

1 AN ACT concerning State government.

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

4 Section 5. The State Treasurer Act is amended by changing
5 Section 16.5 as follows:

6 (15 ILCS 505/16.5)

7 Sec. 16.5. College Savings Pool. The State Treasurer may
8 establish and administer a College Savings Pool to supplement
9 and enhance the investment opportunities otherwise available
10 to persons seeking to finance the costs of higher education.
11 The State Treasurer, in administering the College Savings Pool,
12 may receive moneys paid into the pool by a participant and may
13 serve as the fiscal agent of that participant for the purpose
14 of holding and investing those moneys.

15 "Participant", as used in this Section, means any person
16 who makes investments in the pool. "Designated beneficiary", as
17 used in this Section, means any person on whose behalf an
18 account is established in the College Savings Pool by a
19 participant. Both in-state and out-of-state persons may be
20 participants and designated beneficiaries in the College
21 Savings Pool.

22 New accounts in the College Savings Pool may ~~shall~~ be
23 processed through participating financial institutions.

1 "Participating financial institution", as used in this
2 Section, means any financial institution insured by the Federal
3 Deposit Insurance Corporation and lawfully doing business in
4 the State of Illinois and any credit union approved by the
5 State Treasurer and lawfully doing business in the State of
6 Illinois that agrees to process new accounts in the College
7 Savings Pool. Participating financial institutions may charge
8 a processing fee to participants to open an account in the pool
9 that shall not exceed \$30 until the year 2001. Beginning in
10 2001 and every year thereafter, the maximum fee limit shall be
11 adjusted by the Treasurer based on the Consumer Price Index for
12 the North Central Region as published by the United States
13 Department of Labor, Bureau of Labor Statistics for the
14 immediately preceding calendar year. Every contribution
15 received by a financial institution for investment in the
16 College Savings Pool shall be transferred from the financial
17 institution to a location selected by the State Treasurer
18 within one business day following the day that the funds must
19 be made available in accordance with federal law. All
20 communications from the State Treasurer to participants shall
21 reference the participating financial institution at which the
22 account was processed.

23 The Treasurer may invest the moneys in the College Savings
24 Pool in the same manner, in the same types of investments, and
25 subject to the same limitations provided for the investment of
26 moneys by the Illinois State Board of Investment. To enhance

1 the safety and liquidity of the College Savings Pool, to ensure
2 the diversification of the investment portfolio of the pool,
3 and in an effort to keep investment dollars in the State of
4 Illinois, the State Treasurer may ~~shall~~ make a percentage of
5 each account available for investment in participating
6 financial institutions doing business in the State. The State
7 Treasurer may ~~shall~~ deposit with the participating financial
8 institution at which the account was processed the following
9 percentage of each account at a prevailing rate offered by the
10 institution, provided that the deposit is federally insured or
11 fully collateralized and the institution accepts the deposit:
12 10% of the total amount of each account for which the current
13 age of the beneficiary is less than 7 years of age, 20% of the
14 total amount of each account for which the beneficiary is at
15 least 7 years of age and less than 12 years of age, and 50% of
16 the total amount of each account for which the current age of
17 the beneficiary is at least 12 years of age. ~~The State~~
18 ~~Treasurer shall adjust each account at least annually to ensure~~
19 ~~compliance with this Section.~~ The Treasurer shall develop,
20 publish, and implement an investment policy covering the
21 investment of the moneys in the College Savings Pool. The
22 policy shall be published (i) at least once each year in at
23 least one newspaper of general circulation in both Springfield
24 and Chicago and (ii) each year as part of the audit of the
25 College Savings Pool by the Auditor General, which shall be
26 distributed to all participants. The Treasurer shall notify all

1 participants in writing, and the Treasurer shall publish in a
2 newspaper of general circulation in both Chicago and
3 Springfield, any changes to the previously published
4 investment policy at least 30 calendar days before implementing
5 the policy. Any investment policy adopted by the Treasurer
6 shall be reviewed and updated if necessary within 90 days
7 following the date that the State Treasurer takes office.

8 Participants shall be required to use moneys distributed
9 from the College Savings Pool for qualified expenses at
10 eligible educational institutions. "Qualified expenses", as
11 used in this Section, means the following: (i) tuition, fees,
12 and the costs of books, supplies, and equipment required for
13 enrollment or attendance at an eligible educational
14 institution and (ii) certain room and board expenses incurred
15 while attending an eligible educational institution at least
16 half-time. "Eligible educational institutions", as used in
17 this Section, means public and private colleges, junior
18 colleges, graduate schools, and certain vocational
19 institutions that are described in Section 481 of the Higher
20 Education Act of 1965 (20 U.S.C. 1088) and that are eligible to
21 participate in Department of Education student aid programs. A
22 student shall be considered to be enrolled at least half-time
23 if the student is enrolled for at least half the full-time
24 academic work load for the course of study the student is
25 pursuing as determined under the standards of the institution
26 at which the student is enrolled. Distributions made from the

1 pool for qualified expenses shall be made directly to the
2 eligible educational institution, directly to a vendor, or in
3 the form of a check payable to both the beneficiary and the
4 institution or vendor. Any moneys that are distributed in any
5 other manner or that are used for expenses other than qualified
6 expenses at an eligible educational institution shall be
7 subject to a penalty of 10% of the earnings unless the
8 beneficiary dies, becomes disabled, or receives a scholarship
9 that equals or exceeds the distribution. Penalties shall be
10 withheld at the time the distribution is made.

11 The Treasurer shall limit the contributions that may be
12 made on behalf of a designated beneficiary based on the
13 limitations established by the Internal Revenue Service. ~~an~~
14 ~~actuarial estimate of what is required to pay tuition, fees,~~
15 ~~and room and board for 5 undergraduate years at the highest~~
16 ~~cost eligible educational institution.~~ The contributions made
17 on behalf of a beneficiary who is also a beneficiary under the
18 Illinois Prepaid Tuition Program shall be further restricted to
19 ensure that the contributions in both programs combined do not
20 exceed the limit established for the College Savings Pool. The
21 Treasurer shall provide the Illinois Student Assistance
22 Commission each year at a time designated by the Commission, an
23 electronic report of all participant accounts in the
24 Treasurer's College Savings Pool, listing total contributions
25 and disbursements from each individual account during the
26 previous calendar year. As soon thereafter as is possible

1 following receipt of the Treasurer's report, the Illinois
2 Student Assistance Commission shall, in turn, provide the
3 Treasurer with an electronic report listing those College
4 Savings Pool participants who also participate in the State's
5 prepaid tuition program, administered by the Commission. The
6 Commission shall be responsible for filing any combined tax
7 reports regarding State qualified savings programs required by
8 the United States Internal Revenue Service. The Treasurer shall
9 work with the Illinois Student Assistance Commission to
10 coordinate the marketing of the College Savings Pool and the
11 Illinois Prepaid Tuition Program when considered beneficial by
12 the Treasurer and the Director of the Illinois Student
13 Assistance Commission. The Treasurer's office shall not
14 publicize or otherwise market the College Savings Pool or
15 accept any moneys into the College Savings Pool prior to March
16 1, 2000. The Treasurer shall provide a separate accounting for
17 each designated beneficiary to each participant, the Illinois
18 Student Assistance Commission, and the participating financial
19 institution at which the account was processed. No interest in
20 the program may be pledged as security for a loan.

21 The assets of the College Savings Pool and its income and
22 operation shall be exempt from all taxation by the State of
23 Illinois and any of its subdivisions. The accrued earnings on
24 investments in the Pool once disbursed on behalf of a
25 designated beneficiary shall be similarly exempt from all
26 taxation by the State of Illinois and its subdivisions, so long

1 as they are used for qualified expenses. Contributions to a
2 College Savings Pool account during the taxable year may be
3 deducted from adjusted gross income as provided in Section 203
4 of the Illinois Income Tax Act. The provisions of this
5 paragraph are exempt from Section 250 of the Illinois Income
6 Tax Act.

7 The Treasurer shall adopt rules he or she considers
8 necessary for the efficient administration of the College
9 Savings Pool. The rules shall provide whatever additional
10 parameters and restrictions are necessary to ensure that the
11 College Savings Pool meets all of the requirements for a
12 qualified state tuition program under Section 529 of the
13 Internal Revenue Code (26 U.S.C. 529). The rules shall provide
14 for the administration expenses of the pool to be paid from its
15 earnings and for the investment earnings in excess of the
16 expenses and all moneys collected as penalties to be credited
17 or paid monthly to the several participants in the pool in a
18 manner which equitably reflects the differing amounts of their
19 respective investments in the pool and the differing periods of
20 time for which those amounts were in the custody of the pool.
21 Also, the rules shall require the maintenance of records that
22 enable the Treasurer's office to produce a report for each
23 account in the pool at least annually that documents the
24 account balance and investment earnings. Notice of any proposed
25 amendments to the rules and regulations shall be provided to
26 all participants prior to adoption. Amendments to rules and

1 regulations shall apply only to contributions made after the
2 adoption of the amendment.

3 Upon creating the College Savings Pool, the State Treasurer
4 shall give bond with 2 or more sufficient sureties, payable to
5 and for the benefit of the participants in the College Savings
6 Pool, in the penal sum of \$1,000,000, conditioned upon the
7 faithful discharge of his or her duties in relation to the
8 College Savings Pool.

9 (Source: P.A. 92-16, eff. 6-28-01; 92-439, eff. 8-17-01;
10 92-626, eff. 7-11-02; 93-812, eff. 1-1-05.)

11 Section 10. The Illinois Income Tax Act is amended by
12 changing Section 203 as follows:

13 (35 ILCS 5/203) (from Ch. 120, par. 2-203)

14 Sec. 203. Base income defined.

15 (a) Individuals.

16 (1) In general. In the case of an individual, base
17 income means an amount equal to the taxpayer's adjusted
18 gross income for the taxable year as modified by paragraph
19 (2).

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

23 (A) An amount equal to all amounts paid or accrued
24 to the taxpayer as interest or dividends during the

1 taxable year to the extent excluded from gross income
2 in the computation of adjusted gross income, except
3 stock dividends of qualified public utilities
4 described in Section 305(e) of the Internal Revenue
5 Code;

6 (B) An amount equal to the amount of tax imposed by
7 this Act to the extent deducted from gross income in
8 the computation of adjusted gross income for the
9 taxable year;

10 (C) An amount equal to the amount received during
11 the taxable year as a recovery or refund of real
12 property taxes paid with respect to the taxpayer's
13 principal residence under the Revenue Act of 1939 and
14 for which a deduction was previously taken under
15 subparagraph (L) of this paragraph (2) prior to July 1,
16 1991, the retrospective application date of Article 4
17 of Public Act 87-17. In the case of multi-unit or
18 multi-use structures and farm dwellings, the taxes on
19 the taxpayer's principal residence shall be that
20 portion of the total taxes for the entire property
21 which is attributable to such principal residence;

22 (D) An amount equal to the amount of the capital
23 gain deduction allowable under the Internal Revenue
24 Code, to the extent deducted from gross income in the
25 computation of adjusted gross income;

26 (D-5) An amount, to the extent not included in

1 adjusted gross income, equal to the amount of money
2 withdrawn by the taxpayer in the taxable year from a
3 medical care savings account and the interest earned on
4 the account in the taxable year of a withdrawal
5 pursuant to subsection (b) of Section 20 of the Medical
6 Care Savings Account Act or subsection (b) of Section
7 20 of the Medical Care Savings Account Act of 2000;

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

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

18 (D-16) If the taxpayer sells, transfers, abandons,
19 or otherwise disposes of property for which the
20 taxpayer was required in any taxable year to make an
21 addition modification under subparagraph (D-15), then
22 an amount equal to the aggregate amount of the
23 deductions taken in all taxable years under
24 subparagraph (Z) with respect to that property.

25 If the taxpayer continues to own property through
26 the last day of the last tax year for which the

1 taxpayer may claim a depreciation deduction for
2 federal income tax purposes and for which the taxpayer
3 was allowed in any taxable year to make a subtraction
4 modification under subparagraph (Z), then an amount
5 equal to that subtraction modification.

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

9 (D-17) For taxable years ending on or after
10 December 31, 2004, an amount equal to the amount
11 otherwise allowed as a deduction in computing base
12 income for interest paid, accrued, or incurred,
13 directly or indirectly, to a foreign person who would
14 be a member of the same unitary business group but for
15 the fact that foreign person's business activity
16 outside the United States is 80% or more of the foreign
17 person's total business activity. The addition
18 modification required by this subparagraph shall be
19 reduced to the extent that dividends were included in
20 base income of the unitary group for the same taxable
21 year and received by the taxpayer or by a member of the
22 taxpayer's unitary business group (including amounts
23 included in gross income under Sections 951 through 964
24 of the Internal Revenue Code and amounts included in
25 gross income under Section 78 of the Internal Revenue
26 Code) with respect to the stock of the same person to

1 whom the interest was paid, accrued, or incurred.

2 This paragraph shall not apply to the following:

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

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

14 (a) the foreign person, during the same
15 taxable year, paid, accrued, or incurred, the
16 interest to a person that is not a related
17 member, and

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

25 (iii) the taxpayer can establish, based on
26 clear and convincing evidence, that the interest

1 paid, accrued, or incurred relates to a contract or
2 agreement entered into at arm's-length rates and
3 terms and the principal purpose for the payment is
4 not federal or Illinois tax avoidance; or

5 (iv) an item of interest paid, accrued, or
6 incurred, directly or indirectly, to a foreign
7 person if the taxpayer establishes by clear and
8 convincing evidence that the adjustments are
9 unreasonable; or if the taxpayer and the Director
10 agree in writing to the application or use of an
11 alternative method of apportionment under Section
12 304(f).

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

22 (D-18) For taxable years ending on or after
23 December 31, 2004, an amount equal to the amount of
24 intangible expenses and costs otherwise allowed as a
25 deduction in computing base income, and that were paid,
26 accrued, or incurred, directly or indirectly, to a

1 foreign person who would be a member of the same
2 unitary business group but for the fact that the
3 foreign person's business activity outside the United
4 States is 80% or more of that person's total business
5 activity. The addition modification required by this
6 subparagraph shall be reduced to the extent that
7 dividends were included in base income of the unitary
8 group for the same taxable year and received by the
9 taxpayer or by a member of the taxpayer's unitary
10 business group (including amounts included in gross
11 income under Sections 951 through 964 of the Internal
12 Revenue Code and amounts included in gross income under
13 Section 78 of the Internal Revenue Code) with respect
14 to the stock of the same person to whom the intangible
15 expenses and costs were directly or indirectly paid,
16 incurred, or accrued. The preceding sentence does not
17 apply to the extent that the same dividends caused a
18 reduction to the addition modification required under
19 Section 203(a)(2)(D-17) of this Act. As used in this
20 subparagraph, the term "intangible expenses and costs"
21 includes (1) expenses, losses, and costs for, or
22 related to, the direct or indirect acquisition, use,
23 maintenance or management, ownership, sale, exchange,
24 or any other disposition of intangible property; (2)
25 losses incurred, directly or indirectly, from
26 factoring transactions or discounting transactions;

1 (3) royalty, patent, technical, and copyright fees;
2 (4) licensing fees; and (5) other similar expenses and
3 costs. For purposes of this subparagraph, "intangible
4 property" includes patents, patent applications, trade
5 names, trademarks, service marks, copyrights, mask
6 works, trade secrets, and similar types of intangible
7 assets.

8 This paragraph shall not apply to the following:

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

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

21 (a) the foreign person during the same
22 taxable year paid, accrued, or incurred, the
23 intangible expense or cost to a person that is
24 not a related member, and

25 (b) the transaction giving rise to the
26 intangible expense or cost between the

1 taxpayer and the foreign person did not have as
2 a principal purpose the avoidance of Illinois
3 income tax, and is paid pursuant to a contract
4 or agreement that reflects arm's-length terms;
5 or

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

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

24 (D-20) For taxable years beginning on or after
25 January 1, 2002 and ending on or before December 31,
26 2006, in the case of a distribution from a qualified

1 tuition program under Section 529 of the Internal
2 Revenue Code, other than (i) a distribution from a
3 College Savings Pool created under Section 16.5 of the
4 State Treasurer Act or (ii) a distribution from the
5 Illinois Prepaid Tuition Trust Fund, an amount equal to
6 the amount excluded from gross income under Section
7 529(c)(3)(B). For taxable years beginning on or after
8 January 1, 2007, in the case of a distribution from a
9 qualified tuition program under Section 529 of the
10 Internal Revenue Code, other than (i) a distribution
11 from a College Savings Pool created under Section 16.5
12 of the State Treasurer Act, (ii) a distribution from
13 the Illinois Prepaid Tuition Trust Fund, or (iii) a
14 distribution from a qualified tuition program under
15 Section 529 of the Internal Revenue Code that (I)
16 adopts and determines that its offering materials
17 comply with the College Savings Plans Network's
18 disclosure principles and (II) has made reasonable
19 efforts to inform in-state residents of the existence
20 of in-state qualified tuition programs by informing
21 Illinois residents directly and, where applicable, to
22 inform financial intermediaries distributing the
23 program to inform in-state residents of the existence
24 of in-state qualified tuition programs at least
25 annually, an amount equal to the amount excluded from
26 gross income under Section 529(c)(3)(B).

1 For the purposes of this subparagraph (D-20), a
2 qualified tuition program has made reasonable efforts
3 if it makes disclosures (which may use the term
4 "in-state program" or "in-state plan" and need not
5 specifically refer to Illinois or its qualified
6 programs by name) (i) directly to prospective
7 participants in its offering materials or makes a
8 public disclosure, such as a website posting; and (ii)
9 where applicable, to intermediaries selling the
10 out-of-state program in the same manner that the
11 out-of-state program distributes its offering
12 materials;

13 (D-21) For taxable years beginning on or after
14 January 1, 2007, in the case of transfer of moneys from
15 a qualified tuition program under Section 529 of the
16 Internal Revenue Code that is administered by the State
17 to an out-of-state program, an amount equal to the
18 amount of moneys previously deducted from base income
19 under subsection (a) (2) (Y) of this Section.

20 and by deducting from the total so obtained the sum of the
21 following amounts:

22 (E) For taxable years ending before December 31,
23 2001, any amount included in such total in respect of
24 any compensation (including but not limited to any
25 compensation paid or accrued to a serviceman while a
26 prisoner of war or missing in action) paid to a

1 resident by reason of being on active duty in the Armed
2 Forces of the United States and in respect of any
3 compensation paid or accrued to a resident who as a
4 governmental employee was a prisoner of war or missing
5 in action, and in respect of any compensation paid to a
6 resident in 1971 or thereafter for annual training
7 performed pursuant to Sections 502 and 503, Title 32,
8 United States Code as a member of the Illinois National
9 Guard. For taxable years ending on or after December
10 31, 2001, any amount included in such total in respect
11 of any compensation (including but not limited to any
12 compensation paid or accrued to a serviceman while a
13 prisoner of war or missing in action) paid to a
14 resident by reason of being a member of any component
15 of the Armed Forces of the United States and in respect
16 of any compensation paid or accrued to a resident who
17 as a governmental employee was a prisoner of war or
18 missing in action, and in respect of any compensation
19 paid to a resident in 2001 or thereafter by reason of
20 being a member of the Illinois National Guard. The
21 provisions of this amendatory Act of the 92nd General
22 Assembly are exempt from the provisions of Section 250;

23 (F) An amount equal to all amounts included in such
24 total pursuant to the provisions of Sections 402(a),
25 402(c), 403(a), 403(b), 406(a), 407(a), and 408 of the
26 Internal Revenue Code, or included in such total as

1 distributions under the provisions of any retirement
2 or disability plan for employees of any governmental
3 agency or unit, or retirement payments to retired
4 partners, which payments are excluded in computing net
5 earnings from self employment by Section 1402 of the
6 Internal Revenue Code and regulations adopted pursuant
7 thereto;

8 (G) The valuation limitation amount;

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

12 (I) An amount equal to all amounts included in such
13 total pursuant to the provisions of Section 111 of the
14 Internal Revenue Code as a recovery of items previously
15 deducted from adjusted gross income in the computation
16 of taxable income;

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

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

10 (L) For taxable years ending after December 31,
11 1983, an amount equal to all social security benefits
12 and railroad retirement benefits included in such
13 total pursuant to Sections 72(r) and 86 of the Internal
14 Revenue Code;

15 (M) With the exception of any amounts subtracted
16 under subparagraph (N), an amount equal to the sum of
17 all amounts disallowed as deductions by (i) Sections
18 171(a) (2), and 265(2) of the Internal Revenue Code of
19 1954, as now or hereafter amended, and all amounts of
20 expenses allocable to interest and disallowed as
21 deductions by Section 265(1) of the Internal Revenue
22 Code of 1954, as now or hereafter amended; and (ii) for
23 taxable years ending on or after August 13, 1999,
24 Sections 171(a) (2), 265, 280C, and 832(b) (5) (B) (i) of
25 the Internal Revenue Code; the provisions of this
26 subparagraph are exempt from the provisions of Section

1 250;

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

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

14 (P) An amount equal to the amount of the deduction
15 used to compute the federal income tax credit for
16 restoration of substantial amounts held under claim of
17 right for the taxable year pursuant to Section 1341 of
18 the Internal Revenue Code of 1986;

19 (Q) An amount equal to any amounts included in such
20 total, received by the taxpayer as an acceleration in
21 the payment of life, endowment or annuity benefits in
22 advance of the time they would otherwise be payable as
23 an indemnity for a terminal illness;

24 (R) An amount equal to the amount of any federal or
25 State bonus paid to veterans of the Persian Gulf War;

26 (S) An amount, to the extent included in adjusted

1 gross income, equal to the amount of a contribution
2 made in the taxable year on behalf of the taxpayer to a
3 medical care savings account established under the
4 Medical Care Savings Account Act or the Medical Care
5 Savings Account Act of 2000 to the extent the
6 contribution is accepted by the account administrator
7 as provided in that Act;

8 (T) An amount, to the extent included in adjusted
9 gross income, equal to the amount of interest earned in
10 the taxable year on a medical care savings account
11 established under the Medical Care Savings Account Act
12 or the Medical Care Savings Account Act of 2000 on
13 behalf of the taxpayer, other than interest added
14 pursuant to item (D-5) of this paragraph (2);

15 (U) For one taxable year beginning on or after
16 January 1, 1994, an amount equal to the total amount of
17 tax imposed and paid under subsections (a) and (b) of
18 Section 201 of this Act on grant amounts received by
19 the taxpayer under the Nursing Home Grant Assistance
20 Act during the taxpayer's taxable years 1992 and 1993;

21 (V) Beginning with tax years ending on or after
22 December 31, 1995 and ending with tax years ending on
23 or before December 31, 2004, an amount equal to the
24 amount paid by a taxpayer who is a self-employed
25 taxpayer, a partner of a partnership, or a shareholder
26 in a Subchapter S corporation for health insurance or

1 long-term care insurance for that taxpayer or that
2 taxpayer's spouse or dependents, to the extent that the
3 amount paid for that health insurance or long-term care
4 insurance may be deducted under Section 213 of the
5 Internal Revenue Code of 1986, has not been deducted on
6 the federal income tax return of the taxpayer, and does
7 not exceed the taxable income attributable to that
8 taxpayer's income, self-employment income, or
9 Subchapter S corporation income; except that no
10 deduction shall be allowed under this item (V) if the
11 taxpayer is eligible to participate in any health
12 insurance or long-term care insurance plan of an
13 employer of the taxpayer or the taxpayer's spouse. The
14 amount of the health insurance and long-term care
15 insurance subtracted under this item (V) shall be
16 determined by multiplying total health insurance and
17 long-term care insurance premiums paid by the taxpayer
18 times a number that represents the fractional
19 percentage of eligible medical expenses under Section
20 213 of the Internal Revenue Code of 1986 not actually
21 deducted on the taxpayer's federal income tax return;

22 (W) For taxable years beginning on or after January
23 1, 1998, all amounts included in the taxpayer's federal
24 gross income in the taxable year from amounts converted
25 from a regular IRA to a Roth IRA. This paragraph is
26 exempt from the provisions of Section 250;

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

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

8 (Y) For taxable years beginning on or after January
9 1, 2002 and ending on or before December 31, 2004,
10 moneys contributed in the taxable year to a College
11 Savings Pool account under Section 16.5 of the State
12 Treasurer Act, except that amounts excluded from gross
13 income under Section 529(c)(3)(C)(i) of the Internal
14 Revenue Code shall not be considered moneys
15 contributed under this subparagraph (Y). For taxable
16 years beginning on or after January 1, 2005, a maximum
17 of \$10,000 contributed in the taxable year to (i) a
18 College Savings Pool account under Section 16.5 of the
19 State Treasurer Act or (ii) the Illinois Prepaid
20 Tuition Trust Fund, except that amounts excluded from
21 gross income under Section 529(c)(3)(C)(i) of the
22 Internal Revenue Code shall not be considered moneys
23 contributed under this subparagraph (Y). This
24 subparagraph (Y) is exempt from the provisions of
25 Section 250;

26 (Z) For taxable years 2001 and thereafter, for the

1 taxable year in which the bonus depreciation deduction
2 is taken on the taxpayer's federal income tax return
3 under subsection (k) of Section 168 of the Internal
4 Revenue Code and for each applicable taxable year
5 thereafter, an amount equal to "x", where:

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

13 (2) for taxable years ending on or before
14 December 31, 2005, "x" equals "y" multiplied by 30
15 and then divided by 70 (or "y" multiplied by
16 0.429); and

17 (3) for taxable years ending after December
18 31, 2005:

19 (i) for property on which a bonus
20 depreciation deduction of 30% of the adjusted
21 basis was taken, "x" equals "y" multiplied by
22 30 and then divided by 70 (or "y" multiplied by
23 0.429); and

24 (ii) for property on which a bonus
25 depreciation deduction of 50% of the adjusted
26 basis was taken, "x" equals "y" multiplied by

1 1.0.

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

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

15 If the taxpayer continues to own property through
16 the last day of the last tax year for which the
17 taxpayer may claim a depreciation deduction for
18 federal income tax purposes and for which the taxpayer
19 was required in any taxable year to make an addition
20 modification under subparagraph (D-15), then an amount
21 equal to that addition modification.

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

25 This subparagraph (AA) is exempt from the
26 provisions of Section 250;

1 (BB) Any amount included in adjusted gross income,
2 other than salary, received by a driver in a
3 ridesharing arrangement using a motor vehicle;

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

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

1 person's total business activity, but not to exceed the
2 addition modification required to be made for the same
3 taxable year under Section 203(a)(2)(D-17) for
4 interest paid, accrued, or incurred, directly or
5 indirectly, to the same foreign person; and

6 (EE) An amount equal to the income from intangible
7 property taken into account for the taxable year (net
8 of the deductions allocable thereto) with respect to
9 transactions with a foreign person who would be a
10 member of the taxpayer's unitary business group but for
11 the fact that the foreign person's business activity
12 outside the United States is 80% or more of that
13 person's total business activity, but not to exceed the
14 addition modification required to be made for the same
15 taxable year under Section 203(a)(2)(D-18) for
16 intangible expenses and costs paid, accrued, or
17 incurred, directly or indirectly, to the same foreign
18 person.

19 (b) Corporations.

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

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

1 (A) An amount equal to all amounts paid or accrued
2 to the taxpayer as interest and all distributions
3 received from regulated investment companies during
4 the taxable year to the extent excluded from gross
5 income in the computation of taxable income;

6 (B) An amount equal to the amount of tax imposed by
7 this Act to the extent deducted from gross income in
8 the computation of taxable income for the taxable year;

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

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

23 (E) For taxable years in which a net operating loss
24 carryback or carryforward from a taxable year ending
25 prior to December 31, 1986 is an element of taxable
26 income under paragraph (1) of subsection (e) or

1 subparagraph (E) of paragraph (2) of subsection (e),
2 the amount by which addition modifications other than
3 those provided by this subparagraph (E) exceeded
4 subtraction modifications in such earlier taxable
5 year, with the following limitations applied in the
6 order that they are listed:

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

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

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

1 (E-5) For taxable years ending after December 31,
2 1997, an amount equal to any eligible remediation costs
3 that the corporation deducted in computing adjusted
4 gross income and for which the corporation claims a
5 credit under subsection (l) of Section 201;

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

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

18 If the taxpayer continues to own property through
19 the last day of the last tax year for which the
20 taxpayer may claim a depreciation deduction for
21 federal income tax purposes and for which the taxpayer
22 was allowed in any taxable year to make a subtraction
23 modification under subparagraph (T), then an amount
24 equal to that subtraction modification.

25 The taxpayer is required to make the addition
26 modification under this subparagraph only once with

1 respect to any one piece of property;

2 (E-12) For taxable years ending on or after
3 December 31, 2004, an amount equal to the amount
4 otherwise allowed as a deduction in computing base
5 income for interest paid, accrued, or incurred,
6 directly or indirectly, to a foreign person who would
7 be a member of the same unitary business group but for
8 the fact the foreign person's business activity
9 outside the United States is 80% or more of the foreign
10 person's total business activity. The addition
11 modification required by this subparagraph shall be
12 reduced to the extent that dividends were included in
13 base income of the unitary group for the same taxable
14 year and received by the taxpayer or by a member of the
15 taxpayer's unitary business group (including amounts
16 included in gross income pursuant to Sections 951
17 through 964 of the Internal Revenue Code and amounts
18 included in gross income under Section 78 of the
19 Internal Revenue Code) with respect to the stock of the
20 same person to whom the interest was paid, accrued, or
21 incurred.

22 This paragraph shall not apply to the following:

23 (i) an item of interest paid, accrued, or
24 incurred, directly or indirectly, to a foreign
25 person who is subject in a foreign country or
26 state, other than a state which requires mandatory

1 unitary reporting, to a tax on or measured by net
2 income with respect to such interest; or

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

8 (a) the foreign person, during the same
9 taxable year, paid, accrued, or incurred, the
10 interest to a person that is not a related
11 member, and

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

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

25 (iv) an item of interest paid, accrued, or
26 incurred, directly or indirectly, to a foreign

1 person if the taxpayer establishes by clear and
2 convincing evidence that the adjustments are
3 unreasonable; or if the taxpayer and the Director
4 agree in writing to the application or use of an
5 alternative method of apportionment under Section
6 304(f).

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

16 (E-13) For taxable years ending on or after
17 December 31, 2004, an amount equal to the amount of
18 intangible expenses and costs otherwise allowed as a
19 deduction in computing base income, and that were paid,
20 accrued, or incurred, directly or indirectly, to a
21 foreign person who would be a member of the same
22 unitary business group but for the fact that the
23 foreign person's business activity outside the United
24 States is 80% or more of that person's total business
25 activity. The addition modification required by this
26 subparagraph shall be reduced to the extent that

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

1 similar types of intangible assets.

2 This paragraph shall not apply to the following:

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

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

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

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

26 (iii) any item of intangible expense or cost

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

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

18 and by deducting from the total so obtained the sum of the
19 following amounts:

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

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

25 (H) In the case of a regulated investment company,
26 an amount equal to the amount of exempt interest

1 dividends as defined in subsection (b) (5) of Section
2 852 of the Internal Revenue Code, paid to shareholders
3 for the taxable year;

4 (I) With the exception of any amounts subtracted
5 under subparagraph (J), an amount equal to the sum of
6 all amounts disallowed as deductions by (i) Sections
7 171(a) (2), and 265(a) (2) and amounts disallowed as
8 interest expense by Section 291(a) (3) of the Internal
9 Revenue Code, as now or hereafter amended, and all
10 amounts of expenses allocable to interest and
11 disallowed as deductions by Section 265(a) (1) of the
12 Internal Revenue Code, as now or hereafter amended; and
13 (ii) for taxable years ending on or after August 13,
14 1999, Sections 171(a) (2), 265, 280C, 291(a) (3), and
15 832(b) (5) (B) (i) of the Internal Revenue Code; the
16 provisions of this subparagraph are exempt from the
17 provisions of Section 250;

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

1 (K) An amount equal to those dividends included in
2 such total which were paid by a corporation which
3 conducts business operations in an Enterprise Zone or
4 zones created under the Illinois Enterprise Zone Act or
5 a River Edge Redevelopment Zone or zones created under
6 the River Edge Redevelopment Zone Act and conducts
7 substantially all of its operations in an Enterprise
8 Zone or zones or a River Edge Redevelopment Zone or
9 zones. This subparagraph (K) is exempt from the
10 provisions of Section 250;

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

20 (M) For any taxpayer that is a financial
21 organization within the meaning of Section 304(c) of
22 this Act, an amount included in such total as interest
23 income from a loan or loans made by such taxpayer to a
24 borrower, to the extent that such a loan is secured by
25 property which is eligible for the Enterprise Zone
26 Investment Credit or the River Edge Redevelopment Zone

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

18 (M-1) For any taxpayer that is a financial
19 organization within the meaning of Section 304(c) of
20 this Act, an amount included in such total as interest
21 income from a loan or loans made by such taxpayer to a
22 borrower, to the extent that such a loan is secured by
23 property which is eligible for the High Impact Business
24 Investment Credit. To determine the portion of a loan
25 or loans that is secured by property eligible for a
26 Section 201(h) investment credit to the borrower, the

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

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

1 provisions of Section 250;

2 (O) An amount equal to: (i) 85% for taxable years
3 ending on or before December 31, 1992, or, a percentage
4 equal to the percentage allowable under Section
5 243(a)(1) of the Internal Revenue Code of 1986 for
6 taxable years ending after December 31, 1992, of the
7 amount by which dividends included in taxable income
8 and received from a corporation that is not created or
9 organized under the laws of the United States or any
10 state or political subdivision thereof, including, for
11 taxable years ending on or after December 31, 1988,
12 dividends received or deemed received or paid or deemed
13 paid under Sections 951 through 964 of the Internal
14 Revenue Code, exceed the amount of the modification
15 provided under subparagraph (G) of paragraph (2) of
16 this subsection (b) which is related to such dividends;
17 plus (ii) 100% of the amount by which dividends,
18 included in taxable income and received, including,
19 for taxable years ending on or after December 31, 1988,
20 dividends received or deemed received or paid or deemed
21 paid under Sections 951 through 964 of the Internal
22 Revenue Code, from any such corporation specified in
23 clause (i) that would but for the provisions of Section
24 1504 (b) (3) of the Internal Revenue Code be treated as
25 a member of the affiliated group which includes the
26 dividend recipient, exceed the amount of the

1 modification provided under subparagraph (G) of
2 paragraph (2) of this subsection (b) which is related
3 to such dividends;

4 (P) An amount equal to any contribution made to a
5 job training project established pursuant to the Tax
6 Increment Allocation Redevelopment Act;

7 (Q) An amount equal to the amount of the deduction
8 used to compute the federal income tax credit for
9 restoration of substantial amounts held under claim of
10 right for the taxable year pursuant to Section 1341 of
11 the Internal Revenue Code of 1986;

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

25 (S) For taxable years ending on or after December
26 31, 1997, in the case of a Subchapter S corporation, an

1 amount equal to all amounts of income allocable to a
2 shareholder subject to the Personal Property Tax
3 Replacement Income Tax imposed by subsections (c) and
4 (d) of Section 201 of this Act, including amounts
5 allocable to organizations exempt from federal income
6 tax by reason of Section 501(a) of the Internal Revenue
7 Code. This subparagraph (S) is exempt from the
8 provisions of Section 250;

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

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

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

26 (3) for taxable years ending after December

1 31, 2005:

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

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

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

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

24 If the taxpayer continues to own property through
25 the last day of the last tax year for which the
26 taxpayer may claim a depreciation deduction for

1 federal income tax purposes and for which the taxpayer
2 was required in any taxable year to make an addition
3 modification under subparagraph (E-10), then an amount
4 equal to that addition modification.

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

8 This subparagraph (U) is exempt from the
9 provisions of Section 250;

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

26 (W) An amount equal to the interest income taken

1 into account for the taxable year (net of the
2 deductions allocable thereto) with respect to
3 transactions with a foreign person who would be a
4 member of the taxpayer's unitary business group but for
5 the fact that the foreign person's business activity
6 outside the United States is 80% or more of that
7 person's total business activity, but not to exceed the
8 addition modification required to be made for the same
9 taxable year under Section 203(b)(2)(E-12) for
10 interest paid, accrued, or incurred, directly or
11 indirectly, to the same foreign person; and

12 (X) An amount equal to the income from intangible
13 property taken into account for the taxable year (net
14 of the deductions allocable thereto) with respect to
15 transactions with a foreign person who would be a
16 member of the taxpayer's unitary business group but for
17 the fact that the foreign person's business activity
18 outside the United States is 80% or more of that
19 person's total business activity, but not to exceed the
20 addition modification required to be made for the same
21 taxable year under Section 203(b)(2)(E-13) for
22 intangible expenses and costs paid, accrued, or
23 incurred, directly or indirectly, to the same foreign
24 person.

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

1 tax years ending on and after December 31, 1994, shall mean
2 the gross investment income for the taxable year.

3 (c) Trusts and estates.

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

7 (2) Modifications. Subject to the provisions of
8 paragraph (3), the taxable income referred to in paragraph
9 (1) shall be modified by adding thereto the sum of the
10 following amounts:

11 (A) An amount equal to all amounts paid or accrued
12 to the taxpayer as interest or dividends during the
13 taxable year to the extent excluded from gross income
14 in the computation of taxable income;

15 (B) In the case of (i) an estate, \$600; (ii) a
16 trust which, under its governing instrument, is
17 required to distribute all of its income currently,
18 \$300; and (iii) any other trust, \$100, but in each such
19 case, only to the extent such amount was deducted in
20 the computation of taxable income;

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

24 (D) The amount of any net operating loss deduction
25 taken in arriving at taxable income, other than a net

1 operating loss carried forward from a taxable year
2 ending prior to December 31, 1986;

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

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

21 (ii) the addition modification relating to the
22 net operating loss carried back or forward to the
23 taxable year from any taxable year ending prior to
24 December 31, 1986 shall not exceed the amount of
25 such carryback or carryforward;

26 For taxable years in which there is a net operating

1 loss carryback or carryforward from more than one other
2 taxable year ending prior to December 31, 1986, the
3 addition modification provided in this subparagraph
4 (E) shall be the sum of the amounts computed
5 independently under the preceding provisions of this
6 subparagraph (E) for each such taxable year;

7 (F) For taxable years ending on or after January 1,
8 1989, an amount equal to the tax deducted pursuant to
9 Section 164 of the Internal Revenue Code if the trust
10 or estate is claiming the same tax for purposes of the
11 Illinois foreign tax credit under Section 601 of this
12 Act;

13 (G) An amount equal to the amount of the capital
14 gain deduction allowable under the Internal Revenue
15 Code, to the extent deducted from gross income in the
16 computation of taxable income;

17 (G-5) For taxable years ending after December 31,
18 1997, an amount equal to any eligible remediation costs
19 that the trust or estate deducted in computing adjusted
20 gross income and for which the trust or estate claims a
21 credit under subsection (l) of Section 201;

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

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

8 If the taxpayer continues to own property through
9 the last day of the last tax year for which the
10 taxpayer may claim a depreciation deduction for
11 federal income tax purposes and for which the taxpayer
12 was allowed in any taxable year to make a subtraction
13 modification under subparagraph (R), then an amount
14 equal to that subtraction modification.

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

18 (G-12) For taxable years ending on or after
19 December 31, 2004, an amount equal to the amount
20 otherwise allowed as a deduction in computing base
21 income for interest paid, accrued, or incurred,
22 directly or indirectly, to a foreign person who would
23 be a member of the same unitary business group but for
24 the fact that the foreign person's business activity
25 outside the United States is 80% or more of the foreign
26 person's total business activity. The addition

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

12 This paragraph shall not apply to the following:

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

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

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

1 member, and

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

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

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

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

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

6 (G-13) For taxable years ending on or after
7 December 31, 2004, an amount equal to the amount of
8 intangible expenses and costs otherwise allowed as a
9 deduction in computing base income, and that were paid,
10 accrued, or incurred, directly or indirectly, to a
11 foreign person who would be a member of the same
12 unitary business group but for the fact that the
13 foreign person's business activity outside the United
14 States is 80% or more of that person's total business
15 activity. The addition modification required by this
16 subparagraph shall be reduced to the extent that
17 dividends were included in base income of the unitary
18 group for the same taxable year and received by the
19 taxpayer or by a member of the taxpayer's unitary
20 business group (including amounts included in gross
21 income pursuant to Sections 951 through 964 of the
22 Internal Revenue Code and amounts included in gross
23 income under Section 78 of the Internal Revenue Code)
24 with respect to the stock of the same person to whom
25 the intangible expenses and costs were directly or
26 indirectly paid, incurred, or accrued. The preceding

1 sentence shall not apply to the extent that the same
2 dividends caused a reduction to the addition
3 modification required under Section 203(c)(2)(G-12) of
4 this Act. As used in this subparagraph, the term
5 "intangible expenses and costs" includes: (1)
6 expenses, losses, and costs for or related to the
7 direct or indirect acquisition, use, maintenance or
8 management, ownership, sale, exchange, or any other
9 disposition of intangible property; (2) losses
10 incurred, directly or indirectly, from factoring
11 transactions or discounting transactions; (3) royalty,
12 patent, technical, and copyright fees; (4) licensing
13 fees; and (5) other similar expenses and costs. For
14 purposes of this subparagraph, "intangible property"
15 includes patents, patent applications, trade names,
16 trademarks, service marks, copyrights, mask works,
17 trade secrets, and similar types of intangible assets.

18 This paragraph shall not apply to the following:

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

26 (ii) any item of intangible expense or cost

1 paid, accrued, or incurred, directly or
2 indirectly, if the taxpayer can establish, based
3 on a preponderance of the evidence, both of the
4 following:

5 (a) the foreign person during the same
6 taxable year paid, accrued, or incurred, the
7 intangible expense or cost to a person that is
8 not a related member, and

9 (b) the transaction giving rise to the
10 intangible expense or cost between the
11 taxpayer and the foreign person did not have as
12 a principal purpose the avoidance of Illinois
13 income tax, and is paid pursuant to a contract
14 or agreement that reflects arm's-length terms;
15 or

16 (iii) any item of intangible expense or cost
17 paid, accrued, or incurred, directly or
18 indirectly, from a transaction with a foreign
19 person if the taxpayer establishes by clear and
20 convincing evidence, that the adjustments are
21 unreasonable; or if the taxpayer and the Director
22 agree in writing to the application or use of an
23 alternative method of apportionment under Section
24 304(f);

25 Nothing in this subsection shall preclude the
26 Director from making any other adjustment

1 otherwise allowed under Section 404 of this Act for
2 any tax year beginning after the effective date of
3 this amendment provided such adjustment is made
4 pursuant to regulation adopted by the Department
5 and such regulations provide methods and standards
6 by which the Department will utilize its authority
7 under Section 404 of this Act;

8 and by deducting from the total so obtained the sum of the
9 following amounts:

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

21 (I) The valuation limitation amount;

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

25 (K) An amount equal to all amounts included in
26 taxable income as modified by subparagraphs (A), (B),

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

10 (L) With the exception of any amounts subtracted
11 under subparagraph (K), an amount equal to the sum of
12 all amounts disallowed as deductions by (i) Sections
13 171(a) (2) and 265(a) (2) of the Internal Revenue Code,
14 as now or hereafter amended, and all amounts of
15 expenses allocable to interest and disallowed as
16 deductions by Section 265(1) of the Internal Revenue
17 Code of 1954, as now or hereafter amended; and (ii) for
18 taxable years ending on or after August 13, 1999,
19 Sections 171(a) (2), 265, 280C, and 832(b) (5) (B) (i) of
20 the Internal Revenue Code; the provisions of this
21 subparagraph are exempt from the provisions of Section
22 250;

23 (M) An amount equal to those dividends included in
24 such total which were paid by a corporation which
25 conducts business operations in an Enterprise Zone or
26 zones created under the Illinois Enterprise Zone Act or

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

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

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

19 (P) An amount equal to the amount of the deduction
20 used to compute the federal income tax credit for
21 restoration of substantial amounts held under claim of
22 right for the taxable year pursuant to Section 1341 of
23 the Internal Revenue Code of 1986;

24 (Q) For taxable year 1999 and thereafter, an amount
25 equal to the amount of any (i) distributions, to the
26 extent includible in gross income for federal income

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

1 not affected by the inclusion of items (i) and (ii) of
2 this paragraph in gross income for federal income tax
3 purposes. This paragraph is exempt from the provisions
4 of Section 250;

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

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

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

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

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

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

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

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

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

20 If the taxpayer continues to own property through
21 the last day of the last tax year for which the
22 taxpayer may claim a depreciation deduction for
23 federal income tax purposes and for which the taxpayer
24 was required in any taxable year to make an addition
25 modification under subparagraph (G-10), then an amount
26 equal to that addition modification.

1 The taxpayer is allowed to take the deduction under
2 this subparagraph only once with respect to any one
3 piece of property.

4 This subparagraph (S) is exempt from the
5 provisions of Section 250;

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

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

1 the fact the foreign person's business activity
2 outside the United States is 80% or more of that
3 person's total business activity, but not to exceed the
4 addition modification required to be made for the same
5 taxable year under Section 203(c)(2)(G-12) for
6 interest paid, accrued, or incurred, directly or
7 indirectly, to the same foreign person; and

8 (V) An amount equal to the income from intangible
9 property taken into account for the taxable year (net
10 of the deductions allocable thereto) with respect to
11 transactions with a foreign person who would be a
12 member of the taxpayer's unitary business group but for
13 the fact that the foreign person's business activity
14 outside the United States is 80% or more of that
15 person's total business activity, but not to exceed the
16 addition modification required to be made for the same
17 taxable year under Section 203(c)(2)(G-13) for
18 intangible expenses and costs paid, accrued, or
19 incurred, directly or indirectly, to the same foreign
20 person.

21 (3) Limitation. The amount of any modification
22 otherwise required under this subsection shall, under
23 regulations prescribed by the Department, be adjusted by
24 any amounts included therein which were properly paid,
25 credited, or required to be distributed, or permanently set
26 aside for charitable purposes pursuant to Internal Revenue

1 Code Section 642(c) during the taxable year.

2 (d) Partnerships.

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

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

9 (A) An amount equal to all amounts paid or accrued
10 to the taxpayer as interest or dividends during the
11 taxable year to the extent excluded from gross income
12 in the computation of taxable income;

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

16 (C) The amount of deductions allowed to the
17 partnership pursuant to Section 707 (c) of the Internal
18 Revenue Code in calculating its taxable income;

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

23 (D-5) For taxable years 2001 and thereafter, an
24 amount equal to the bonus depreciation deduction taken
25 on the taxpayer's federal income tax return for the

1 taxable year under subsection (k) of Section 168 of the
2 Internal Revenue Code;

3 (D-6) If the taxpayer sells, transfers, abandons,
4 or otherwise disposes of property for which the
5 taxpayer was required in any taxable year to make an
6 addition modification under subparagraph (D-5), then
7 an amount equal to the aggregate amount of the
8 deductions taken in all taxable years under
9 subparagraph (O) with respect to that property.

10 If the taxpayer continues to own property through
11 the last day of the last tax year for which the
12 taxpayer may claim a depreciation deduction for
13 federal income tax purposes and for which the taxpayer
14 was allowed in any taxable year to make a subtraction
15 modification under subparagraph (O), then an amount
16 equal to that subtraction modification.

17 The taxpayer is required to make the addition
18 modification under this subparagraph only once with
19 respect to any one piece of property;

20 (D-7) For taxable years ending on or after December
21 31, 2004, an amount equal to the amount otherwise
22 allowed as a deduction in computing base income for
23 interest paid, accrued, or incurred, directly or
24 indirectly, to a foreign person who would be a member
25 of the same unitary business group but for the fact the
26 foreign person's business activity outside the United

1 States is 80% or more of the foreign person's total
2 business activity. The addition modification required
3 by this subparagraph shall be reduced to the extent
4 that dividends were included in base income of the
5 unitary group for the same taxable year and received by
6 the taxpayer or by a member of the taxpayer's unitary
7 business group (including amounts included in gross
8 income pursuant to Sections 951 through 964 of the
9 Internal Revenue Code and amounts included in gross
10 income under Section 78 of the Internal Revenue Code)
11 with respect to the stock of the same person to whom
12 the interest was paid, accrued, or incurred.

13 This paragraph shall not apply to the following:

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

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

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

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

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

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

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

24 Nothing in this subsection shall preclude the
25 Director from making any other adjustment
26 otherwise allowed under Section 404 of this Act for

1 any tax year beginning after the effective date of
2 this amendment provided such adjustment is made
3 pursuant to regulation adopted by the Department
4 and such regulations provide methods and standards
5 by which the Department will utilize its authority
6 under Section 404 of this Act; and

7 (D-8) For taxable years ending on or after December
8 31, 2004, an amount equal to the amount of intangible
9 expenses and costs otherwise allowed as a deduction in
10 computing base income, and that were paid, accrued, or
11 incurred, directly or indirectly, to a foreign person
12 who would be a member of the same unitary business
13 group but for the fact that the foreign person's
14 business activity outside the United States is 80% or
15 more of that person's total business activity. The
16 addition modification required by this subparagraph
17 shall be reduced to the extent that dividends were
18 included in base income of the unitary group for the
19 same taxable year and received by the taxpayer or by a
20 member of the taxpayer's unitary business group
21 (including amounts included in gross income pursuant
22 to Sections 951 through 964 of the Internal Revenue
23 Code and amounts included in gross income under Section
24 78 of the Internal Revenue Code) with respect to the
25 stock of the same person to whom the intangible
26 expenses and costs were directly or indirectly paid,

1 incurred or accrued. The preceding sentence shall not
2 apply to the extent that the same dividends caused a
3 reduction to the addition modification required under
4 Section 203(d)(2)(D-7) of this Act. As used in this
5 subparagraph, the term "intangible expenses and costs"
6 includes (1) expenses, losses, and costs for, or
7 related to, the direct or indirect acquisition, use,
8 maintenance or management, ownership, sale, exchange,
9 or any other disposition of intangible property; (2)
10 losses incurred, directly or indirectly, from
11 factoring transactions or discounting transactions;
12 (3) royalty, patent, technical, and copyright fees;
13 (4) licensing fees; and (5) other similar expenses and
14 costs. For purposes of this subparagraph, "intangible
15 property" includes patents, patent applications, trade
16 names, trademarks, service marks, copyrights, mask
17 works, trade secrets, and similar types of intangible
18 assets;

19 This paragraph shall not apply to the following:

20 (i) any item of intangible expenses or costs
21 paid, accrued, or incurred, directly or
22 indirectly, from a transaction with a foreign
23 person who is subject in a foreign country or
24 state, other than a state which requires mandatory
25 unitary reporting, to a tax on or measured by net
26 income with respect to such item; or

1 (ii) any item of intangible expense or cost
2 paid, accrued, or incurred, directly or
3 indirectly, if the taxpayer can establish, based
4 on a preponderance of the evidence, both of the
5 following:

6 (a) the foreign person during the same
7 taxable year paid, accrued, or incurred, the
8 intangible expense or cost to a person that is
9 not a related member, and

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

17 (iii) any item of intangible expense or cost
18 paid, accrued, or incurred, directly or
19 indirectly, from a transaction with a foreign
20 person if the taxpayer establishes by clear and
21 convincing evidence, that the adjustments are
22 unreasonable; or if the taxpayer and the Director
23 agree in writing to the application or use of an
24 alternative method of apportionment under Section
25 304(f);

26 Nothing in this subsection shall preclude the

1 Director from making any other adjustment
2 otherwise allowed under Section 404 of this Act for
3 any tax year beginning after the effective date of
4 this amendment provided such adjustment is made
5 pursuant to regulation adopted by the Department
6 and such regulations provide methods and standards
7 by which the Department will utilize its authority
8 under Section 404 of this Act;

9 and by deducting from the total so obtained the following
10 amounts:

11 (E) The valuation limitation amount;

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

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

25 (H) Any income of the partnership which
26 constitutes personal service income as defined in

1 Section 1348 (b) (1) of the Internal Revenue Code (as
2 in effect December 31, 1981) or a reasonable allowance
3 for compensation paid or accrued for services rendered
4 by partners to the partnership, whichever is greater;

5 (I) An amount equal to all amounts of income
6 distributable to an entity subject to the Personal
7 Property Tax Replacement Income Tax imposed by
8 subsections (c) and (d) of Section 201 of this Act
9 including amounts distributable to organizations
10 exempt from federal income tax by reason of Section
11 501(a) of the Internal Revenue Code;

12 (J) With the exception of any amounts subtracted
13 under subparagraph (G), an amount equal to the sum of
14 all amounts disallowed as deductions by (i) Sections
15 171(a) (2), and 265(2) of the Internal Revenue Code of
16 1954, as now or hereafter amended, and all amounts of
17 expenses allocable to interest and disallowed as
18 deductions by Section 265(1) of the Internal Revenue
19 Code, as now or hereafter amended; and (ii) for taxable
20 years ending on or after August 13, 1999, Sections
21 171(a) (2), 265, 280C, and 832(b) (5) (B) (i) of the
22 Internal Revenue Code; the provisions of this
23 subparagraph are exempt from the provisions of Section
24 250;

25 (K) An amount equal to those dividends included in
26 such total which were paid by a corporation which

1 conducts business operations in an Enterprise Zone or
2 zones created under the Illinois Enterprise Zone Act,
3 enacted by the 82nd General Assembly, or a River Edge
4 Redevelopment Zone or zones created under the River
5 Edge Redevelopment Zone Act and conducts substantially
6 all of its operations in an Enterprise Zone or Zones or
7 from a River Edge Redevelopment Zone or zones. This
8 subparagraph (K) is exempt from the provisions of
9 Section 250;

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

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

22 (N) An amount equal to the amount of the deduction
23 used to compute the federal income tax credit for
24 restoration of substantial amounts held under claim of
25 right for the taxable year pursuant to Section 1341 of
26 the Internal Revenue Code of 1986;

1 (0) For taxable years 2001 and thereafter, for the
2 taxable year in which the bonus depreciation deduction
3 is taken on the taxpayer's federal income tax return
4 under subsection (k) of Section 168 of the Internal
5 Revenue Code and for each applicable taxable year
6 thereafter, an amount equal to "x", where:

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

14 (2) for taxable years ending on or before
15 December 31, 2005, "x" equals "y" multiplied by 30
16 and then divided by 70 (or "y" multiplied by
17 0.429); and

18 (3) for taxable years ending after December
19 31, 2005:

20 (i) for property on which a bonus
21 depreciation deduction of 30% of the adjusted
22 basis was taken, "x" equals "y" multiplied by
23 30 and then divided by 70 (or "y" multiplied by
24 0.429); and

25 (ii) for property on which a bonus
26 depreciation deduction of 50% of the adjusted

1 basis was taken, "x" equals "y" multiplied by
2 1.0.

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

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

16 If the taxpayer continues to own property through
17 the last day of the last tax year for which the
18 taxpayer may claim a depreciation deduction for
19 federal income tax purposes and for which the taxpayer
20 was required in any taxable year to make an addition
21 modification under subparagraph (D-5), then an amount
22 equal to that addition modification.

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

26 This subparagraph (P) is exempt from the

1 provisions of Section 250;

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

18 (R) An amount equal to the interest income taken
19 into account for the taxable year (net of the
20 deductions allocable thereto) with respect to
21 transactions with a foreign person who would be a
22 member of the taxpayer's unitary business group but for
23 the fact that the foreign person's business activity
24 outside the United States is 80% or more of that
25 person's total business activity, but not to exceed the
26 addition modification required to be made for the same

1 taxable year under Section 203(d)(2)(D-7) for interest
2 paid, accrued, or incurred, directly or indirectly, to
3 the same foreign person; and

4 (S) An amount equal to the income from intangible
5 property taken into account for the taxable year (net
6 of the deductions allocable thereto) with respect to
7 transactions with a foreign person who would be a
8 member of the taxpayer's unitary business group but for
9 the fact that the foreign person's business activity
10 outside the United States is 80% or more of that
11 person's total business activity, but not to exceed the
12 addition modification required to be made for the same
13 taxable year under Section 203(d)(2)(D-8) for
14 intangible expenses and costs paid, accrued, or
15 incurred, directly or indirectly, to the same foreign
16 person.

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

18 (1) In general. Subject to the provisions of paragraph
19 (2) and subsection (b) (3), for purposes of this Section
20 and Section 803(e), a taxpayer's gross income, adjusted
21 gross income, or taxable income for the taxable year shall
22 mean the amount of gross income, adjusted gross income or
23 taxable income properly reportable for federal income tax
24 purposes for the taxable year under the provisions of the
25 Internal Revenue Code. Taxable income may be less than

1 zero. However, for taxable years ending on or after
2 December 31, 1986, net operating loss carryforwards from
3 taxable years ending prior to December 31, 1986, may not
4 exceed the sum of federal taxable income for the taxable
5 year before net operating loss deduction, plus the excess
6 of addition modifications over subtraction modifications
7 for the taxable year. For taxable years ending prior to
8 December 31, 1986, taxable income may never be an amount in
9 excess of the net operating loss for the taxable year as
10 defined in subsections (c) and (d) of Section 172 of the
11 Internal Revenue Code, provided that when taxable income of
12 a corporation (other than a Subchapter S corporation),
13 trust, or estate is less than zero and addition
14 modifications, other than those provided by subparagraph
15 (E) of paragraph (2) of subsection (b) for corporations or
16 subparagraph (E) of paragraph (2) of subsection (c) for
17 trusts and estates, exceed subtraction modifications, an
18 addition modification must be made under those
19 subparagraphs for any other taxable year to which the
20 taxable income less than zero (net operating loss) is
21 applied under Section 172 of the Internal Revenue Code or
22 under subparagraph (E) of paragraph (2) of this subsection
23 (e) applied in conjunction with Section 172 of the Internal
24 Revenue Code.

25 (2) Special rule. For purposes of paragraph (1) of this
26 subsection, the taxable income properly reportable for

1 federal income tax purposes shall mean:

2 (A) Certain life insurance companies. In the case
3 of a life insurance company subject to the tax imposed
4 by Section 801 of the Internal Revenue Code, life
5 insurance company taxable income, plus the amount of
6 distribution from pre-1984 policyholder surplus
7 accounts as calculated under Section 815a of the
8 Internal Revenue Code;

9 (B) Certain other insurance companies. In the case
10 of mutual insurance companies subject to the tax
11 imposed by Section 831 of the Internal Revenue Code,
12 insurance company taxable income;

13 (C) Regulated investment companies. In the case of
14 a regulated investment company subject to the tax
15 imposed by Section 852 of the Internal Revenue Code,
16 investment company taxable income;

17 (D) Real estate investment trusts. In the case of a
18 real estate investment trust subject to the tax imposed
19 by Section 857 of the Internal Revenue Code, real
20 estate investment trust taxable income;

21 (E) Consolidated corporations. In the case of a
22 corporation which is a member of an affiliated group of
23 corporations filing a consolidated income tax return
24 for the taxable year for federal income tax purposes,
25 taxable income determined as if such corporation had
26 filed a separate return for federal income tax purposes

1 for the taxable year and each preceding taxable year
2 for which it was a member of an affiliated group. For
3 purposes of this subparagraph, the taxpayer's separate
4 taxable income shall be determined as if the election
5 provided by Section 243(b) (2) of the Internal Revenue
6 Code had been in effect for all such years;

7 (F) Cooperatives. In the case of a cooperative
8 corporation or association, the taxable income of such
9 organization determined in accordance with the
10 provisions of Section 1381 through 1388 of the Internal
11 Revenue Code;

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

1 Subchapter S rules as in effect on July 1, 1982; and
2 (H) Partnerships. In the case of a partnership,
3 taxable income determined in accordance with Section
4 703 of the Internal Revenue Code, except that taxable
5 income shall take into account those items which are
6 required by Section 703(a)(1) to be separately stated
7 but which would be taken into account by an individual
8 in calculating his taxable income.

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

26 (f) Valuation limitation amount.

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

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

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

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

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

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

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

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

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

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

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

5 (Source: P.A. 93-812, eff. 7-26-04; 93-840, eff. 7-30-04;
6 94-776, eff. 5-19-06; 94-789, eff. 5-19-06; 94-1021, eff.
7 7-12-06; 94-1074, eff. 12-26-06; revised 1-2-07.)

8 Section 99. Effective date. This Act takes effect upon
9 becoming law.