a combination of State financial aid and
19 required local resources, the financial support provided each
20 pupil in Average Daily Attendance equals or exceeds a
21 prescribed per pupil Foundation Level. This formula approach
22 imputes a level of per pupil Available Local Resources and
23 provides for the basis to calculate a per pupil level of
24 general State financial aid that, when added to Available Local
25 Resources, equals or exceeds the Foundation Level. The amount
26 of per pupil general State financial aid for school districts,
27 in general, varies in inverse relation to Available Local
28 Resources. Per pupil amounts are based upon each school
29 district's Average Daily Attendance as that term is defined in
30 this Section.

31 (2) In addition to general State financial aid, school

1 districts with specified levels or concentrations of pupils
2 from low income households are eligible to receive supplemental
3 general State financial aid grants as provided pursuant to
4 subsection (H). The supplemental State aid grants provided for
5 school districts under subsection (H) shall be appropriated for
6 distribution to school districts as part of the same line item
7 in which the general State financial aid of school districts is
8 appropriated under this Section.

9 (3) To receive financial assistance under this Section,
10 school districts are required to file claims with the State
11 Board of Education, subject to the following requirements:

12 (a) Any school district which fails for any given
13 school year to maintain school as required by law, or to
14 maintain a recognized school is not eligible to file for
15 such school year any claim upon the Common School Fund. In
16 case of nonrecognition of one or more attendance centers in
17 a school district otherwise operating recognized schools,
18 the claim of the district shall be reduced in the
19 proportion which the Average Daily Attendance in the
20 attendance center or centers bear to the Average Daily
21 Attendance in the school district. A "recognized school"
22 means any public school which meets the standards as
23 established for recognition by the State Board of
24 Education. A school district or attendance center not
25 having recognition status at the end of a school term is
26 entitled to receive State aid payments due upon a legal
27 claim which was filed while it was recognized.

28 (b) School district claims filed under this Section are
29 subject to Sections 18-9, 18-10, and 18-12, except as
30 otherwise provided in this Section.

31 (c) If a school district operates a full year school
32 under Section 10-19.1, the general State aid to the school
33 district shall be determined by the State Board of
34 Education in accordance with this Section as near as may be

1 applicable.

2 (d) (Blank).

3 (4) Except as provided in subsections (H) and (L), the
4 board of any district receiving any of the grants provided for
5 in this Section may apply those funds to any fund so received
6 for which that board is authorized to make expenditures by law.

7 School districts are not required to exert a minimum
8 Operating Tax Rate in order to qualify for assistance under
9 this Section.

10 (5) As used in this Section the following terms, when
11 capitalized, shall have the meaning ascribed herein:

12 (a) "Average Daily Attendance": A count of pupil
13 attendance in school, averaged as provided for in
14 subsection (C) and utilized in deriving per pupil financial
15 support levels.

16 (b) "Available Local Resources": A computation of
17 local financial support, calculated on the basis of Average
18 Daily Attendance and derived as provided pursuant to
19 subsection (D).

20 (c) "Corporate Personal Property Replacement Taxes":
21 Funds paid to local school districts pursuant to "An Act in
22 relation to the abolition of ad valorem personal property
23 tax and the replacement of revenues lost thereby, and
24 amending and repealing certain Acts and parts of Acts in
25 connection therewith", certified August 14, 1979, as
26 amended (Public Act 81-1st S.S.-1).

27 (d) "Foundation Level": A prescribed level of per pupil
28 financial support as provided for in subsection (B).

29 (e) "Operating Tax Rate": All school district property
30 taxes extended for all purposes, except Bond and Interest,
31 Summer School, Rent, Capital Improvement, and Vocational
32 Education Building purposes.

33 (B) Foundation Level.

1 (1) The Foundation Level is a figure established by the
2 State representing the minimum level of per pupil financial
3 support that should be available to provide for the basic
4 education of each pupil in Average Daily Attendance. As set
5 forth in this Section, each school district is assumed to exert
6 a sufficient local taxing effort such that, in combination with
7 the aggregate of general State financial aid provided the
8 district, an aggregate of State and local resources are
9 available to meet the basic education needs of pupils in the
10 district.

11 (2) For the 1998-1999 school year, the Foundation Level of
12 support is \$4,225. For the 1999-2000 school year, the
13 Foundation Level of support is \$4,325. For the 2000-2001 school
14 year, the Foundation Level of support is \$4,425. For the
15 2001-2002 school year and 2002-2003 school year, the Foundation
16 Level of support is \$4,560. For the 2003-2004 school year, the
17 Foundation Level of support is \$4,810. For the 2004-2005 school
18 year and the 2005-2006 school year, the Foundation Level of
19 support is \$4,964.

20 (3) For the 2006-2007 ~~2004-2005~~ school year and each school
21 year thereafter, the Foundation Level of support is \$6,100
22 ~~\$4,964~~ ~~\$5,060~~ or such greater amount as may be established by
23 law by the General Assembly. For each school year thereafter,
24 the foundation level shall be increased by the lesser of 3.5%
25 or the percentage increase in the Consumer Price Index for All
26 Urban Consumers published by the U.S. Bureau of Labor
27 Statistics for the immediately preceding fiscal year.

28 (C) Average Daily Attendance.

29 (1) For purposes of calculating general State aid pursuant
30 to subsection (E), an Average Daily Attendance figure shall be
31 utilized. The Average Daily Attendance figure for formula
32 calculation purposes shall be the monthly average of the actual
33 number of pupils in attendance of each school district, as

1 further averaged for the best 3 months of pupil attendance for
2 each school district. In compiling the figures for the number
3 of pupils in attendance, school districts and the State Board
4 of Education shall, for purposes of general State aid funding,
5 conform attendance figures to the requirements of subsection
6 (F).

7 (2) The Average Daily Attendance figures utilized in
8 subsection (E) shall be the requisite attendance data for the
9 school year immediately preceding the school year for which
10 general State aid is being calculated or the average of the
11 attendance data for the 3 preceding school years, whichever is
12 greater. The Average Daily Attendance figures utilized in
13 subsection (H) shall be the requisite attendance data for the
14 school year immediately preceding the school year for which
15 general State aid is being calculated.

16 (D) Available Local Resources.

17 (1) For purposes of calculating general State aid pursuant
18 to subsection (E), a representation of Available Local
19 Resources per pupil, as that term is defined and determined in
20 this subsection, shall be utilized. Available Local Resources
21 per pupil shall include a calculated dollar amount representing
22 local school district revenues from local property taxes and
23 from Corporate Personal Property Replacement Taxes, expressed
24 on the basis of pupils in Average Daily Attendance. Calculation
25 of Available Local Resources shall exclude any tax amnesty
26 funds received as a result of Public Act 93-26.

27 (2) In determining a school district's revenue from local
28 property taxes, the State Board of Education shall utilize the
29 equalized assessed valuation of all taxable property of each
30 school district as of September 30 of the previous year. The
31 equalized assessed valuation utilized shall be obtained and
32 determined as provided in subsection (G).

33 (3) For school districts maintaining grades kindergarten

1 through 12, local property tax revenues per pupil shall be
2 calculated as the product of the applicable equalized assessed
3 valuation for the district multiplied by 3.00%, and divided by
4 the district's Average Daily Attendance figure. For school
5 districts maintaining grades kindergarten through 8, local
6 property tax revenues per pupil shall be calculated as the
7 product of the applicable equalized assessed valuation for the
8 district multiplied by 2.30%, and divided by the district's
9 Average Daily Attendance figure. For school districts
10 maintaining grades 9 through 12, local property tax revenues
11 per pupil shall be the applicable equalized assessed valuation
12 of the district multiplied by 1.05%, and divided by the
13 district's Average Daily Attendance figure.

14 (4) The Corporate Personal Property Replacement Taxes paid
15 to each school district during the calendar year 2 years before
16 the calendar year in which a school year begins, divided by the
17 Average Daily Attendance figure for that district, shall be
18 added to the local property tax revenues per pupil as derived
19 by the application of the immediately preceding paragraph (3).
20 The sum of these per pupil figures for each school district
21 shall constitute Available Local Resources as that term is
22 utilized in subsection (E) in the calculation of general State
23 aid.

24 (E) Computation of General State Aid.

25 (1) For each school year, the amount of general State aid
26 allotted to a school district shall be computed by the State
27 Board of Education as provided in this subsection.

28 (2) For any school district for which Available Local
29 Resources per pupil is less than the product of 0.93 times the
30 Foundation Level, general State aid for that district shall be
31 calculated as an amount equal to the Foundation Level minus
32 Available Local Resources, multiplied by the Average Daily
33 Attendance of the school district.

1 (3) For any school district for which Available Local
2 Resources per pupil is equal to or greater than the product of
3 0.93 times the Foundation Level and less than the product of
4 1.75 times the Foundation Level, the general State aid per
5 pupil shall be a decimal proportion of the Foundation Level
6 derived using a linear algorithm. Under this linear algorithm,
7 the calculated general State aid per pupil shall decline in
8 direct linear fashion from 0.07 times the Foundation Level for
9 a school district with Available Local Resources equal to the
10 product of 0.93 times the Foundation Level, to 0.05 times the
11 Foundation Level for a school district with Available Local
12 Resources equal to the product of 1.75 times the Foundation
13 Level. The allocation of general State aid for school districts
14 subject to this paragraph 3 shall be the calculated general
15 State aid per pupil figure multiplied by the Average Daily
16 Attendance of the school district.

17 (4) For any school district for which Available Local
18 Resources per pupil equals or exceeds the product of 1.75 times
19 the Foundation Level, the general State aid for the school
20 district shall be calculated as the product of \$218 multiplied
21 by the Average Daily Attendance of the school district.

22 (5) The amount of general State aid allocated to a school
23 district for the 1999-2000 school year meeting the requirements
24 set forth in paragraph (4) of subsection (G) shall be increased
25 by an amount equal to the general State aid that would have
26 been received by the district for the 1998-1999 school year by
27 utilizing the Extension Limitation Equalized Assessed
28 Valuation as calculated in paragraph (4) of subsection (G) less
29 the general State aid allotted for the 1998-1999 school year.
30 This amount shall be deemed a one time increase, and shall not
31 affect any future general State aid allocations.

32 (6) If the General Assembly fails to make Common School
33 Fund appropriations to the State Board of Education in fiscal
34 year 2006 or in any fiscal year thereafter sufficient to fund

1 the General State Aid Formula set forth in this subsection (E)
2 (Computation of General State Aid), then this amendatory Act of
3 the 94th General Assembly shall constitute an irrevocable and
4 continuing appropriation from the Common School Fund of all
5 amounts necessary for that purpose.

6 (F) Compilation of Average Daily Attendance.

7 (1) Each school district shall, by July 1 of each year,
8 submit to the State Board of Education, on forms prescribed by
9 the State Board of Education, attendance figures for the school
10 year that began in the preceding calendar year. The attendance
11 information so transmitted shall identify the average daily
12 attendance figures for each month of the school year. Beginning
13 with the general State aid claim form for the 2002-2003 school
14 year, districts shall calculate Average Daily Attendance as
15 provided in subdivisions (a), (b), and (c) of this paragraph
16 (1).

17 (a) In districts that do not hold year-round classes,
18 days of attendance in August shall be added to the month of
19 September and any days of attendance in June shall be added
20 to the month of May.

21 (b) In districts in which all buildings hold year-round
22 classes, days of attendance in July and August shall be
23 added to the month of September and any days of attendance
24 in June shall be added to the month of May.

25 (c) In districts in which some buildings, but not all,
26 hold year-round classes, for the non-year-round buildings,
27 days of attendance in August shall be added to the month of
28 September and any days of attendance in June shall be added
29 to the month of May. The average daily attendance for the
30 year-round buildings shall be computed as provided in
31 subdivision (b) of this paragraph (1). To calculate the
32 Average Daily Attendance for the district, the average
33 daily attendance for the year-round buildings shall be

1 multiplied by the days in session for the non-year-round
2 buildings for each month and added to the monthly
3 attendance of the non-year-round buildings.

4 Except as otherwise provided in this Section, days of
5 attendance by pupils shall be counted only for sessions of not
6 less than 5 clock hours of school work per day under direct
7 supervision of: (i) teachers, or (ii) non-teaching personnel or
8 volunteer personnel when engaging in non-teaching duties and
9 supervising in those instances specified in subsection (a) of
10 Section 10-22.34 and paragraph 10 of Section 34-18, with pupils
11 of legal school age and in kindergarten and grades 1 through
12 12.

13 Days of attendance by tuition pupils shall be accredited
14 only to the districts that pay the tuition to a recognized
15 school.

16 (2) Days of attendance by pupils of less than 5 clock hours
17 of school shall be subject to the following provisions in the
18 compilation of Average Daily Attendance.

19 (a) Pupils regularly enrolled in a public school for
20 only a part of the school day may be counted on the basis
21 of 1/6 day for every class hour of instruction of 40
22 minutes or more attended pursuant to such enrollment,
23 unless a pupil is enrolled in a block-schedule format of 80
24 minutes or more of instruction, in which case the pupil may
25 be counted on the basis of the proportion of minutes of
26 school work completed each day to the minimum number of
27 minutes that school work is required to be held that day.

28 (b) Days of attendance may be less than 5 clock hours
29 on the opening and closing of the school term, and upon the
30 first day of pupil attendance, if preceded by a day or days
31 utilized as an institute or teachers' workshop.

32 (c) A session of 4 or more clock hours may be counted
33 as a day of attendance upon certification by the regional
34 superintendent, and approved by the State Superintendent

1 of Education to the extent that the district has been
2 forced to use daily multiple sessions.

3 (d) A session of 3 or more clock hours may be counted
4 as a day of attendance (1) when the remainder of the school
5 day or at least 2 hours in the evening of that day is
6 utilized for an in-service training program for teachers,
7 up to a maximum of 5 days per school year of which a
8 maximum of 4 days of such 5 days may be used for
9 parent-teacher conferences, provided a district conducts
10 an in-service training program for teachers which has been
11 approved by the State Superintendent of Education; or, in
12 lieu of 4 such days, 2 full days may be used, in which
13 event each such day may be counted as a day of attendance;
14 and (2) when days in addition to those provided in item (1)
15 are scheduled by a school pursuant to its school
16 improvement plan adopted under Article 34 or its revised or
17 amended school improvement plan adopted under Article 2,
18 provided that (i) such sessions of 3 or more clock hours
19 are scheduled to occur at regular intervals, (ii) the
20 remainder of the school days in which such sessions occur
21 are utilized for in-service training programs or other
22 staff development activities for teachers, and (iii) a
23 sufficient number of minutes of school work under the
24 direct supervision of teachers are added to the school days
25 between such regularly scheduled sessions to accumulate
26 not less than the number of minutes by which such sessions
27 of 3 or more clock hours fall short of 5 clock hours. Any
28 full days used for the purposes of this paragraph shall not
29 be considered for computing average daily attendance. Days
30 scheduled for in-service training programs, staff
31 development activities, or parent-teacher conferences may
32 be scheduled separately for different grade levels and
33 different attendance centers of the district.

34 (e) A session of not less than one clock hour of

1 teaching hospitalized or homebound pupils on-site or by
2 telephone to the classroom may be counted as 1/2 day of
3 attendance, however these pupils must receive 4 or more
4 clock hours of instruction to be counted for a full day of
5 attendance.

6 (f) A session of at least 4 clock hours may be counted
7 as a day of attendance for first grade pupils, and pupils
8 in full day kindergartens, and a session of 2 or more hours
9 may be counted as 1/2 day of attendance by pupils in
10 kindergartens which provide only 1/2 day of attendance.

11 (g) For children with disabilities who are below the
12 age of 6 years and who cannot attend 2 or more clock hours
13 because of their disability or immaturity, a session of not
14 less than one clock hour may be counted as 1/2 day of
15 attendance; however for such children whose educational
16 needs so require a session of 4 or more clock hours may be
17 counted as a full day of attendance.

18 (h) A recognized kindergarten which provides for only
19 1/2 day of attendance by each pupil shall not have more
20 than 1/2 day of attendance counted in any one day. However,
21 kindergartens may count 2 1/2 days of attendance in any 5
22 consecutive school days. When a pupil attends such a
23 kindergarten for 2 half days on any one school day, the
24 pupil shall have the following day as a day absent from
25 school, unless the school district obtains permission in
26 writing from the State Superintendent of Education.
27 Attendance at kindergartens which provide for a full day of
28 attendance by each pupil shall be counted the same as
29 attendance by first grade pupils. Only the first year of
30 attendance in one kindergarten shall be counted, except in
31 case of children who entered the kindergarten in their
32 fifth year whose educational development requires a second
33 year of kindergarten as determined under the rules and
34 regulations of the State Board of Education.

1 (G) Equalized Assessed Valuation Data.

2 (1) For purposes of the calculation of Available Local
3 Resources required pursuant to subsection (D), the State Board
4 of Education shall secure from the Department of Revenue the
5 value as equalized or assessed by the Department of Revenue of
6 all taxable property of every school district, together with
7 (i) the applicable tax rate used in extending taxes for the
8 funds of the district as of September 30 of the previous year
9 and (ii) the limiting rate for all school districts subject to
10 property tax extension limitations as imposed under the
11 Property Tax Extension Limitation Law.

12 The Department of Revenue shall add to the equalized
13 assessed value of all taxable property of each school district
14 situated entirely or partially within a county that is or was
15 subject to the alternative general homestead exemption
16 provisions of Section 15-176 of the Property Tax Code (a) ~~(i)~~
17 an amount equal to the total amount by which the homestead
18 exemption allowed under Section 15-176 of the Property Tax Code
19 for real property situated in that school district exceeds the
20 total amount that would have been allowed in that school
21 district if the maximum reduction under Section 15-176 was (i)
22 \$4,500 in Cook County or \$3,500 in all other counties in tax
23 year 2003 or (ii) \$5,000 in all counties in tax year 2004 and
24 thereafter and (b) ~~(ii)~~ an amount equal to the aggregate amount
25 for the taxable year of all additional exemptions under Section
26 15-175 of the Property Tax Code for owners with a household
27 income of \$30,000 or less. The county clerk of any county that
28 is or was subject to the alternative general homestead
29 exemption provisions of Section 15-176 of the Property Tax Code
30 shall annually calculate and certify to the Department of
31 Revenue for each school district all homestead exemption
32 amounts under Section 15-176 of the Property Tax Code and all
33 amounts of additional exemptions under Section 15-175 of the

1 Property Tax Code for owners with a household income of \$30,000
2 or less. It is the intent of this paragraph that if the general
3 homestead exemption for a parcel of property is determined
4 under Section 15-176 of the Property Tax Code rather than
5 Section 15-175, then the calculation of Available Local
6 Resources shall not be affected by the difference, if any,
7 between the amount of the general homestead exemption allowed
8 for that parcel of property under Section 15-176 of the
9 Property Tax Code and the amount that would have been allowed
10 had the general homestead exemption for that parcel of property
11 been determined under Section 15-175 of the Property Tax Code.
12 It is further the intent of this paragraph that if additional
13 exemptions are allowed under Section 15-175 of the Property Tax
14 Code for owners with a household income of less than \$30,000,
15 then the calculation of Available Local Resources shall not be
16 affected by the difference, if any, because of those additional
17 exemptions.

18 This equalized assessed valuation, as adjusted further by
19 the requirements of this subsection, shall be utilized in the
20 calculation of Available Local Resources.

21 (2) The equalized assessed valuation in paragraph (1) shall
22 be adjusted, as applicable, in the following manner:

23 (a) For the purposes of calculating State aid under
24 this Section, with respect to any part of a school district
25 within a redevelopment project area in respect to which a
26 municipality has adopted tax increment allocation
27 financing pursuant to the Tax Increment Allocation
28 Redevelopment Act, Sections 11-74.4-1 through 11-74.4-11
29 of the Illinois Municipal Code or the Industrial Jobs
30 Recovery Law, Sections 11-74.6-1 through 11-74.6-50 of the
31 Illinois Municipal Code, no part of the current equalized
32 assessed valuation of real property located in any such
33 project area which is attributable to an increase above the
34 total initial equalized assessed valuation of such

1 property shall be used as part of the equalized assessed
2 valuation of the district, until such time as all
3 redevelopment project costs have been paid, as provided in
4 Section 11-74.4-8 of the Tax Increment Allocation
5 Redevelopment Act or in Section 11-74.6-35 of the
6 Industrial Jobs Recovery Law. For the purpose of the
7 equalized assessed valuation of the district, the total
8 initial equalized assessed valuation or the current
9 equalized assessed valuation, whichever is lower, shall be
10 used until such time as all redevelopment project costs
11 have been paid.

12 (b) The real property equalized assessed valuation for
13 a school district shall be adjusted by subtracting from the
14 real property value as equalized or assessed by the
15 Department of Revenue for the district an amount computed
16 by dividing the amount of any abatement of taxes under
17 Section 18-170 of the Property Tax Code by 3.00% for a
18 district maintaining grades kindergarten through 12, by
19 2.30% for a district maintaining grades kindergarten
20 through 8, or by 1.05% for a district maintaining grades 9
21 through 12 and adjusted by an amount computed by dividing
22 the amount of any abatement of taxes under subsection (a)
23 of Section 18-165 of the Property Tax Code by the same
24 percentage rates for district type as specified in this
25 subparagraph (b).

26 (3) For the 1999-2000 school year and each school year
27 thereafter, if a school district meets all of the criteria of
28 this subsection (G) (3), the school district's Available Local
29 Resources shall be calculated under subsection (D) using the
30 district's Extension Limitation Equalized Assessed Valuation
31 as calculated under this subsection (G) (3).

32 For purposes of this subsection (G) (3) the following terms
33 shall have the following meanings:

34 "Budget Year": The school year for which general State

1 aid is calculated and awarded under subsection (E).

2 "Base Tax Year": The property tax levy year used to
3 calculate the Budget Year allocation of general State aid.

4 "Preceding Tax Year": The property tax levy year
5 immediately preceding the Base Tax Year.

6 "Base Tax Year's Tax Extension": The product of the
7 equalized assessed valuation utilized by the County Clerk
8 in the Base Tax Year multiplied by the limiting rate as
9 calculated by the County Clerk and defined in the Property
10 Tax Extension Limitation Law.

11 "Preceding Tax Year's Tax Extension": The product of
12 the equalized assessed valuation utilized by the County
13 Clerk in the Preceding Tax Year multiplied by the Operating
14 Tax Rate as defined in subsection (A).

15 "Extension Limitation Ratio": A numerical ratio,
16 certified by the County Clerk, in which the numerator is
17 the Base Tax Year's Tax Extension and the denominator is
18 the Preceding Tax Year's Tax Extension.

19 "Operating Tax Rate": The operating tax rate as defined
20 in subsection (A).

21 If a school district is subject to property tax extension
22 limitations as imposed under the Property Tax Extension
23 Limitation Law, the State Board of Education shall calculate
24 the Extension Limitation Equalized Assessed Valuation of that
25 district. For the 1999-2000 school year, the Extension
26 Limitation Equalized Assessed Valuation of a school district as
27 calculated by the State Board of Education shall be equal to
28 the product of the district's 1996 Equalized Assessed Valuation
29 and the district's Extension Limitation Ratio. For the
30 2000-2001 school year and each school year thereafter, the
31 Extension Limitation Equalized Assessed Valuation of a school
32 district as calculated by the State Board of Education shall be
33 equal to the product of the Equalized Assessed Valuation last
34 used in the calculation of general State aid and the district's

1 Extension Limitation Ratio. If the Extension Limitation
2 Equalized Assessed Valuation of a school district as calculated
3 under this subsection (G)(3) is less than the district's
4 equalized assessed valuation as calculated pursuant to
5 subsections (G)(1) and (G)(2), then for purposes of calculating
6 the district's general State aid for the Budget Year pursuant
7 to subsection (E), that Extension Limitation Equalized
8 Assessed Valuation shall be utilized to calculate the
9 district's Available Local Resources under subsection (D).

10 (4) For the purposes of calculating general State aid for
11 the 1999-2000 school year only, if a school district
12 experienced a triennial reassessment on the equalized assessed
13 valuation used in calculating its general State financial aid
14 apportionment for the 1998-1999 school year, the State Board of
15 Education shall calculate the Extension Limitation Equalized
16 Assessed Valuation that would have been used to calculate the
17 district's 1998-1999 general State aid. This amount shall equal
18 the product of the equalized assessed valuation used to
19 calculate general State aid for the 1997-1998 school year and
20 the district's Extension Limitation Ratio. If the Extension
21 Limitation Equalized Assessed Valuation of the school district
22 as calculated under this paragraph (4) is less than the
23 district's equalized assessed valuation utilized in
24 calculating the district's 1998-1999 general State aid
25 allocation, then for purposes of calculating the district's
26 general State aid pursuant to paragraph (5) of subsection (E),
27 that Extension Limitation Equalized Assessed Valuation shall
28 be utilized to calculate the district's Available Local
29 Resources.

30 (5) For school districts having a majority of their
31 equalized assessed valuation in any county except Cook, DuPage,
32 Kane, Lake, McHenry, or Will, if the amount of general State
33 aid allocated to the school district for the 1999-2000 school
34 year under the provisions of subsection (E), (H), and (J) of

1 this Section is less than the amount of general State aid
2 allocated to the district for the 1998-1999 school year under
3 these subsections, then the general State aid of the district
4 for the 1999-2000 school year only shall be increased by the
5 difference between these amounts. The total payments made under
6 this paragraph (5) shall not exceed \$14,000,000. Claims shall
7 be prorated if they exceed \$14,000,000.

8 (H) Supplemental General State Aid.

9 (1) In addition to the general State aid a school district
10 is allotted pursuant to subsection (E), qualifying school
11 districts shall receive a grant, paid in conjunction with a
12 district's payments of general State aid, for supplemental
13 general State aid based upon the concentration level of
14 children from low-income households within the school
15 district. Supplemental State aid grants provided for school
16 districts under this subsection shall be appropriated for
17 distribution to school districts as part of the same line item
18 in which the general State financial aid of school districts is
19 appropriated under this Section. If the appropriation in any
20 fiscal year for general State aid and supplemental general
21 State aid is insufficient to pay the amounts required under the
22 general State aid and supplemental general State aid
23 calculations, then the State Board of Education shall ensure
24 that each school district receives the full amount due for
25 general State aid and the remainder of the appropriation shall
26 be used for supplemental general State aid, which the State
27 Board of Education shall calculate and pay to eligible
28 districts on a prorated basis.

29 (1.5) This paragraph (1.5) applies only to those school
30 years preceding the 2003-2004 school year. For purposes of this
31 subsection (H), the term "Low-Income Concentration Level"
32 shall be the low-income eligible pupil count from the most
33 recently available federal census divided by the Average Daily

1 Attendance of the school district. If, however, (i) the
2 percentage decrease from the 2 most recent federal censuses in
3 the low-income eligible pupil count of a high school district
4 with fewer than 400 students exceeds by 75% or more the
5 percentage change in the total low-income eligible pupil count
6 of contiguous elementary school districts, whose boundaries
7 are coterminous with the high school district, or (ii) a high
8 school district within 2 counties and serving 5 elementary
9 school districts, whose boundaries are coterminous with the
10 high school district, has a percentage decrease from the 2 most
11 recent federal censuses in the low-income eligible pupil count
12 and there is a percentage increase in the total low-income
13 eligible pupil count of a majority of the elementary school
14 districts in excess of 50% from the 2 most recent federal
15 censuses, then the high school district's low-income eligible
16 pupil count from the earlier federal census shall be the number
17 used as the low-income eligible pupil count for the high school
18 district, for purposes of this subsection (H). The changes made
19 to this paragraph (1) by Public Act 92-28 shall apply to
20 supplemental general State aid grants for school years
21 preceding the 2003-2004 school year that are paid in fiscal
22 year 1999 or thereafter and to any State aid payments made in
23 fiscal year 1994 through fiscal year 1998 pursuant to
24 subsection 1(n) of Section 18-8 of this Code (which was
25 repealed on July 1, 1998), and any high school district that is
26 affected by Public Act 92-28 is entitled to a recomputation of
27 its supplemental general State aid grant or State aid paid in
28 any of those fiscal years. This recomputation shall not be
29 affected by any other funding.

30 (1.10) This paragraph (1.10) applies to the 2003-2004
31 school year and each school year thereafter. For purposes of
32 this subsection (H), the term "Low-Income Concentration Level"
33 shall, for each fiscal year, be the low-income eligible pupil
34 count as of July 1 of the immediately preceding fiscal year (as

1 determined by the Department of Human Services based on the
2 number of pupils who are eligible for at least one of the
3 following low income programs: Medicaid, KidCare, TANF, or Food
4 Stamps, excluding pupils who are eligible for services provided
5 by the Department of Children and Family Services, averaged
6 over the 2 immediately preceding fiscal years for fiscal year
7 2004 and over the 3 immediately preceding fiscal years for each
8 fiscal year thereafter) divided by the Average Daily Attendance
9 of the school district.

10 (2) Supplemental general State aid pursuant to this
11 subsection (H) shall be provided as follows for the 1998-1999,
12 1999-2000, and 2000-2001 school years only:

13 (a) For any school district with a Low Income
14 Concentration Level of at least 20% and less than 35%, the
15 grant for any school year shall be \$800 multiplied by the
16 low income eligible pupil count.

17 (b) For any school district with a Low Income
18 Concentration Level of at least 35% and less than 50%, the
19 grant for the 1998-1999 school year shall be \$1,100
20 multiplied by the low income eligible pupil count.

21 (c) For any school district with a Low Income
22 Concentration Level of at least 50% and less than 60%, the
23 grant for the 1998-99 school year shall be \$1,500
24 multiplied by the low income eligible pupil count.

25 (d) For any school district with a Low Income
26 Concentration Level of 60% or more, the grant for the
27 1998-99 school year shall be \$1,900 multiplied by the low
28 income eligible pupil count.

29 (e) For the 1999-2000 school year, the per pupil amount
30 specified in subparagraphs (b), (c), and (d) immediately
31 above shall be increased to \$1,243, \$1,600, and \$2,000,
32 respectively.

33 (f) For the 2000-2001 school year, the per pupil
34 amounts specified in subparagraphs (b), (c), and (d)

1 immediately above shall be \$1,273, \$1,640, and \$2,050,
2 respectively.

3 (2.5) Supplemental general State aid pursuant to this
4 subsection (H) shall be provided as follows for the 2002-2003
5 school year:

6 (a) For any school district with a Low Income
7 Concentration Level of less than 10%, the grant for each
8 school year shall be \$355 multiplied by the low income
9 eligible pupil count.

10 (b) For any school district with a Low Income
11 Concentration Level of at least 10% and less than 20%, the
12 grant for each school year shall be \$675 multiplied by the
13 low income eligible pupil count.

14 (c) For any school district with a Low Income
15 Concentration Level of at least 20% and less than 35%, the
16 grant for each school year shall be \$1,330 multiplied by
17 the low income eligible pupil count.

18 (d) For any school district with a Low Income
19 Concentration Level of at least 35% and less than 50%, the
20 grant for each school year shall be \$1,362 multiplied by
21 the low income eligible pupil count.

22 (e) For any school district with a Low Income
23 Concentration Level of at least 50% and less than 60%, the
24 grant for each school year shall be \$1,680 multiplied by
25 the low income eligible pupil count.

26 (f) For any school district with a Low Income
27 Concentration Level of 60% or more, the grant for each
28 school year shall be \$2,080 multiplied by the low income
29 eligible pupil count.

30 (2.10) Except as otherwise provided, supplemental general
31 State aid pursuant to this subsection (H) shall be provided as
32 follows for the 2003-2004 school year and each school year
33 thereafter:

34 (a) For any school district with a Low Income

1 Concentration Level of 15% or less, the grant for each
2 school year shall be \$355 multiplied by the low income
3 eligible pupil count.

4 (b) For any school district with a Low Income
5 Concentration Level greater than 15%, the grant for each
6 school year shall be \$294.25 added to the product of \$2,700
7 and the square of the Low Income Concentration Level, all
8 multiplied by the low income eligible pupil count.

9 For the 2003-2004 and 2004-2005 school year only, the grant
10 shall be no less than the grant for the 2002-2003 school year.
11 For the 2005-2006 school year only, the grant shall be no less
12 than the grant for the 2002-2003 school year multiplied by
13 0.66. For the 2006-2007 school year only, the grant shall be no
14 less than the grant for the 2002-2003 school year multiplied by
15 0.33.

16 For the 2003-2004 school year only, the grant shall be no
17 greater than the grant received during the 2002-2003 school
18 year added to the product of 0.25 multiplied by the difference
19 between the grant amount calculated under subsection (a) or (b)
20 of this paragraph (2.10), whichever is applicable, and the
21 grant received during the 2002-2003 school year. For the
22 2004-2005 school year only, the grant shall be no greater than
23 the grant received during the 2002-2003 school year added to
24 the product of 0.50 multiplied by the difference between the
25 grant amount calculated under subsection (a) or (b) of this
26 paragraph (2.10), whichever is applicable, and the grant
27 received during the 2002-2003 school year. For the 2005-2006
28 school year only, the grant shall be no greater than the grant
29 received during the 2002-2003 school year added to the product
30 of 0.75 multiplied by the difference between the grant amount
31 calculated under subsection (a) or (b) of this paragraph
32 (2.10), whichever is applicable, and the grant received during
33 the 2002-2003 school year.

34 (3) School districts with an Average Daily Attendance of

1 more than 1,000 and less than 50,000 that qualify for
2 supplemental general State aid pursuant to this subsection
3 shall submit a plan to the State Board of Education prior to
4 October 30 of each year for the use of the funds resulting from
5 this grant of supplemental general State aid for the
6 improvement of instruction in which priority is given to
7 meeting the education needs of disadvantaged children. Such
8 plan shall be submitted in accordance with rules and
9 regulations promulgated by the State Board of Education.

10 (4) School districts with an Average Daily Attendance of
11 50,000 or more that qualify for supplemental general State aid
12 pursuant to this subsection shall be required to distribute
13 from funds available pursuant to this Section, no less than
14 \$261,000,000 in accordance with the following requirements:

15 (a) The required amounts shall be distributed to the
16 attendance centers within the district in proportion to the
17 number of pupils enrolled at each attendance center who are
18 eligible to receive free or reduced-price lunches or
19 breakfasts under the federal Child Nutrition Act of 1966
20 and under the National School Lunch Act during the
21 immediately preceding school year.

22 (b) The distribution of these portions of supplemental
23 and general State aid among attendance centers according to
24 these requirements shall not be compensated for or
25 contravened by adjustments of the total of other funds
26 appropriated to any attendance centers, and the Board of
27 Education shall utilize funding from one or several sources
28 in order to fully implement this provision annually prior
29 to the opening of school.

30 (c) Each attendance center shall be provided by the
31 school district a distribution of noncategorical funds and
32 other categorical funds to which an attendance center is
33 entitled under law in order that the general State aid and
34 supplemental general State aid provided by application of

1 this subsection supplements rather than supplants the
2 noncategorical funds and other categorical funds provided
3 by the school district to the attendance centers.

4 (d) Any funds made available under this subsection that
5 by reason of the provisions of this subsection are not
6 required to be allocated and provided to attendance centers
7 may be used and appropriated by the board of the district
8 for any lawful school purpose.

9 (e) Funds received by an attendance center pursuant to
10 this subsection shall be used by the attendance center at
11 the discretion of the principal and local school council
12 for programs to improve educational opportunities at
13 qualifying schools through the following programs and
14 services: early childhood education, reduced class size or
15 improved adult to student classroom ratio, enrichment
16 programs, remedial assistance, attendance improvement, and
17 other educationally beneficial expenditures which
18 supplement the regular and basic programs as determined by
19 the State Board of Education. Funds provided shall not be
20 expended for any political or lobbying purposes as defined
21 by board rule.

22 (f) Each district subject to the provisions of this
23 subdivision (H) (4) shall submit an acceptable plan to meet
24 the educational needs of disadvantaged children, in
25 compliance with the requirements of this paragraph, to the
26 State Board of Education prior to July 15 of each year.
27 This plan shall be consistent with the decisions of local
28 school councils concerning the school expenditure plans
29 developed in accordance with part 4 of Section 34-2.3. The
30 State Board shall approve or reject the plan within 60 days
31 after its submission. If the plan is rejected, the district
32 shall give written notice of intent to modify the plan
33 within 15 days of the notification of rejection and then
34 submit a modified plan within 30 days after the date of the

1 written notice of intent to modify. Districts may amend
2 approved plans pursuant to rules promulgated by the State
3 Board of Education.

4 Upon notification by the State Board of Education that
5 the district has not submitted a plan prior to July 15 or a
6 modified plan within the time period specified herein, the
7 State aid funds affected by that plan or modified plan
8 shall be withheld by the State Board of Education until a
9 plan or modified plan is submitted.

10 If the district fails to distribute State aid to
11 attendance centers in accordance with an approved plan, the
12 plan for the following year shall allocate funds, in
13 addition to the funds otherwise required by this
14 subsection, to those attendance centers which were
15 underfunded during the previous year in amounts equal to
16 such underfunding.

17 For purposes of determining compliance with this
18 subsection in relation to the requirements of attendance
19 center funding, each district subject to the provisions of
20 this subsection shall submit as a separate document by
21 December 1 of each year a report of expenditure data for
22 the prior year in addition to any modification of its
23 current plan. If it is determined that there has been a
24 failure to comply with the expenditure provisions of this
25 subsection regarding contravention or supplanting, the
26 State Superintendent of Education shall, within 60 days of
27 receipt of the report, notify the district and any affected
28 local school council. The district shall within 45 days of
29 receipt of that notification inform the State
30 Superintendent of Education of the remedial or corrective
31 action to be taken, whether by amendment of the current
32 plan, if feasible, or by adjustment in the plan for the
33 following year. Failure to provide the expenditure report
34 or the notification of remedial or corrective action in a

1 timely manner shall result in a withholding of the affected
2 funds.

3 The State Board of Education shall promulgate rules and
4 regulations to implement the provisions of this
5 subsection. No funds shall be released under this
6 subdivision (H)(4) to any district that has not submitted a
7 plan that has been approved by the State Board of
8 Education.

9 (I) General State Aid for Newly Configured School Districts.

10 (1) For a new school district formed by combining property
11 included totally within 2 or more previously existing school
12 districts, for its first year of existence the general State
13 aid and supplemental general State aid calculated under this
14 Section shall be computed for the new district and for the
15 previously existing districts for which property is totally
16 included within the new district. If the computation on the
17 basis of the previously existing districts is greater, a
18 supplementary payment equal to the difference shall be made for
19 the first 4 years of existence of the new district.

20 (2) For a school district which annexes all of the
21 territory of one or more entire other school districts, for the
22 first year during which the change of boundaries attributable
23 to such annexation becomes effective for all purposes as
24 determined under Section 7-9 or 7A-8, the general State aid and
25 supplemental general State aid calculated under this Section
26 shall be computed for the annexing district as constituted
27 after the annexation and for the annexing and each annexed
28 district as constituted prior to the annexation; and if the
29 computation on the basis of the annexing and annexed districts
30 as constituted prior to the annexation is greater, a
31 supplementary payment equal to the difference shall be made for
32 the first 4 years of existence of the annexing school district
33 as constituted upon such annexation.

1 (3) For 2 or more school districts which annex all of the
2 territory of one or more entire other school districts, and for
3 2 or more community unit districts which result upon the
4 division (pursuant to petition under Section 11A-2) of one or
5 more other unit school districts into 2 or more parts and which
6 together include all of the parts into which such other unit
7 school district or districts are so divided, for the first year
8 during which the change of boundaries attributable to such
9 annexation or division becomes effective for all purposes as
10 determined under Section 7-9 or 11A-10, as the case may be, the
11 general State aid and supplemental general State aid calculated
12 under this Section shall be computed for each annexing or
13 resulting district as constituted after the annexation or
14 division and for each annexing and annexed district, or for
15 each resulting and divided district, as constituted prior to
16 the annexation or division; and if the aggregate of the general
17 State aid and supplemental general State aid as so computed for
18 the annexing or resulting districts as constituted after the
19 annexation or division is less than the aggregate of the
20 general State aid and supplemental general State aid as so
21 computed for the annexing and annexed districts, or for the
22 resulting and divided districts, as constituted prior to the
23 annexation or division, then a supplementary payment equal to
24 the difference shall be made and allocated between or among the
25 annexing or resulting districts, as constituted upon such
26 annexation or division, for the first 4 years of their
27 existence. The total difference payment shall be allocated
28 between or among the annexing or resulting districts in the
29 same ratio as the pupil enrollment from that portion of the
30 annexed or divided district or districts which is annexed to or
31 included in each such annexing or resulting district bears to
32 the total pupil enrollment from the entire annexed or divided
33 district or districts, as such pupil enrollment is determined
34 for the school year last ending prior to the date when the

1 change of boundaries attributable to the annexation or division
2 becomes effective for all purposes. The amount of the total
3 difference payment and the amount thereof to be allocated to
4 the annexing or resulting districts shall be computed by the
5 State Board of Education on the basis of pupil enrollment and
6 other data which shall be certified to the State Board of
7 Education, on forms which it shall provide for that purpose, by
8 the regional superintendent of schools for each educational
9 service region in which the annexing and annexed districts, or
10 resulting and divided districts are located.

11 (3.5) Claims for financial assistance under this
12 subsection (I) shall not be recomputed except as expressly
13 provided under this Section.

14 (4) Any supplementary payment made under this subsection
15 (I) shall be treated as separate from all other payments made
16 pursuant to this Section.

17 (J) Supplementary Grants in Aid.

18 (1) Notwithstanding any other provisions of this Section,
19 the amount of the aggregate general State aid in combination
20 with supplemental general State aid under this Section for
21 which each school district is eligible shall be no less than
22 the amount of the aggregate general State aid entitlement that
23 was received by the district under Section 18-8 (exclusive of
24 amounts received under subsections 5(p) and 5(p-5) of that
25 Section) for the 1997-98 school year, pursuant to the
26 provisions of that Section as it was then in effect. If a
27 school district qualifies to receive a supplementary payment
28 made under this subsection (J), the amount of the aggregate
29 general State aid in combination with supplemental general
30 State aid under this Section which that district is eligible to
31 receive for each school year shall be no less than the amount
32 of the aggregate general State aid entitlement that was
33 received by the district under Section 18-8 (exclusive of

1 amounts received under subsections 5(p) and 5(p-5) of that
2 Section) for the 1997-1998 school year, pursuant to the
3 provisions of that Section as it was then in effect.

4 (2) If, as provided in paragraph (1) of this subsection
5 (J), a school district is to receive aggregate general State
6 aid in combination with supplemental general State aid under
7 this Section for the 1998-99 school year and any subsequent
8 school year that in any such school year is less than the
9 amount of the aggregate general State aid entitlement that the
10 district received for the 1997-98 school year, the school
11 district shall also receive, from a separate appropriation made
12 for purposes of this subsection (J), a supplementary payment
13 that is equal to the amount of the difference in the aggregate
14 State aid figures as described in paragraph (1).

15 (3) (Blank).

16 (K) Grants to Laboratory and Alternative Schools.

17 In calculating the amount to be paid to the governing board
18 of a public university that operates a laboratory school under
19 this Section or to any alternative school that is operated by a
20 regional superintendent of schools, the State Board of
21 Education shall require by rule such reporting requirements as
22 it deems necessary.

23 As used in this Section, "laboratory school" means a public
24 school which is created and operated by a public university and
25 approved by the State Board of Education. The governing board
26 of a public university which receives funds from the State
27 Board under this subsection (K) may not increase the number of
28 students enrolled in its laboratory school from a single
29 district, if that district is already sending 50 or more
30 students, except under a mutual agreement between the school
31 board of a student's district of residence and the university
32 which operates the laboratory school. A laboratory school may
33 not have more than 1,000 students, excluding students with

1 disabilities in a special education program.

2 As used in this Section, "alternative school" means a
3 public school which is created and operated by a Regional
4 Superintendent of Schools and approved by the State Board of
5 Education. Such alternative schools may offer courses of
6 instruction for which credit is given in regular school
7 programs, courses to prepare students for the high school
8 equivalency testing program or vocational and occupational
9 training. A regional superintendent of schools may contract
10 with a school district or a public community college district
11 to operate an alternative school. An alternative school serving
12 more than one educational service region may be established by
13 the regional superintendents of schools of the affected
14 educational service regions. An alternative school serving
15 more than one educational service region may be operated under
16 such terms as the regional superintendents of schools of those
17 educational service regions may agree.

18 Each laboratory and alternative school shall file, on forms
19 provided by the State Superintendent of Education, an annual
20 State aid claim which states the Average Daily Attendance of
21 the school's students by month. The best 3 months' Average
22 Daily Attendance shall be computed for each school. The general
23 State aid entitlement shall be computed by multiplying the
24 applicable Average Daily Attendance by the Foundation Level as
25 determined under this Section.

26 (L) Payments, Additional Grants in Aid and Other Requirements.

27 (1) For a school district operating under the financial
28 supervision of an Authority created under Article 34A, the
29 general State aid otherwise payable to that district under this
30 Section, but not the supplemental general State aid, shall be
31 reduced by an amount equal to the budget for the operations of
32 the Authority as certified by the Authority to the State Board
33 of Education, and an amount equal to such reduction shall be

1 paid to the Authority created for such district for its
2 operating expenses in the manner provided in Section 18-11. The
3 remainder of general State school aid for any such district
4 shall be paid in accordance with Article 34A when that Article
5 provides for a disposition other than that provided by this
6 Article.

7 (2) (Blank).

8 (3) Summer school. Summer school payments shall be made as
9 provided in Section 18-4.3.

10 (M) Education Funding Advisory Board.

11 The Education Funding Advisory Board, hereinafter in this
12 subsection (M) referred to as the "Board", is hereby created.
13 The Board shall consist of 5 members who are appointed by the
14 Governor, by and with the advice and consent of the Senate. The
15 members appointed shall include representatives of education,
16 business, and the general public. One of the members so
17 appointed shall be designated by the Governor at the time the
18 appointment is made as the chairperson of the Board. The
19 initial members of the Board may be appointed any time after
20 the effective date of this amendatory Act of 1997. The regular
21 term of each member of the Board shall be for 4 years from the
22 third Monday of January of the year in which the term of the
23 member's appointment is to commence, except that of the 5
24 initial members appointed to serve on the Board, the member who
25 is appointed as the chairperson shall serve for a term that
26 commences on the date of his or her appointment and expires on
27 the third Monday of January, 2002, and the remaining 4 members,
28 by lots drawn at the first meeting of the Board that is held
29 after all 5 members are appointed, shall determine 2 of their
30 number to serve for terms that commence on the date of their
31 respective appointments and expire on the third Monday of
32 January, 2001, and 2 of their number to serve for terms that
33 commence on the date of their respective appointments and

1 expire on the third Monday of January, 2000. All members
2 appointed to serve on the Board shall serve until their
3 respective successors are appointed and confirmed. Vacancies
4 shall be filled in the same manner as original appointments. If
5 a vacancy in membership occurs at a time when the Senate is not
6 in session, the Governor shall make a temporary appointment
7 until the next meeting of the Senate, when he or she shall
8 appoint, by and with the advice and consent of the Senate, a
9 person to fill that membership for the unexpired term. If the
10 Senate is not in session when the initial appointments are
11 made, those appointments shall be made as in the case of
12 vacancies.

13 The Education Funding Advisory Board shall be deemed
14 established, and the initial members appointed by the Governor
15 to serve as members of the Board shall take office, on the date
16 that the Governor makes his or her appointment of the fifth
17 initial member of the Board, whether those initial members are
18 then serving pursuant to appointment and confirmation or
19 pursuant to temporary appointments that are made by the
20 Governor as in the case of vacancies.

21 The State Board of Education shall provide such staff
22 assistance to the Education Funding Advisory Board as is
23 reasonably required for the proper performance by the Board of
24 its responsibilities.

25 For school years after the 2000-2001 school year, the
26 Education Funding Advisory Board, in consultation with the
27 State Board of Education, shall make recommendations as
28 provided in this subsection (M) to the General Assembly for the
29 foundation level under subsection (B) ~~subdivision (B) (3)~~ of
30 this Section and for the supplemental general State aid grant
31 level under subsection (H) of this Section for districts with
32 high concentrations of children from poverty. The recommended
33 foundation level shall be determined based on a methodology
34 which incorporates the basic education expenditures of

1 low-spending schools exhibiting high academic performance. The
2 Education Funding Advisory Board shall make such
3 recommendations to the General Assembly on January 1 of odd
4 numbered years, beginning January 1, 2001.

5 (N) (Blank).

6 (O) References.

7 (1) References in other laws to the various subdivisions of
8 Section 18-8 as that Section existed before its repeal and
9 replacement by this Section 18-8.05 shall be deemed to refer to
10 the corresponding provisions of this Section 18-8.05, to the
11 extent that those references remain applicable.

12 (2) References in other laws to State Chapter 1 funds shall
13 be deemed to refer to the supplemental general State aid
14 provided under subsection (H) of this Section.

15 (P) Public Act 93-838 ~~This amendatory Act of the 93rd General~~
16 ~~Assembly~~ and Public Act 93-808 ~~House Bill 4266 of the 93rd~~
17 ~~General Assembly~~ make inconsistent changes to this Section. ~~If~~
18 ~~House Bill 4266 becomes law, then~~ Under Section 6 of the
19 Statute on Statutes there is an irreconcilable conflict between
20 Public Act 93-808 and Public Act 93-838 ~~House Bill 4266 and~~
21 ~~this amendatory Act.~~ Public Act 93-838 ~~This amendatory Act,~~
22 being the last acted upon, is controlling. The text of Public
23 Act 93-838 ~~this amendatory Act~~ is the law regardless of the
24 text of Public Act 93-808 ~~House Bill 4266~~.

25 (Source: P.A. 92-16, eff. 6-28-01; 92-28, eff. 7-1-01; 92-29,
26 eff. 7-1-01; 92-269, eff. 8-7-01; 92-604, eff. 7-1-02; 92-636,
27 eff. 7-11-02; 92-651, eff. 7-11-02; 93-21, eff. 7-1-03; 93-715,
28 eff. 7-12-04; 93-808, eff. 7-26-04; 93-838, eff. 7-30-04;
29 93-875, eff. 8-6-04; revised 10-21-04.)

30 (105 ILCS 5/18-19) (from Ch. 122, par. 18-19)

1 Sec. 18-19. Moneys shall be transferred or distributed ~~The~~
2 ~~State Board of Education may make distributions of monies~~ from
3 the Education Assistance Fund as follows:

4 (1) On the first day of each month, or as soon
5 thereafter as practical, beginning on August 1, 2006
6 through June 1, 2007, the Treasurer shall transfer
7 \$30,833,333 to the Higher Education Operating Assistance
8 Fund. On the first day of each month, or as soon thereafter
9 as practical, beginning on July 1, 2007, the Treasurer
10 shall transfer to the Higher Education Operating
11 Assistance Fund an amount equal to one-twelfth of the
12 amount that must be transferred annually to that fund under
13 subsections (b) and (c) of Section 6z-69 of the State
14 Finance Act.

15 (2) On the first day of each month, or as soon
16 thereafter as practical, beginning on August 1, 2006, the
17 Treasurer shall transfer \$34,583,333 to the Income Tax
18 Refund Fund to fund increases to the earned income tax
19 credit under Section 212 of the Illinois Income Tax Act,
20 the education expense credit under Section 201 of the
21 Illinois Income Tax Act, and the tax credit for residential
22 real property taxes under Section 208 of the Illinois
23 Income Tax Act, provided in this amendatory Act of the 94th
24 General Assembly.

25 (3) On the first day of each month, or as soon
26 thereafter as practical, beginning on August 1, 2006, the
27 Treasurer shall transfer \$15,833,333 to the Local
28 Government Distributive Fund.

29 (4) On the first day of each month, or as soon
30 thereafter as practical, beginning on March 1, 2006 through
31 June 1, 2006, the Treasurer shall transfer \$250,000,000 to
32 the School District Property Tax Relief Fund. On the first
33 day of each month, or as soon thereafter as practical,
34 beginning on July 1, 2006, the Treasurer shall transfer to

1 the School District Property Tax Relief Fund an amount
2 equal to one-twelfth of the amount that must be transferred
3 annually to that fund under subsection (c) of Section 6z-68
4 of the State Finance Act.

5 (5) On the first day of each month, or as soon
6 thereafter as practical, beginning on August 1, 2006, the
7 Treasurer shall transfer \$10,000,000, in addition to
8 appropriations from other sources, to fund reimbursements
9 due under Sections 14-7.02, 14-7.02a, 14-17.03, 14-13.01,
10 18-3, 18-4.3, and 29-5 of the School Code and the School
11 Breakfast and Lunch Program Act at the 100% level.

12 (6) On the first day of each month, or as soon
13 thereafter as practical, beginning August 1, 2006, the
14 Treasurer shall transfer to the Common School Fund an
15 amount sufficient, together with moneys already available
16 in the Common School Fund, to fund all required payments
17 for that month for General State Aid under subsection (E)
18 of Section 18-8.05 of this Code in the 2006-2007 school
19 year and each school year thereafter.

20 (7) Such, pursuant to appropriation, in addition to
21 such sums as may have been otherwise appropriated for the
22 same purpose, for any of the purposes set forth in this
23 Article, subject to the same terms and conditions that
24 apply to distributions under the several sections of this
25 Article, respectively.

26 This amendatory Act of the 94th General Assembly
27 constitutes an irrevocable and continuing appropriation from
28 the Education Assistance Fund for the purposes set forth in
29 this Section.

30 (Source: P.A. 86-18.)

31 (105 ILCS 5/18-25 new)

32 Sec. 18-25. Education Assistance Fund Board. The Education
33 Assistance Fund Board is established. The Board shall consist

1 of 4 members of the General Assembly. The Senate President, the
2 Senate Minority Leader, the Speaker of the House of
3 Representatives, and the House Minority Leader shall each
4 appoint one member to the Board. The members of the Board shall
5 designate one of the members to serve as chairperson. All
6 members shall serve until their respective successors are
7 appointed or until they cease to be members of the General
8 Assembly, whichever occurs first. Vacancies shall be filled in
9 the same manner as the original appointments.

10 Beginning with the 2006-2007 school year and every 2 fiscal
11 years thereafter, the Board must make recommendations to the
12 General Assembly concerning the transfers and distributions
13 required in items (1), (4), and (5) of Section 18-19 of this
14 Code and the foundation level under Section 18-8.05 of this
15 Code. The Board must make its recommendations to the General
16 Assembly on February 1 of each even numbered year, beginning on
17 February 1, 2008.

18 Section 99. Effective date. This Act takes effect upon
19 becoming law."