AMENDMENT TO SENATE BILL 1

AMENDMENT NO. ______. Amend Senate Bill 1 by replacing everything after the enacting clause with the following:

"Article 1. SHORT TITLE AND CONSTRUCTION

Section 101. Short title. This Act may be cited as the Illinois Gross Receipts Tax Act.

Section 102. Construction. Except as otherwise expressly provided or clearly appearing from the context, any term used in this Act has the same meaning as when used in a comparable context in the Illinois Income Tax Act as in effect for the taxable year.

ARTICLE 2. TAX IMPOSED, RATE, AND BASE

Section 201. Tax imposed."
(a) A tax is hereby imposed on each taxpayer for the privilege of doing business in this State equal to the Illinois gross receipts of the taxpayer, multiplied by the rates determined under Section 203 of this Act and reduced by any credit allowed under Section 204.

(b) The tax imposed under this Act applies to taxable years ending on or after December 31, 2008.

(c) The tax imposed under this Act is a tax on the taxpayer and may not be separately billed or invoiced to another person.

(d) It is the purpose of Section 201 of this Act to impose a tax upon the privilege of doing business in this State, so far as the same may be done under the Constitution and statutes of the United States and the Constitution of the State of Illinois. If any clause, sentence, Section, provision, part, or exemption included in this Act, or the application thereof to any person or circumstance, is adjudged to be unconstitutional, it is the intent of the General Assembly that the remainder of this Act, or its application to persons or circumstances other than those to which it has been held invalid, shall not be affected thereby.


(a) Gross receipts. For purposes of this Act, "gross receipts" means the total amount realized by a taxpayer, without deduction for the cost of goods sold or other expenses incurred, that is included in gross income of the taxpayer,
without exclusion or exemption except as provided in this Section, and including the fair market value of any property and any services received and any debt transferred or forgiven as consideration.

(1) Gross receipts include, but are not limited to:

(A) Amounts realized from the sale, exchange, or other disposition of the taxpayer's property to or with another;

(B) Amounts realized from the taxpayer's performance of services for another;

(C) Amounts realized from another's use or possession of the taxpayer's property or capital; and

(D) Any combination of the foregoing amounts.

(2) "Gross receipts" does not include the following amounts:

(A) Receipts from sales at retail of food for human consumption that is to be consumed off the premises where it is sold (other than alcoholic beverages, soft drinks, and food that has been prepared for immediate consumption) and nonprescription medicines, drugs, medical appliances, modifications to a motor vehicle for the purpose of rendering it usable by a disabled person, and urine or blood testing materials used by diabetics, for human use, to the extent such sales are (or would be absent a specific exemption or exclusion) subject to tax at the 1% rate under Section 2-10 of the
Retailers' Occupation Tax Act;

(A-1) Receipts from the transfer of the following items for human use under a prescription, but only when the items are transferred incident to a retail service transaction: medicines, drugs, medical appliances, modifications to a motor vehicle for the purpose of rendering it usable by a disabled person, and insulin, urine or blood testing materials, syringes, and needles used by diabetics;

(B) Amounts received by an individual as dividends or other distributions from earnings and profits of corporations, partnerships, limited liability companies, trusts, and other business entities and distributive or proportionate shares of receipts and income from a partnership, Subchapter S corporation, or trust and, in the case of an individual owner of a disregarded entity, gross receipts of the disregarded entity;

(C) Receipts of an individual from the sale, exchange, or other disposition of an asset described in Section 1221 of the Internal Revenue Code, without regard to the length of time the taxpayer held the asset;

(D) Proceeds attributable to the recovery of principal from the repayment, maturity, transfer, or redemption of the principal of a loan (including any
account receivable held by any taxpayer other than a person to whom subparagraph (D) of paragraph (3) of this subsection (a) applies), bond, mutual fund, certificate of deposit, or marketable instrument, or amounts in excess of the net income realized on a notional principal contract;

(E) The principal amount received under a repurchase agreement or on account of any transaction properly characterized as a loan to the taxpayer;

(F) Contributions received by a trust, plan, or other arrangement, any of which is described in Section 501(a) of the Internal Revenue Code, or to which Title 26, Subtitle A, Chapter 1, Subchapter (D) of the Internal Revenue Code applies;

(G) Compensation, whether current or deferred, and whether in cash or in kind, received or to be received by an employee, former employee, or the employee's legal successor for services rendered to or for an employer, including reimbursements received by or for an individual for medical or education expenses, health insurance premiums, or employee expenses, or on account of a dependent care spending account, legal services plan, any cafeteria plan described in section 125 of the Internal Revenue Code, or any similar employee reimbursement;

(H) Proceeds received from the issuance of the
taxpayer's own stock or other evidence of ownership, from the issuance of options, warrants, puts, or calls on the taxpayer's own stock or other evidence of ownership, or from the sale of the taxpayer's treasury stock;

(I) Proceeds from payments from life insurance policies;

(J) Damages received as the result of litigation in excess of amounts that, if received without litigation, would be gross receipts;

(K) In the case of an agent, property, money, and other amounts received or acquired by the agent on behalf of another in excess of the agent's commission, fee, or other remuneration. For purposes of this subparagraph, "agent" means a person authorized by another person to act on its behalf to undertake a transaction for the other, and includes a person who receives a fee to sell financial instruments on behalf of another person or a person who retains only a commission from a transaction with the other proceeds from the transaction being remitted to another person.

(L) Tax refunds, other tax benefit recoveries, and reimbursements for the tax imposed under this chapter made by entities that are part of the same unitary business group;

(M) Pension reversions;
(N) Contributions to capital;

(O) Sales, occupation, use, excise, or other taxes or fees collected by the taxpayer from a purchaser and which the taxpayer is required by law to collect directly from a purchaser and remit to a local, state, or national tax authority;

(P) Property, money, and other amounts received by a professional employer organization from a client employer, in excess of the administrative fee charged by the professional employer organization to the client employer;

(Q) Amounts received from pari-mutuel wagering subject to tax under Section 27 of the Illinois Horse Racing Act of 1975 or would be subject to such tax if the wagering were conducted within this State;

(R) Amounts received from conduct of gambling games subject to tax under Section 13 of the Riverboat Gambling Act or would be subject to such tax if the gambling were conducted within this State;

(S) Gross receipts from the conduct of a lottery under the Illinois Lottery Law;

(T) Amounts received from means-tested medical assistance programs administered by the Department of Healthcare and Family Services, including the Children's Health Insurance Program Act, the Covering All Kids Health Insurance Program Act, the Veterans
Health Insurance Program Act, and health benefits under the Illinois Public Aid Code:

(i) by an individual, or by a partnership, Subchapter S corporation or disregarded entity entirely owned by one or more individuals, or by a hospital, as defined in Section 3 of the Hospital Licensing Act, for any medical services; or

(ii) by any taxpayer, for outpatient medical services;

(U) Receipts from a sale, exchange, or other disposition of "qualifying investment securities", within the meaning of Section 1501(a)(11.5) of the Illinois Income Tax Act, or of an asset other than the stock in trade or inventory of the taxpayer;

(V) Insurance premiums, to the extent subject to tax under Section 409 of the Illinois Insurance Code; and

(W) Amounts which are exempt from gross receipts taxation by this State either by reason of its statutes or Constitution or by reason of the Constitution, treaties or statutes of the United States.

(3) In calculating gross receipts, the following shall be deducted to the extent included as a gross receipt in the current taxable year or reported as taxable gross receipts in a prior taxable year:

(A) Cash discounts allowed and taken;
(B) Returns and allowances;

(C) Bad debts. For the purposes of this paragraph, "bad debts" mean any debts that have become worthless or uncollectible between the preceding and current taxable years, have been uncollected for at least six months, and may be claimed as a deduction under section 166 of the Internal Revenue Code and the regulations adopted pursuant thereto, or that could be claimed as such if the taxpayer kept its accounts on the accrual basis. "Bad debts" does not include uncollectible amounts on property that remains in the possession of the taxpayer until the full purchase price is paid, expenses in attempting to collect any account receivable or for any portion of the debt recovered, and repossessed property; and

(D) Any amount realized from the sale of an account receivable by the taxpayer originating the account receivable but only to the extent the receipts from the underlying transaction giving rise to the account receivable were included in the gross receipts of the taxpayer.

(b) Illinois gross receipts. The Illinois gross receipts of the taxpayer shall include:

(1) Gross rents and royalties from real property located in this State;

(2) Gross rents and royalties from tangible personal...
property, to the extent the tangible personal property is located or used in this State;

(3) Gross receipts from the sale of electricity and electric transmission and distribution services, if the meter at which the quantity of electricity sold or delivered to the purchaser is measured, is located in this State;

(4) Gross receipts from the sale of telecommunications, broadcast, internet, or cable services, if the location of the equipment at which the services are received by the purchaser is located in this State. In the event this may not be a defined location, as in the case of mobile phones, paging systems, or maritime systems, the equipment is deemed to be the purchaser's place of primary use as defined in the Mobile Telecommunications Sourcing Conformity Act. For air-to-ground systems and the like, the location of a purchaser's primary use of the equipment is deemed to be as defined by telephone number, authorization code, or location to which bills are sent by the taxpayer to the purchaser;

(5) Gross receipts from the sale of real property located in this State;

(6) Gross receipts from the sale of tangible personal property received in this State by the purchaser. In the case of delivery of tangible personal property by common
carrier or by other means of transportation, the place at
which such property is ultimately received after all
transportation has been completed shall be considered the
place where the purchaser receives the property. For
purposes of this section, the phrase "delivery of tangible
personal property by common carrier or by other means of
transportation" includes the situation in which a
purchaser accepts the property in this state and then
transports the property directly or by other means to a
location outside this State. Direct delivery in this state,
other than for purposes of transportation, to a person or
firm designated by a purchaser constitutes delivery to the
purchaser in this State, and direct delivery outside this
State to a person or firm designated by a purchaser does
not constitute delivery to the purchaser in this State,
regardless of where title passes or other conditions of
sale;

(7) Gross receipts from the sale, exchange,
disposition, or other grant of the right to use trademarks,
trade names, patents, copyrights, and similar intellectual
property, to the extent that the receipts are based on the
amount of use of the property in this State. If the
receipts are not based on the amount of use of the
property, but rather on the right to use the property, and
the payor has the right to use the property in this State,
then the receipts from the sale, exchange, disposition, or
other grant of the right to use such property are Illinois

gross receipts to the extent the receipts are based on the
right to use the property in this State;

(8) Gross receipts from the sale of transportation
services by a common or contract carrier, in proportion to
the mileage traveled by the carrier during the taxable year
on roadways, waterways, airways, and railways in this State
to the mileage traveled by the carrier during the taxable
year on roadways, waterways, airways, and railways
everywhere;

(9) Gross receipts from interest and dividends, and
gross receipts derived from "qualifying investment
securities" within the meaning of Section 1501(a)(11.5) of
the Illinois Income Tax Act, if the payor is a resident of
this State (in the case of an individual, trust or estate)
or if the payor's commercial domicile is in this State (for
all other payors); provided that, unless the taxpayer has
actual knowledge to the contrary as shown in its books and
records, the mailing address of the payor used in
connection with the transaction in which the gross receipts
are derived shall be deemed to show the state of residence
or commercial domicile of the payor;

(10) Gross receipts from the sale of all other
services, and all other gross receipts for which no express
provision is made in this section, in the proportion that
the purchaser's benefit in this State with respect to what
was purchased bears to the purchaser's benefit everywhere
with respect to what was purchased. The physical location
where the purchaser ultimately uses or receives the benefit
of what was purchased shall be paramount in determining the
proportion of the benefit in this State to the benefit
everywhere; and

(11) If the provisions of paragraphs (1) to (10) of
this subsection do not fairly represent the extent of a
taxpayer's activity in this State, the taxpayer may
request, or the Department may require or permit, an
alternative method to effectuate an equitable allocation
of the taxpayer's gross receipts to this State.

Section 203. Rate.

(a) Illinois gross receipts from sales, leases, or rentals
of tangible personal property, or from construction contracts
pursuant to which tangible personal property is incorporated
into a structure or improvement on and becomes a part of real
property, are taxed at the rate of 0.85%.

(b) All other Illinois gross receipts are taxed at the rate
of 1.95%.

(c) For purposes of determining whether the tax imposed by
this Act is imposed at the rate under subsection (a), "sales of
tangible personal property" means the type of transactions that
either:

(1) occur in Illinois and are subject to the Retailers'
Occupation Tax Act or would be but for the fact that the transactions are:

(A) exempt as sales for resale;
(B) exempt as occasional sales; or
(C) exempt under a specific product or use-based exemption or exclusion or any other specific exemption or exclusion contained in the Retailers' Occupation Tax Act; or

(2) do not occur in Illinois but would be subject to the Retailers' Occupation Tax Act if they occurred in Illinois, or would be if they occurred in Illinois but for the fact that the transactions are:

(A) exempt as sales for resale;
(B) exempt as occasional sales; or
(C) exempt under a specific product or use-based exemption or exclusion or any other specific exemption or exclusion contained in the Retailers' Occupation Tax Act.

Section 204. Credits.

(a) For each taxable year, each taxpayer that is a corporation is allowed a credit for any Illinois income tax liability incurred for the taxable year under Section 201(b)(8) of the Illinois Income Tax Act, after taking into account any credits allowed against that liability under Article 2 of the Illinois Income Tax Act.
(b) The credits allowed under this Section may not reduce the taxpayers liability under this Act to less than zero. No carryover of excess credits may be made to other taxable years.

Section 205. Exempt organizations. The following organizations are exempt from the tax imposed by this Act:

(a) an organization that is exempt from the federal income tax by reason of Section 501(a) of the Internal Revenue Code is taxed only on those Illinois gross receipts taken into account in computing its unrelated business taxable income as determined under Section 512 of the Internal Revenue Code;

(b) the government of the United States, of any foreign country, or of any of the states or of any agency, instrumentality, or political subdivision of such a government; and

(c) any taxpayer whose Illinois gross receipts for the taxable year total $2,000,000 or less. For short taxable years, the $2,000,000 amount is an amount equal to: (i) $2,000,000 multiplied by the number of days in the short taxable year; divided by (ii) 365. The General Assembly has established the exemption in this subsection for purposes of administrative convenience and to avoid additional expenses in the collection or enforcement of the Gross Receipts Tax on behalf of the taxpayer, entity, or Department.
Section 301. Taxable years. For purposes of this Act, the
taxable year of a taxpayer is the taxable year used by the
taxpayer for federal income tax purposes. In the case of a
disregarded entity, the taxable year is the taxable year of its
owner. The taxable year of any other taxpayer is its annual
accounting period if it is a fiscal or calendar year and, in
all other cases, is the calendar year.

Section 302. Method of accounting. A taxpayer's method of
accounting for gross receipts for a taxable year must be the
same as the taxpayer's method of accounting for federal income
tax purposes for the taxable year. A disregarded entity must
use the method of accounting used by its owner.

Section 303. Combined reporting. The members of a unitary
business group who are required to file a combined Illinois
income tax return under Section 502(e) of the Illinois Income
Tax Act are treated as a single taxpayer and must file a
combined return under this Act.

Section 304. Reallocation of items. If it appears to the
Director that any agreement, understanding, or arrangement
exists between any persons that causes any taxpayer's Illinois
gross receipts to be improperly or inaccurately reflected, then
the Director may adjust those gross receipts and any factor
taken into account in allocating gross receipts to this State
to such extent as may reasonably be required to determine the
gross receipts of the taxpayer that are properly allocable to
this State.

ARTICLE 4. RETURNS AND NOTICES

Section 401. Returns and notices.
(a) Except as provided by the Department by rule, each
taxpayer qualified to do business in this State at any time
during a taxable year shall make a return under this Act for
that taxable year.
(b) Each taxpayer shall keep such records, render such
statements, make such returns and notices, and comply with such
rules that the Department may from time to time adopt. Whenever
in the judgment of the Director it is necessary, he or she may
require any person, by notice served upon that person or by
rule, to make such returns and notices, render such statements,
or keep such records, as the Director deems sufficient to show
whether or not that person is liable for tax under this Act.

Section 402. Time and place for filing returns.
(a) Returns required by this Act must be filed at such
place that the Department may require by rule.
(b) A return due under this Act for any taxable year must
be filed on or before the due date (including extensions) for
filing of the taxpayer's Illinois income tax return for the same taxable year under the Illinois Income Tax Act. If no Illinois income tax return is due then the return must be filed as follows:

(1) Except as provided in item (3), returns of individuals, partnerships, trusts, and estates must be filed on or before the 15th day of the fourth month following the close of the taxable year.

(2) Corporate returns must be filed on or before the 15th day of the third month following the close of the taxable year.

(3) Organizations that are exempt from the federal income tax by reason of Section 501(a) of the Internal Revenue Code shall file returns required by this Act on or before the 15th day of the 5th month following the close of the taxable year.

(4) The return of a disregarded entity must be filed on or before the due date under items (1), (2), or (3) of the disregarded entity's owner.

(c) If the taxpayer has been granted an extension or extensions of time within which to file its Illinois income tax return or its federal income tax return for any taxable year, then the filing of a copy of such extension or extensions with the Department shall automatically extend the due date of the return with respect to the tax imposed by this Act for an equivalent period (plus an additional month beyond the federal
extension in the case of corporations) if the requirements of Section 502 are met.

(d) The Department may prescribe forms allowing taxpayers to file a return due under this Act as part of the return due under the Illinois Income Tax Act for the same taxable year.

(e) The Department may require electronic filing of any return due under this Act.

Section 403. Signing of returns and notices.

(a) Signature presumed authentic. The fact that an individual's name is signed to a return or notice is prima facie evidence for all purposes that the document was actually signed by that individual. If a return is prepared by an income tax return preparer for a taxpayer, then that preparer shall sign the return as the preparer of that return. If a return is transmitted to the Department electronically, then the Department may presume that the electronic return originator has obtained and is transmitting a valid signature document pursuant to the rules adopted by the Department for the electronic filing of tax returns, or the Department may authorize electronic return originators to maintain the signature documents and associated documentation, subject to the Department's right of inspection at any time without notice, rather than transmitting those documents to the Department, and the Department may process the return.

(b) Corporations. A return or notice required of a
corporation must be signed by the president, vice-president, treasurer or any other officer duly authorized so to act or, in the case of a limited liability company, by a manager or member. In the case of a return or notice made for a corporation by a fiduciary, the fiduciary shall sign the document. The fact that an individual's name is signed to a return or notice is prima facie evidence that the individual is authorized to sign the document on behalf of the taxpayer.

(c) Partnerships. A return or notice of a partnership must be signed by any one of the partners or, in the case of a limited liability company, by a manager or member. The fact that a person's name is signed to a return or notice is prima facie evidence that the individual is authorized to sign the document on behalf of the partnership or limited liability company.

(d) Failure to sign a return. If a taxpayer fails to sign a return within 30 days after proper notice and demand for signature by the Department, the return is considered valid, and any amount shown to be due on the return is deemed assessed. Any overpayment of tax shown on the face of an unsigned return is considered forfeited if, after notice and demand for signature by the Department, the taxpayer fails to provide a signature and 3 years have passed from the date the return was filed.

Section 404. Verification. Each return or notice required
to be filed under this Act must contain or be verified by a
written declaration that it is made under the penalties of
perjury. A taxpayer's signing a fraudulent return under this
Act is perjury, as defined in Section 32-2 of the Criminal Code
of 1961.

Section 405. Changes affecting federal income tax. A person
shall notify the Department if the federal income tax liability
of that person for any year is altered by amendment of that
person's federal income tax return or as a result of any other
recomputation or redetermination of federal income tax
liability and the alteration reflects a change or settlement
with respect to any item or items affecting the computation of
that person's Illinois gross receipts tax for any year under
this Act. The notification must be in the form of an amended
return or such other form as the Department may by require by
rule, must contain the person's name and address and any other
information that the Department may by rule require, must be
signed by the person or his or her duly authorized
representative, and must be filed not later than 120 days after
the alteration has been agreed to or finally determined for
federal income tax purposes or after any federal income tax
deficiency or refund, tentative carryback adjustment, abatement, or credit resulting therefrom has been assessed or
paid, whichever occurs first.
ARTICLE 5. PAYMENTS

Section 501. Payment on due date of return. Each taxpayer required to file a return under this Act shall, without assessment, notice, or demand, pay any tax due thereon to the Department at the place fixed by rules adopted by the Department for filing on or before the date fixed for filing the return (determined without regard to any extension of time for filing the return). In making payment as provided in this Section, there remains payable only the balance of the tax remaining due after giving effect to payments of estimated tax made by the taxpayer under Article 6 of this Act for the taxable year and to tentative payments under Section 502 of this Act for the taxable year, which payments are deemed to have been paid on account of the tax imposed by this Act for the taxable year.

Section 502. Tentative payments.

(a) In connection with any extension provided under Section 402 of the time for filing a return, the taxpayer shall file a tentative tax return and pay, on or before the date required by law for the filing of the return (determined without regard to any extensions of time for such filing), the amount properly estimated as his or her tax for the taxable year.

(b) Interest and penalty on any amount of tax due and unpaid for the period of any extension is payable as provided
by the Uniform Penalty and Interest Act.

Section 503. Electronic funds transfers. The Department may, by rule, require any taxpayer to make payments due under this Act by electronic funds transfer.

ARTICLE 6. PAYMENT OF ESTIMATED TAX

Section 601. Payment of estimated tax.

(a) For taxable years ending on or after December 31, 2008, each taxpayer is required to pay estimated tax for the taxable year, in the form and manner that the Department requires by rule.

(b) The estimated tax must be paid in 4 equal installments for each taxable year as follows:

(1) the first installment is due on April 15;
(2) the second installment is due on June 15;
(3) the third installment is due on September 15;
(4) for individuals and disregarded entities owned by individuals, the fourth installment is due on January 15 of the following taxable year; and
(5) for all other taxpayers, the fourth installment is due on December 15.

(c) Application to short taxable years. The application of this Section to taxable years of less than 12 months is in accordance with rules adopted by the Department.
(d) In the application of this Section to the case of a taxable year beginning on any date other than January 1, there must be substituted, for the months specified in subsection (b), the months that correspond thereto.

(e) Any installment of estimated tax may be paid before the date prescribed for its payment.

Section 602. Failure to pay estimated tax.

(a) In case of any underpayment of estimated tax by a taxpayer, except as provided in subsection (d), the taxpayer is liable to a penalty in an amount determined at the rate prescribed by Section 3-3 of the Uniform Penalty and Interest Act upon the amount of the underpayment, determined under subsection (b), for each required installment.

(b) For purposes of subsection (a), the amount of the underpayment is the excess of:

(1) the amount of the installment that would be required to be paid under subsection (c); less

(2) the amount, if any, of the installment paid on or before the last date prescribed for payment.

(c) Amount of required installments.

(1) Amount.

(A) In general. Except as provided in paragraph (2), the amount of any required installment is 25% of the required annual payment.

(B) Required annual payment. For purposes of
subparagraph (A), the term "required annual payment" means the lesser of:

(i) for taxable years ending before December 31, 2009, 80% of the tax shown on the return for the taxable year, or if no return is filed, 80% of the tax for such year, and for taxable years ending on or after December 31, 2009, 90% of the tax shown on the return for the taxable year, or if no return is filed, 90% of the tax for such year; or

(ii) 100% of the tax shown on the return of the taxpayer for the preceding taxable year if a return showing a liability for tax was filed by the taxpayer for the preceding taxable year and such preceding year was a taxable year of 12 months.

Lower required installment where annualized gross receipts installment is less than amount determined under paragraph (1).

(A) In general. In the case of any required installment, if a taxpayer establishes that the annualized Illinois gross receipts installment is less than the amount determined under paragraph (1), then:

(i) the amount of the required installment is the annualized Illinois gross receipts installment; and

(ii) any reduction in a required installment resulting from the application of this
subparagraph must be recaptured by increasing the amount of the next required installment determined under paragraph (1) by the amount of such reduction and by increasing subsequent required installments to the extent that the reduction has not previously been recaptured under this clause.

(B) Determination of annualized Illinois gross receipts installment. In the case of any required installment, the annualized Illinois gross receipts installment is the excess, if any, of:

(i) an amount equal to the applicable percentage of the tax for the taxable year computed by placing on an annualized basis the Illinois gross receipts for months in the taxable year ending before the due date for the installment; over

(ii) the aggregate amount of any prior required installments for the taxable year.

(C) Applicable percentage. The applicable percentage for each required installment is as follows:

(i) for the first required installment, the applicable percentage is 22.5% (20% for taxable years ending prior to December 31, 2009);

(ii) for the second required installment, the applicable percentage is 45% (40% for taxable
years ending prior to December 31, 2009);
(iii) for the third required installment, the
applicable percentage is 67.5% (60% for taxable
years ending prior to December 31, 2009); and
(v) for the fourth required installment, the
applicable percentage is 90% (80% for taxable
years ending prior to December 31, 2009).

(E) Annualized Illinois gross receipts. Illinois
gross receipts shall be placed on an annualized basis
by multiplying by 12 the gross receipts:
(i) for the first 3 months of the taxable year,
in the case of the installment required to be paid
in the 4th month;
(ii) for the first 3 months or for the first 5
months of the taxable year, in the case of the
installment required to be paid in the 6th month;
(iii) for the first 6 months or for the first 8
months of the taxable year, in the case of the
installment required to be paid in the 9th month;
and
(iv) for the first 9 months or for the first 11
months of the taxable year, in the case of the
installment required to be paid in the 12th month
of the taxable year,
then dividing the resulting amount by the number of
months in the taxable year (3, 5, 6, 8, 9, or 11 as the
(d) Exceptions. Notwithstanding the provisions of the preceding subsections, the penalty imposed by subsection (a) is imposed if the taxpayer was not required to file an Illinois gross receipts tax return under this Act for the preceding taxable year.

(e) Definition of tax. For purposes of subsections (b) and (c), the term "tax" means the tax imposed under Article 2 of this Act.

(f) Short taxable year. The application of this Section to taxable years of less than 12 months must be in accordance with rules adopted by the Department.

Section 603. Reporting and paying with estimated income tax. If, under Section 402(d) of this Act, the Department has provided forms requiring the reporting of the tax due under this Act on the taxpayer's Illinois income tax return for the same taxable year, the Department may provide by rule that Section 602 does not apply, the payments due under Section 601 are due on the same dates as estimated income tax payments and that, for purposes of the computation of penalty for failure to pay estimated tax under Section 804 of the Illinois Income Tax Act for a taxable year, the amount of each required installment under Section 804(c) of the Illinois Income Tax Act are increased by the payment required under Section 601 of this Act at the time that the required installment was due, and any
payment made under Section 601 of this Act is treated as a payment of estimated tax under Section 803 of the Illinois Income Tax Act.

ARTICLE 7. PROCEDURE AND ADMINISTRATION

Section 701. Collection authority. The Department shall collect the taxes imposed by this Act and shall deposit the amounts collected under this Act into the General Revenue Fund in the State treasury.

Section 702. Notice and demand.

(a) In general. Except as provided in subsection (b), the Director shall, as soon as practicable after an amount payable under this Act is deemed assessed (as provided in Section 703 of this Act), give notice to each person liable for any unpaid portion of such assessment, stating the amount unpaid and demanding payment thereof. In the case of tax deemed assessed with the filing of a return, the Director shall give notice no later than 3 years after the date the return was filed. Upon receipt of any notice and demand there must be paid, at the place and time stated in the notice, the amount stated in the notice. The notice must be left at the dwelling or usual place of business of the person or shall be sent by mail to the person's last known address.

(b) Judicial review. In the case of a deficiency deemed
assessed under Section 703(a)(2) of this Act, after the filing
of a protest, notice and demand shall not be made with respect
to the assessment until all proceedings in court for the review
of the assessment have terminated or the time for the taking
thereof has expired without the proceedings being instituted.

(c) Action for recovery of taxes. At any time that the
Department might commence proceedings for a levy under Section
909 of this Act, regardless of whether a notice of lien was
filed under the provisions of Section 903 of this Act, it may
bring an action in any court of competent jurisdiction within
or without this State in the name of the people of this State
to recover the amount of any taxes, penalties, and interest due
and unpaid under this Act. In such action, the certificate of
the Department showing the amount of the delinquency is prima
facie evidence of the correctness of the amount, its
assessment, and of the compliance by the Department with all
the provisions of this Act.

(d) Sales or transfers outside the usual course of
business; Report; payment of tax; rights and duties of
purchaser or transferee; penalty. If any taxpayer, outside the
usual course of its business, sells or transfers the major part
of any one or more of (i) the stock of goods which it is engaged
in the business of selling, (ii) the furniture or fixtures,
(iii) the machinery and equipment, or (iv) the real property of
any business that is subject to the provisions of this Act, the
purchaser or transferee of the assets shall, no later than 10
business days after the sale or transfer, file a notice of sale or transfer of business assets with the Chicago office of the Department disclosing the name and address of the seller or transferor, the name and address of the purchaser or transferee, the date of the sale or transfer, a copy of the sales contract and financing agreements, which must include a description of the property sold or transferred, the amount of the purchase price or a statement of other consideration for the sale or transfer and the terms for payment of the purchase price, and such other information as the Department may reasonably require. If the purchaser or transferee fails to file the notice of sale with the Department within the prescribed time, the purchaser or transferee is personally liable to the Department for the amount owed by the seller or transferor but unpaid, up to the amount of the reasonable value of the property acquired by the purchaser or transferee. The purchaser or transferee shall pay the Department the amount of tax, penalties, and interest owed by the seller or transferor under this Act, to the extent they have not been paid by the seller or transferor. The seller or transferor, or the purchaser or transferee, at least 10 business days before the date of the sale or transfer, may notify the Department of the intended sale or transfer and request the Department to make a determination as to whether the seller or transferor owes any tax, penalty, or interest due under this Act. The Department shall take such steps as may be appropriate to comply with the
request.

Any order issued by the Department pursuant to this Section to withhold from the purchase price must be issued within 10 business days after the Department receives notification of a sale as provided in this Section. The purchaser or transferee shall withhold any portion of the purchase price that may be directed by the Department, but not to exceed a minimum amount varying by type of business, as determined by the Department pursuant to regulations, plus twice the outstanding unpaid liabilities and twice the average liability of preceding filings times the number of unfiled returns that were not filed when due, to cover the amount of all tax, penalty, and interest due and unpaid by the seller or transferor under this Act or, if the payment of money or property is not involved, shall withhold the performance of the condition that constitutes the consideration for the sale or transfer. Within 60 business days after issuance of the initial order to withhold, the Department shall provide written notice to the purchaser or transferee of the actual amount of all taxes, penalties, and interest then due and whether additional amounts may become due as a result of unpaid taxes required to be withheld by an employer, returns that were not filed when due, pending assessments and audits not completed.

The purchaser or transferee shall continue to withhold the amount directed to be withheld by the initial order or any lesser amount that is specified by the final withholding order
or to withhold the performance of the condition that constitutes the consideration for the sale or transfer until the purchaser or transferee receives from the Department a certificate showing that no unpaid tax, penalty, or interest is due from the seller or transferor under this Act. The purchaser or transferee is relieved of any duty to continue to withhold from the purchase price and of any liability for tax, penalty, or interest due from the seller or transferor if the Department fails to notify the purchaser or transferee in the manner provided under this Section of the amount to be withheld within 10 business days after the sale or transfer has been reported to the Department or within 60 business days after issuance of the initial order to withhold, as the case may be. The Department has the right to determine amounts claimed on an estimated basis to allow for periods for which returns were not filed when due, pending assessments and audits not completed, however the purchaser or transferee is personally liable only for the actual amount due when determined.

If the seller or transferor has failed to pay the tax, penalty, and interest due under this Act, and the Department makes timely claim therefor against the purchaser or transferee as provided in this Section, then the purchaser or transferee shall pay to the Department the amount so withheld from the purchase price. If the purchaser or transferee fails to comply with the requirements of this Section, the purchaser or transferee is personally liable to the Department for the
amount owed hereunder by the seller or transferor up to the
amount of the reasonable value of the property acquired by the
purchaser or transferee.

Any person who acquires any property or rights thereto
that, at the time of acquisition, is subject to a valid lien in
favor of the Department is personally liable to the Department
for a sum equal to the amount of taxes, penalties, and
interests secured by the lien, but not to exceed the reasonable
value of the property acquired.

Section 703. Assessment.

(a) In general.

(1) Returns. The amount of tax that is shown to be due
on the return is deemed assessed on the date of filing of
the return (including any amended returns showing an
increase of tax). In the event that the amount of tax is
understated on the taxpayer's return due to a mathematical
error, the Department shall notify the taxpayer that the
amount of tax in excess of that shown on the return is due
and has been assessed. The notice of additional tax due
must be issued no later than 3 years after the date the
return was filed. The notice of additional tax due is not
considered to be a notice of deficiency nor does the
taxpayer have any right of protest. In the case of a return
properly filed without the computation of the tax, the tax
computed by the Department is deemed to be assessed on the
(2) Notice of deficiency. If a notice of deficiency has been issued, the amount of the deficiency is deemed assessed on the date provided in section 704(d) if no protest is filed or, if a protest is filed, then upon the date when the decision of the Department becomes final.

(3) Payments. Any amount paid as tax or in respect of tax paid under this Act, other than amounts paid as estimated tax under Article 6, are deemed to be assessed upon the date of receipt of payment, notwithstanding any other provisions of this Act.

(b) Limitations on assessment. No deficiency may be assessed with respect to a taxable year for which a return was filed unless a notice of deficiency for that year was issued not later than the date prescribed in Section 705.

Section 704. Deficiencies and overpayments.

(a) Examination of return. As soon as practicable after a return is filed, the Department shall examine it to determine the correct amount of tax. If the Department finds that the amount of tax shown on the return is less than the correct amount, it shall issue a notice of deficiency to the taxpayer that sets forth the amount of tax and penalties proposed to be assessed. If the Department finds that the tax paid is more than the correct amount, it shall credit or refund the overpayment as provided by Section 709. The findings of the
Department under this subsection are prima facie correct and are prima facie evidence of the correctness of the amount of tax and penalties due.

(b) No return filed. If the taxpayer fails to file a tax return, the Department shall determine the amount of tax due according to its best judgment and information, which amount so fixed by the Department is prima facie correct and is prima facie evidence of the correctness of the amount of tax due. The Department shall issue a notice of deficiency to the taxpayer, which sets forth the amount of tax and penalties proposed to be assessed.

(c) Notice of deficiency. A notice of deficiency issued under this Act must set forth the adjustments giving rise to the proposed assessment and the reasons therefor.

(d) Assessment when no protest. Upon the expiration of 60 days (150 days if the taxpayer is outside the United States) after the date on which it was issued, a notice of deficiency constitutes an assessment of the amount of tax and penalties specified therein, except only for such amounts as to which the taxpayer has filed a protest with the Department, as provided in Section 708.

Section 705. Limitations on notices of deficiency.

(a) In general. Except as otherwise provided in this Act:

(1) a notice of deficiency must be issued not later than 3 years after the date the return was filed; and
(2) no deficiency may be assessed or collected with
respect to the year for which the return was filed unless
the notice is issued within that period.

(b) No return or fraudulent return. If no return is filed
or a false and fraudulent return is filed with intent to evade
the tax imposed by this Act, a notice of deficiency may be
issued at any time.

(c) Failure to report federal change. If a taxpayer fails
to notify the Department in any case where notification is
required by Section 405, a notice of deficiency may be issued
at any time for the taxable year for which the notification is
required, but the amount of any proposed assessment set forth
in the notice is limited to the amount of any deficiency
resulting under this Act from giving effect to the item or
items required to be reported.

(d) Report of federal change. In any case where
notification of an alteration is given as required by Section
405, a notice of deficiency may be issued at any time within 2
years after the date the notification is given, but the amount
of any proposed assessment set forth in such notice is limited
to the amount of any deficiency resulting under this Act from
giving effect to the item or items reflected in the reported
alteration.

(e) Change in Illinois income tax liability. In any case
where the taxpayer's Illinois income tax liability for a
taxable year is reduced, a notice of deficiency for any
additional tax due under this Act as the result of the reduction in the credit allowable under Section 204(a) may be issued at any time within 2 years after the Illinois income tax overpayment is refunded or credited to the taxpayer.

(f) Extension by agreement. If, before the expiration of the time set forth in this Section for the issuance of a notice of deficiency, both the Department and the taxpayer have consented in writing to its issuance after such time, such notice may be issued at any time prior to the expiration of the period agreed upon. The period so agreed upon may be extended by subsequent agreements in writing made before the expiration of the period previously agreed upon. If the return required under this Act is filed using the same form as the taxpayer's return required under the Illinois Income Tax Act, as allowed in Section 402(d) of this Act, an agreement under Section 905(f) of the Illinois Income Tax Act to extend the time set forth for the issuance of a notice of deficiency under that Act extends the time for issuance of a notice of deficiency under this Section.

(g) Erroneous refunds. In any case in which there has been an erroneous refund of tax payable under this Act, a notice of deficiency may be issued at any time within 2 years from the making of the refund, or within 5 years from the making of the refund if it appears that any part of the refund was induced by fraud or the misrepresentation of a material fact, but the amount of any proposed assessment set forth in the notice is
limited to the amount of the erroneous refund.

(h) Time return deemed filed. For purposes of this Section, a tax return filed before the last day prescribed by law (including any extension thereof) is deemed to have been filed on that last day.

(i) Request for prompt determination of liability. For purposes of subsection (a)(1), in the case of a tax return required under this Act by a corporation, the period referred to in that subsection is 18 months after a written request for prompt determination of liability is filed with the Department (at such time and in such form and manner as the Department shall by regulations prescribe) by the corporation, but not more than 3 years after the date the return was filed. This subsection does not apply unless:

(1) the written request notifies the Department that the corporation contemplates dissolution at or before the expiration of the 18-month period, the dissolution is begun in good faith before the expiration of the 18-month period, and the dissolution is completed;

(2) the written request notifies the Department that a dissolution has in good faith been begun and the dissolution is completed; or

(3) A dissolution has been completed at the time the written request is made.

(j) Transferee liability. A notice of deficiency may be issued to a transferee relative to a liability asserted under
Section 1203 during time periods defined as follows:

(1) Initial transferee. In the case of the liability of an initial transferee, up to 2 years after the expiration of the period of limitation for assessment against the transferor, except that if a court proceeding for review of the assessment against the transferor has begun, then up to 2 years after the return of the certified copy of the judgment in the court proceeding.

(2) Transferee of transferee. In the case of the liability of a transferee, up to 2 years after the expiration of the period of limitation for assessment against the preceding transferee, but not more than 3 years after the expiration of the period of limitation for assessment against the initial transferor; except that if, before the expiration of the period of limitation for the assessment of the liability of the transferee, a court proceeding for the collection of the tax or liability in respect thereof has been begun against the initial transferor or the last preceding transferee, as the case may be, then the period of limitation for assessment of the liability of the transferee expires 2 years after the return of the certified copy of the judgment in the court proceeding.

Section 706. Further notices of deficiency restricted. If a protest has been filed with respect to a notice of deficiency
issued by the Department with respect to a taxable year and the
decision of the Department on the protest has become final, the
Department is barred from issuing a further or additional
notice of deficiency for that taxable year, except in the case
of fraud, mathematical error, a return that is not considered
processable, as the term is defined in Section 3-2 of the
Uniform Penalty and Interest Act, or as provided in Section
705(d).

Section 707. Waiver of restrictions on assessment. The
taxpayer at any time, whether or not a notice of deficiency has
been issued, has the right to waive the restrictions on
assessment and collection of the whole or any part of any
proposed assessment under this Act by a signed notice in
writing filed with the Department in the form and manner that
the Department may provide by rule.

Section 708. Procedure on protest.
(a) Time for protest. Within 60 days (150 days if the
taxpayer is outside the United States) after the issuance of a
notice of deficiency, the taxpayer may file with the Department
a written protest against the proposed assessment in the form
and manner that the Department may provide by rule, setting
forth the grounds on which the protest is based. If a protest
is filed, the Department shall reconsider the proposed
assessment and, if the taxpayer has so requested, shall grant
the taxpayer or his or her authorized representative a hearing.

(b) Notice of decision. As soon as practical after the reconsideration and hearing, if any, the Department shall issue a notice of decision by mailing the notice by certified or registered mail. The notice must set forth briefly the Department's findings of fact and the basis of decision in each case decided in whole or in part adversely to the taxpayer.

(c) Request for rehearing. Within 30 days after the mailing of a notice of decision, the taxpayer may file with a Department a written request for rehearing in the form and manner that the Department may provide by rule, setting forth the grounds on which the rehearing is requested. In any such case, the Department shall, in its discretion, grant either a rehearing or Departmental review unless, within 10 days of receipt of the request, it issues a denial of the request by mailing the denial to the taxpayer by certified or registered mail. If rehearing or Departmental review is granted, as soon as practical after the rehearing or Departmental review, the Department shall issue a notice of final decision as provided in subsection (b).

(d) Finality of decision. The action of the Department on the taxpayer's protest becomes final:

(1) 30 days after the issuance of a notice of decision as provided in subsection (b); or

(2) if a timely request for rehearing was made, upon the issuance of a denial of the request or the issuance of
a notice of final decision, as provided in subsection (c).

Section 709. Credits and refunds.

(a) In general. In the case of any overpayment, the Department may credit the amount of the overpayment, including any interest allowed thereon, against any liability in respect of the tax imposed by this Act or any other act administered by the Department or against any liability of the taxpayer collectible by the Department, regardless of whether other collection remedies are closed to the Department on the part of the person who made the overpayment and shall refund any balance to that person. The Department shall apply overpayments to liabilities in the order provided in Section 911.3 of the Illinois Income Tax Act.

(b) Credits against estimated tax. The Department may adopt rules providing for the crediting against the estimated tax for any taxable year of the amount determined by the taxpayer or the Department to be an overpayment of the tax imposed by this Act for a preceding taxable year.

(c) Interest on overpayment. Interest is allowed and paid at the rate and in the manner set forth under Section 3-2 of the Uniform Penalty and Interest Act upon any overpayment in respect of the tax imposed by this Act. For purposes of this subsection, no amount of tax, for any taxable year, may be treated as having been paid before the date on which the tax return for that year was due under Section 402, without regard
to any extension of the time for filing the return.

(d) Refund claim. Every claim for refund must be filed with the Department in writing in the form and manner that the Department may provide by rule, and must state the specific grounds upon which it is founded.

(e) Notice of denial. As soon as practical after a claim for refund is filed, the Department shall examine it and either issue a notice of refund, abatement, or credit to the claimant or issue a notice of denial. If the Department has failed to approve or deny the claim before the expiration of 6 months after the date the claim was filed, then the claimant may nevertheless thereafter file with the Department a written protest in the form and manner that the Department may provide by rule. If a protest is filed, the Department shall consider the claim and, if the taxpayer has so requested, shall grant the taxpayer or the taxpayer's authorized representative a hearing within 6 months after the date the request is filed.

(f) Effect of denial. A denial of a claim for refund becomes final 60 days after the date of issuance of the notice of the denial except for those amounts denied as to which the claimant has filed a protest with the Department, as provided by Section 710.

(g) An overpayment of tax shown on the face of an unsigned return is considered forfeited to the State if, after notice and demand for signature by the Department, the taxpayer fails to provide a signature and 3 years have passed after the date
the return was filed. An overpayment of tax refunded to a taxpayer whose return was filed electronically is considered an erroneous refund under Section 712 of this Act if, after proper notice and demand by the Department, the taxpayer fails to provide a required signature document. A notice and demand for signature in the case of a return reflecting an overpayment may be made by first class mail.

Section 710. Procedure on denial of claim for refund.

(a) Time for protest. Within 60 days after the denial of the claim, the claimant may file with the Department a written protest against the denial in the form and manner that the Department may provide by rule, setting forth the grounds on which such protest is based. If a protest is filed, the Department shall reconsider the denial and, if the taxpayer has so requested, shall grant the taxpayer or his authorized representative a hearing.

(b) Notice of decision. As soon as practicable after the reconsideration and hearing, if any, the Department shall issue a notice of decision by mailing the notice by certified or registered mail. Such notice must set forth briefly the Department's findings of fact and the basis of decision in each case decided in whole or in part adversely to the claimant.

(c) Request for rehearing. Within 30 days after the mailing of a notice of decision, the claimant may file with the Department a written request for rehearing in the form and
manner that the Department may provide by rule, setting forth the grounds on which rehearing is requested. In any such case, the Department shall, in its discretion, grant either a rehearing or Departmental review unless, within 10 days of receipt of the request, it issues a denial of the request by mailing the denial to the claimant by certified or registered mail. If rehearing or Departmental review is granted, as soon as practical after the rehearing or Departmental review, the Department shall issue a notice of final decision as provided in subsection (b).

(d) Finality of decision. The action of the Department on the claimant's protest becomes final:

(1) 30 days after issuance of a notice of decision as provided in subsection (b); or

(2) if a timely request for rehearing was made, upon the issuance of a denial of the request or the issuance of a notice of final decision as provided in subsection (c).

Section 711. Limitations on claims for refund.

(a) In general. Except as otherwise provided in this Act:

(1) A claim for refund must be filed no later than 3 years after the date that the return was filed or one year after the date that the tax was paid, whichever is the later; and

(2) No credit or refund is allowed or made with respect to the year for which the claim was filed unless the claim
is filed within such period.

(b) Federal changes. In any case where notification of an alteration is required by Section 405, a claim for refund may be filed within 2 years after the date on which the notification was due (regardless of whether such notice was given), but the amount recoverable pursuant to a claim filed under this Section is limited to the amount of any overpayment resulting under this Act from giving effect to the item or items reflected in the alteration required to be reported.

(c) Change in Illinois income tax liability. In any case where the taxpayer's Illinois income tax liability for a taxable year is increased, a claim for refund or credit of any overpayment under this Act attributable to the resulting increase in the credit allowable under Section 204(a) may be filed at any time within 2 years after the increase in Illinois income tax is paid.

(d) Extension by agreement. If, before the expiration of the time prescribed in this Section for the filing of a claim for refund, both the Department and the claimant have consented in writing to its filing after that time, the claim may be filed at any time prior to the expiration of the period agreed upon. The period so agreed upon may be extended by subsequent agreements in writing made before the expiration of the period previously agreed upon. An agreement under Section 911(c) of the Illinois Income Tax Act to extend the time prescribed for the filing of a refund claim under that Act extends the time
for filing of a refund claim under this Section.

(e) Limit on amount of credit or refund.

(1) Limit where claim filed within 3-year period. If the claim was filed by the claimant during the 3-year period set forth in subsection (a), then the amount of the credit or refund may not exceed the portion of the tax paid within the period, immediately preceding the filing of the claim, equal to 3 years plus the period of any extension of time for filing the return.

(2) Limit where claim not filed within 3-year period. If the claim was not filed within such 3-year period, then the amount of the credit or refund may not exceed the portion of the tax paid during the one year immediately preceding the filing of the claim.

(f) Time return deemed filed. For purposes of this Section, a tax return filed before the last day prescribed by law for the filing of the return (including any extensions thereof) is deemed to have been filed on that last day.

(g) No claim for refund based on the taxpayer's taking a credit for estimated tax payments as provided by Article 6 of this Act or for any amount paid by a taxpayer pursuant to Section 502 of this Act may be filed unless the return for the taxable year for which the payments were made was filed not more than 3 years after the due date, as provided by Section 402, of the return for the taxable year.
Section 712. Recovery of erroneous refund. An erroneous refund is considered to be a deficiency of tax on the date made and is deemed to be assessed and must be collected as provided in Sections 703 and 704.

Section 713. Access to books and records. All books and records and other papers and documents that are required by this Act to be kept must, at all times during business hours of the day, be subject to inspection by the Department or its duly authorized agents and employees. If, during the course of any audit, investigation, or hearing, the Department determines that a taxpayer lacks necessary documentary evidence, the Department is authorized to notify the taxpayer, in writing, to produce the evidence. The taxpayer has 60 days, subject to the right of the Department to extend this period either on request for good cause shown or on its own motion, after the date the notice is personally delivered or sent to the taxpayer by certified or registered mail in which to obtain and produce the evidence for the Department's inspection. The failure to provide the requested evidence within the 60-day period precludes the taxpayer from providing the evidence at a later date during the audit, investigation, or hearing.

Section 714. Conduct of investigations and hearings. For the purpose of administering and enforcing the provisions of this Act, the Department, or any officer or employee of the
Department designated, in writing, by the Director may hold investigations and hearings concerning any matters covered by this Act and may examine any books, papers, records, or memoranda bearing upon such matters, and may require the attendance of any person, or any officer or employee of such person, having knowledge of such matters, and may take testimony and require proof for its information. In the conduct of any investigation or hearing, neither the Department nor any officer or employee thereof is bound by the technical rules of evidence, and no informality in any proceeding, or in the manner of taking testimony, invalidates any order, decision, rule or regulation made or approved or confirmed by the Department. The Director, or any officer or employee of the Department authorized by the Director has power to administer oaths to such persons. The books, papers, records, and memoranda of the Department, or parts thereof, may be proved in any hearing, investigation, or legal proceeding by a reproduced copy thereof or by a computer print-out of Department records, under the certificate of the Director. If reproduced copies of the Department's books, papers, records, or memoranda are offered as proof, then the Director must certify that those copies are true and exact copies of the records on file with the Department. If computer print-outs of records of the Department are offered as proof, then the Director must certify that those computer print-outs are true and exact representations of records properly entered into standard
electronic computing equipment, in the regular course of the
Department's business, at or reasonably near the time of the
occurrence of the facts recorded, from trustworthy and reliable
information. The reproduced copy shall, without further proof,
be admitted into evidence before the Department or in any legal
proceeding.

Section 715. Immunity of witnesses. No person is excused
from testifying or from producing any books, papers, records,
or memoranda in any investigation or upon any hearing, when
ordered to do so by the Department or any officer or employee
thereof, upon the ground that the testimony or evidence,
documentary or otherwise, may tend to incriminate him or her or
subject him or her to a criminal penalty, but no person may be
prosecuted or subjected to any criminal penalty for, or on
account of, any transaction made or thing concerning which he
or she may testify or produce evidence, documentary or
otherwise, before the Department or an officer or employee
thereof; provided, that the immunity extends only to a natural
person who, in obedience to a subpoena, gives testimony under
oath or produces evidence, documentary or otherwise, under
oath. No person so testifying is exempt from prosecution and
punishment for perjury committed in so testifying.

Section 716. Production of witnesses and records.

(a) Subpoenas. The Department or any officer or employee of
the Department designated in writing by the Director, shall at
its or his or her own instance, or on the written request of
any other party to the proceeding, issue subpoenas requiring
the attendance of and the giving of testimony by witnesses, and
subpoenas duces tecum requiring the production of books,
papers, records, or memoranda. All subpoenas and subpoenas
duces tecum issued under this Act may be served by any person
of full age.

(b) Fees. The fees of witnesses for attendance and travel
are the same as the fees of witnesses before a Circuit Court of
this State, such fees to be paid when the witness is excused
from further attendance. When the witness is subpoenaed at the
instance of the Department or any officer or employee thereof,
the fees must be paid in the same manner as other expenses of
the Department, and when the witness is subpoenaed at the
instance of any other party to any such proceeding, the
Department may require that the cost of service of the subpoena
or subpoenas duces tecum and the fee of the witness be borne by
the party at whose instance the witness is summoned. In such
case, the Department, in its discretion, may require a deposit
to cover the cost of the service and witness fees. A subpoena
or subpoena duces tecum so issued must be served in the same
manner as a subpoena issued out of a court.

(c) Judicial enforcement. Any Circuit Court of this State,
upon the application of the Department or any officer or
employee thereof, or upon the application of any other party to
the proceeding may, in its discretion, compel the attendance of
witnesses, the production of books, papers, records, or
memoranda and the giving of testimony before the Department or
any officer or employee thereof conducting an investigation or
holding a hearing authorized by this Act, by an attachment for
contempt, or otherwise, in the same manner as production of
evidence may be compelled before the Court.

Section 717. Confidentiality and information sharing.

(a) Confidentiality. Except as provided in this Section,
all information received by the Department from returns filed
under this Act, or from any investigation conducted under the
provisions of this Act, are confidential, except for official
purposes within the Department or enforcement of any civil or
criminal penalty or sanction imposed by this Act or by another
statute imposing a State tax, and any person who divulges any
such information in any manner, except for such purposes and
pursuant to order of the Director or in accordance with a
proper judicial order, is guilty of a Class A misdemeanor. The
provisions of this subsection, however, are not applicable to a
licensed attorney representing the taxpayer if an appeal or a
protest has been filed on behalf of the taxpayer.

(b) Public information. Nothing contained in this Act
prevents the Director from publishing or making available to
the public the names and addresses of persons filing returns
under this Act, or from publishing or making available
reasonable statistics concerning the operation of the tax
wherein the contents of returns are grouped into aggregates in
such a way that the information contained in any individual
return is not be disclosed.

(c) Governmental agencies. The Director may make available
to the Secretary of the Treasury of the United States or his or
her delegate, or the proper officer or his or her delegate of
any other state imposing a tax upon or measured by gross
receipts or income, for exclusively official purposes
information received by the Department in the administration of
this Act, but only if the United States or such other state, as
the case may be, grants the Department substantially similar
privileges. The Director may make available to any State
agency, including the Illinois Supreme Court, that licenses
persons to engage in any occupation information that a person
licensed by that agency has failed to file returns under this
Act or pay the tax, penalty, and interest shown therein or has
failed to pay any final assessment of tax, penalty, or interest
due under this Act.

The Director may make available to any State agency,
including the Illinois Supreme Court, information regarding
whether a bidder, contractor, or an affiliate of a bidder or
contractor has failed to file returns under this Act or pay the
tax, penalty, and interest shown therein or has failed to pay
any final assessment of tax, penalty, or interest due under
this Act, for the limited purpose of enforcing bidder and
contractor certifications. For purposes of this Section, the term "affiliate" means any entity that (1) directly, indirectly, or constructively controls another entity, (2) is directly, indirectly, or constructively controlled by another entity, or (3) is subject to the control of a common entity. For purposes of this subsection (a), an entity controls another entity if it owns, directly or individually, more than 10% of the voting securities of that entity. As used in this subsection (a), the term "voting security" means a security that (1) confers upon the holder the right to vote for the election of members of the board of directors or similar governing body of the business or (2) is convertible into, or entitles the holder to receive upon its exercise, a security that confers such a right to vote. A general partnership interest is a voting security.

The Director may make available to any State agency, including the Illinois Supreme Court, units of local government, and school districts information regarding whether a bidder or contractor is an affiliate of a person who is not collecting and remitting Illinois Use taxes, for the limited purpose of enforcing bidder and contractor certifications.

The Director may also make available to the Secretary of State information that a corporation that has been issued a certificate of incorporation by the Secretary of State has failed to file returns under this Act or pay the tax, penalty, and interest shown therein or has failed to pay any final
assessment of tax, penalty, or interest due under this Act. An assessment is final when all proceedings in court for review of the assessment have terminated or the time for the taking thereof has expired without the proceedings being instituted.

(d) The Director shall make available for public inspection in the Department's principal office and for publication, at cost, administrative decisions issued under this Act. These decisions are to be made available in a manner so that the following taxpayer information is not disclosed:

(1) The names, addresses, and identification numbers of the taxpayer, related entities, and employees.

(2) At the sole discretion of the Director, trade secrets or other confidential information identified as such by the taxpayer, no later than 30 days after receipt of an administrative decision, by any means that the Department shall provide by rule.

The Director shall determine the appropriate extent of the deletions allowed in paragraph (2). If the taxpayer does not submit deletions, then the Director shall make only the deletions specified in paragraph (1). The Director shall make available for public inspection and publication an administrative decision within 180 days after the issuance of the administrative decision. The term "administrative decision" has the same meaning as defined in Section 3-101 of Article III of the Code of Civil Procedure. Costs collected under this Section must be paid into the Tax Compliance and
Administration Fund.

(e) Nothing contained in this Act prevents the Director from divulging information to any person pursuant to a request or authorization made by the taxpayer or by an authorized representative of the taxpayer.

Section 718. Place of hearings. All hearings provided for in this Act with respect to or concerning a taxpayer having its commercial domicile in this State must be held at the Department's office nearest to the location of such residence or domicile, except that, if the taxpayer has its commercial domicile in Cook County, the hearing must be held in Cook County. If the taxpayer does not have its commercial domicile in this State, the hearing must be held in Cook County.

ARTICLE 8. PENALTIES AND INTEREST

Section 801. Penalties and interest.

(a) Penalties and interest imposed by the Uniform Penalty and Interest Act with respect to the obligations of a taxpayer under this Act must be paid upon notice and demand and, except as provided in subsection (b), must be assessed, collected, and paid in the same manner as the tax imposed by this Act, and any reference in this Act to the tax imposed by this Act refers also to interest and penalties imposed by the Uniform Penalty and Interest Act.
(b) If, pursuant to Section 402(d) of this Act, the Department has provided forms requiring the reporting of the tax due under this Act on the taxpayer's Illinois income tax return for the same taxable year, failure to file the returns due for a taxable year under this Act and under the Illinois Income Tax Act are treated as a single instance of failure to file a return and failure to timely pay the taxes shown due, or required to be shown due, for a taxable year under this Act and the Illinois Income Tax Act on that form are treated as a failure to timely pay only a single liability.

(c) Assessment procedures.

(1) Interest is deemed to be assessed upon the assessment of the tax to which the interest relates.

(2) Penalties for late payment or underpayment are deemed to be assessed upon assessment of the tax to which the penalty relates.

ARTICLE 9. LIENS AND JEOPARDY ASSESSMENTS

Section 901. Lien for tax.

(a) If any taxpayer neglects or refuses to pay the tax due under this Act after demand, then the amount (including any interest, additional amount, addition to tax, or assessable penalty, together with any costs that may accrue in addition thereto) is a lien in favor of the State of Illinois upon all property and rights to property, whether real or personal,
belonging to that person.

(b) Unless another date is specifically fixed by law, the lien imposed by subsection (a) of this Section arises at the time the assessment is made and continues until the liability for the amount so assessed (or a judgment against the taxpayer arising out of such liability) is satisfied or becomes unenforceable by reason of lapse of time.

(c) Deficiency procedure. If the lien arises from an assessment pursuant to a notice of deficiency, then the lien does not attach and the notice referred to in this Section may not be filed until all proceedings in court for review of the assessment have terminated or the time for the taking thereof has expired without the proceedings being instituted.

(d) Notice of lien. The lien created by assessment terminates unless a notice of lien is filed, as provided in Section 903, within 3 years after the date all proceedings in court for the review of the assessment have terminated or the time for the taking thereof has expired without the proceedings being instituted. If the lien results from the filing of a return without payment of the tax or penalty shown therein to be due, then the lien terminates unless a notice of lien is filed within 3 years after the date the return was filed with the Department. For the purposes of this subsection (c), a tax return filed before the last day prescribed by law, including any extension thereof, is deemed to have been filed on that last day.
Section 902. Jeopardy Assessments.

(a) Jeopardy assessment and lien.

(1) Assessment. If the Department finds that a taxpayer is about to conceal property or to do any other act tending to prejudice or to render wholly or partly ineffectual proceedings to collect any amount of tax or penalties imposed under this Act unless court proceedings are brought without delay or if the Department finds that the collection of that amount will be jeopardized by delay, the Department shall give the taxpayer notice of those findings and shall make demand for immediate return and payment of that amount, whereupon that amount is deemed to be assessed and becomes immediately due and payable.

(2) Filing of lien. If the taxpayer, within 5 days after such notice (or within such extension of time as the Department may grant), does not comply with the notice or show to the Department that the findings in such notice are erroneous, then the Department may file a notice of jeopardy assessment lien in the office of the recorder of the county in which any property of the taxpayer may be located and shall notify the taxpayer of the filing. The jeopardy assessment lien has the same scope and effect as a statutory lien under this Act. The taxpayer is liable for the filing fee incurred by the Department for filing the lien and the filing fee incurred by the Department to file
the release of that lien. The filing fees must be paid to
the Department in addition to payment of the tax, penalty,
and interest included in the amount of the lien.

(b) Termination of taxable year. In the case of a tax for a
current taxable year, the Director shall declare the taxable
period of the taxpayer immediately terminated and his or her
notice and demand for a return and immediate payment of the tax
relates to the period declared terminated, including therein
income accrued and deductions incurred up to the date of
termination if not otherwise properly includible or deductible
in respect of the taxable year.

(c) Protest. If the taxpayer believes that he or she does
not owe some or all of the amount for which the jeopardy
assessment lien against him or her has been filed or that no
jeopardy to the revenue in fact exists, he or she may protest
within 20 days after being notified by the Department of the
filing of the jeopardy assessment lien and request a hearing,
whereupon the Department shall hold a hearing in conformity
with the provisions of section 908 and, pursuant thereto, shall
notify the taxpayer of its decision as to whether the jeopardy
assessment lien will be released.

Section 903. Filing and Priority of Liens.

(a) Filing with recorder. Nothing in this Article may be
construed to give the Department a preference over the rights
of any bona fide purchaser, holder of a security interest,
mechanics lienor, mortgagee, or judgment lien creditor arising prior to the filing of a regular notice of lien or a notice of jeopardy assessment lien in the office of the recorder in the county in which the property subject to the lien is located. For purposes of this Section, the term "bona fide," does not include any mortgage of real or personal property or any other credit transaction that results in the mortgagee or the holder of the security acting as trustee for unsecured creditors of the taxpayer mentioned in the notice of lien who executed the chattel or real property mortgage or the document evidencing the credit transaction. The lien is inferior to the lien of general taxes, special assessments, and special taxes heretofore or hereafter levied by any political subdivision of this State.

(b) Filing with registrar. In case title to land to be affected by the notice of lien or notice of jeopardy assessment lien is registered under the provisions of the Registered Titles (Torrens) Act the notice must be filed in the office of the registrar of titles of the county within which the property subject to the lien is situated and must be entered upon the register of titles as a memorial of charge upon each folium of the register of titles affected by such notice, and the Department does not have a preference over the rights of any bona fide purchaser, mortgagee, judgment creditor, or other lien holder arising prior to the registration of the notice.

(c) Index. The recorder of each county shall procure a file
labeled "State Tax Lien Notices" and an index book labeled "State Tax Lien Index." When notice of any lien or jeopardy assessment lien is presented to him or her for filing, he or she shall file it in numerical order in the file and shall enter it alphabetically in the index. The entry must show the name and last known address of the person named in the notice, the serial number of the notice, the date and hour of filing, whether it is a regular lien or a jeopardy assessment lien, and the amount of tax and penalty due and unpaid, plus the amount of interest due at the time when the notice of lien or jeopardy assessment is filed.

(d) No recorder or registrar of titles of any county may require that the Department pay any costs or fees in connection with recordation of any notice or other document filed by the Department under this Act at the time the notice or other document is presented for recordation. The recorder or registrar of each county, in order to receive payment for fees or costs incurred by the Department, may present the Department with monthly statements indicating the amount of fees and costs incurred by the Department and for which no payment has been received.

(e) The taxpayer is liable for the filing fee incurred by the Department for filing the lien and the filing fee incurred by the Department to file the release of that lien. The filing fees must be paid to the Department in addition to payment of the tax, penalty, and interest included in the amount of the
Section 904. Duration of lien. The lien provided under this Article 9 continues for 20 years from the date of filing the notice of lien under the provisions of Section 903 unless sooner released or otherwise discharged.

Section 905. Release of liens.

(a) In general. Upon payment by the taxpayer to the Department in cash or by guaranteed remittance of an amount representing the filing fees and charges for the lien and the filing fees and charges for the release of that lien, the Department shall release all or any portion of the property subject to any lien provided for in this Act and file that complete or partial release of lien with the recorder of the county where that lien was filed if it determines that the release will not endanger or jeopardize the collection of the amount secured thereby.

(b) Judicial determination. If, on judicial review, the final judgment of the court is that the taxpayer does not owe some or all of the amount secured by the lien against him or her, or that no jeopardy to the revenue exists, then the Department shall release its lien to the extent of that finding of nonliability or to the extent of that finding of no jeopardy to the revenue. The taxpayer is, however, liable for the filing fee paid by the Department to file the lien and the filing fee
required to file a release of the lien. The filing fees must be
paid to the Department.

(c) Payment. The Department shall also release its jeopardy
assessment lien against the taxpayer if the tax and penalty
covered by the lien, plus any interest that may be due and an
amount representing the filing fee to file the lien and the
filing fee required to file a release of that lien, are paid by
the taxpayer to the Department in cash or by guaranteed
remittance.

(d) Certificate of release. The Department shall issue a
certificate of complete or partial release of the lien upon
payment by the taxpayer to the Department in cash or by
guaranteed remittance of an amount representing the filing fee
paid by the Department to file the lien and the filing fee
required to file the release of that lien:

(1) to the extent that the fair market value of any
property subject to the lien exceeds the amount of the lien
plus the amount of all prior liens upon the property;

(2) to the extent that the lien becomes unenforceable;

(3) to the extent that the amount of the lien is paid
by the person whose property is subject to the lien,

(4) to the extent that there is furnished to the
Department, on a form to be approved and with a surety or
sureties satisfactory to the Department, a bond that is conditioned upon the payment of the amount of the lien, together with any interest which may become due under this Act after the notice of lien is filed, but before the amount thereof is fully paid; and

(5) to the extent and under the circumstances specified in this Section. A certificate of complete or partial release of any lien is held to be conclusive that the lien upon the property covered by the certificate is extinguished to the extent indicated by the certificate. The release of lien must be issued to the person, or his or her agent, against whom the lien was obtained and must contain in legible letters a statement as follows:

FOR THE PROTECTION OF THE OWNER, THIS RELEASE SHALL BE FILED WITH THE RECORDER OR THE REGISTRAR OF TITLES, IN WHOSOEVER OFFICE, THE LIEN WAS FILED.

(e) Filing. When a certificate of complete or partial release of lien issued by the Department is presented for filing in the office of the recorder or registrar of titles where a notice of lien or notice of jeopardy assessment lien was filed:

(1) the recorder, in the case of nonregistered property, shall permanently attach the certificate of release to the notice of lien or notice of jeopardy
assessment lien and shall enter the certificate of release
and the date in the "State Tax Lien Index" on the line
where the notice of lien or notice of jeopardy assessment
lien is entered; and

(2) In the case of registered property, the registrar
of titles shall file and enter upon each folium of the
register of titles affected thereby a memorial of the
certificate of release, which when so entered, acts as a
release pro tanto of any memorial of the notice of lien or
notice of jeopardy assessment lien previously filed and
registered.

Section 906. Nonliability for costs. The Department is not
be required to furnish any bond nor to make a deposit for or
pay any costs or fees of any court or officer thereof in any
legal proceedings pursuant to the provisions of this Act.

Section 907. Claim to property. Whenever any process,
issued from any court for the enforcement or collection of any
liability created by this Act, is levied by any sheriff or
other authorized person upon any personal property, and the
property is claimed by any person other than the defendant as
exempt from enforcement of a judgment thereon by virtue of the
exemption laws of this State, then it is the duty of the person
making the claim to give notice in writing of his or her claim
and of his or her intention to prosecute the same to the
sheriff or other person within 10 days after the making of the
levy. On receiving such a notice, the sheriff or other person
shall proceed in accordance with the provisions of Part 2 of
Article XII of the Code of Civil Procedure, as amended. The
giving of the notice within the 10-day period is a condition
precedent to any judicial action against the sheriff or other
authorized person for wrongfully levying, seizing, or selling
the property and any such person who fails to give notice
within the time is forever barred from bringing any judicial
action against the sheriff or other person for injury or
damages to or conversion of the property.

Section 908. Foreclosure on real property. In addition to
any other remedy provided for by the laws of this State, and
provided that no hearing or proceedings for review provided by
this Act is pending and the time for the taking thereof has
expired, the Department may foreclose in the circuit court any
lien on real property for any tax or penalty imposed by this
Act to the same extent and in the same manner as in the
enforcement of other liens. The proceedings to foreclose may
not be instituted more than 5 years after the filing of the
notice of lien under the provisions of Section 903. The
process, practice, and procedure for the foreclosure is the
same as provided in the Civil Practice Law, as amended.

Section 909. Demand and seizure. In addition to any other
remedy provided for by the laws of this State, if the tax
imposed by this Act is not paid within the time required by
this Act, the Department, or some person designated by it, may
cause a demand to be made on the taxpayer for the payment
thereof. If the tax remains unpaid for 10 days after such a
demand has been made and no proceedings have been taken to
review the same, then the Department may issue a warrant
directed to any sheriff or other person authorized to serve
process, commanding the sheriff or other person to levy upon
the property and rights to property (whether real or personal,
tangible or intangible) of the taxpayer, without exemption,
found within his or her jurisdiction, for the payment of the
amount thereof with the added penalties, interest, and the cost
of executing the warrant. The term "levy" includes the power of
distraint and seizure by any means. In any case in which the
warrant to levy has been issued, the sheriff or other person to
whom the warrant was directed may seize and sell the property
or rights to property. The warrant must be returned to the
Department together with the money collected by virtue thereof
within the time therein specified, which may not be less than
20 nor more than 90 days after the date of the warrant. The
sheriff or other person to whom the warrant is directed shall
proceed in the same manner as prescribed by law in respect to
the enforcement against property upon judgments by a court, and
is entitled to the same fees for his or her services in
executing the warrant, to be collected in the same manner. The
Department, or some officer, employee or agent designated by it, is hereby authorized to bid for and purchase any property sold under the provisions of this Section. No proceedings for a levy under this Section may be commenced more than 20 years after the latest date for filing of the notice of lien under the provisions of Section 903, without regard to whether the notice was actually filed.

Any officer or employee of the Department designated in writing by the Director is authorized to serve process under this Section to levy upon accounts or other intangible assets of a taxpayer held by a financial organization, as defined in Section 1501 of the Illinois Income Tax Act. In addition to any other provisions of this Section, any officer or employee of the Department designated in writing by the Director may levy upon the following property and rights to property belonging to a taxpayer: contractual payments, accounts and notes receivable and other evidences of debt, and interest on bonds by serving a notice of levy on the person making the payment. The levy may not be made until the Department has caused a demand to be made on the taxpayer in the manner provided in this Section. A lien obtained hereunder has priority over any subsequent lien obtained pursuant to Section 12-808 of the Code of Civil Procedure.

In any case where property or rights to property have been seized by an officer of the Department of State Police, or successor agency thereto, under the authority of a warrant to
levy issued by the Department of Revenue, the Department of Revenue may take possession of and may sell the property or rights to property and the Department of Revenue may contract with third persons to conduct sales of the property or rights to the property. In the conduct of these sales, the Department of Revenue shall proceed in the same manner as is prescribed by law for proceeding against property to enforce judgments that are entered by a circuit court of this State. If, in the Department of Revenue's opinion, no offer to purchase at the sale is acceptable and the State's interest would be better served by retaining the property for sale at a later date, then the Department may decline to accept any bid and may retain the property for sale at a later date.

Section 910. Redemption by State. The provisions of Section 5g of the Retailers' Occupation Tax Act (relating to time for redemption by the State of real estate sold at judicial or execution sale) as in effect on the effective date of this Act, or as subsequently amended, apply for purposes of this Act as if those Sections were set forth herein in their entirety.

ARTICLE 10. JUDICIAL REVIEW

Section 1001. Administrative Review Law. The provisions of the Administrative Review Law, and the rules adopted pursuant thereto, apply to and govern all proceedings for the judicial
review of final actions of the Department referred to in Sections 708(d) and 710(d). These final actions constitute "administrative decisions", as defined in Section 3-101 of the Code of Civil Procedure.

Section 1002. Venue. The Circuit Court of the county where the taxpayer has his or her residence or commercial domicile, or of Cook County in those cases where the taxpayer does not have his or her residence or commercial domicile in this State, has the power to review all final administrative decisions of the Department in administering the provisions of this Act.

Section 1003. Service, certification, and dismissal.

(a) Service. Service upon the Director or the Assistant Director of summons issued in an action to review a final administrative decision of the Department is service upon the Department.

(b) Certification. The Department shall certify the record of its proceedings if the taxpayer pays to it the sum of $0.75 per page of testimony taken before the Department and $0.25 per page of all other matters contained in the record, except that these charges may be waived if the Department is satisfied that the aggrieved party is a poor person who cannot afford to pay the charges.

(c) Dismissal. If payment for the record is not made by the taxpayer within 30 days after notice from the Department or the
Attorney General of the cost thereof, the court in which the proceeding is pending, on motion of the Department, shall dismiss the complaint and shall enter judgment against the taxpayer and in favor of the Department in accordance with the final action of the Department, together with interest on any deficiency to the date of entry of the judgment, and also for costs.

Section 1004. Modification of assessment. An assessment reviewed under this Article is deemed confirmed or abated consistent with the final decision in the proceeding.

ARTICLE 11. CRIMES

Section 1101. Willful and fraudulent acts. Any person who is subject to the provisions of this Act and who willfully fails to file a return, who files a fraudulent return, or who willfully attempts in any other manner to evade or defeat any tax imposed by this Act or the payment thereof or any accountant or other agent who knowingly enters false information on the return of any taxpayer under this Act, is, in addition to other penalties, be guilty of a Class 4 felony for the first offense and a Class 3 felony for each subsequent offense. Any person who is subject to this Act and who willfully violates any rule or regulation of the Department for the administration and enforcement of this Act or who fails to
keep books and records as required in this Act is, in addition to other penalties, guilty of a Class A misdemeanor. Any person whose commercial domicile or whose residence is in this State and who is charged with a violation under this Section must be tried in the county where his or her commercial domicile or his or her residence is located unless he or she asserts a right to be tried in another venue. A prosecution for any act in violation of this Section may be commenced at any time within 5 years after the commission of that act.

Section 1102. Willful failure to pay over. Any person who accepts money that is due to the Department under this Act from a taxpayer for the purpose of acting as the taxpayer's agent to make the payment to the Department, but who willfully fails to remit that payment to the Department when due, is guilty of a Class A misdemeanor. Any such person who purports to make that payment by issuing or delivering a check or other order upon a real or fictitious depository for the payment of money, knowing that it will not be paid by the depository, is guilty of a deceptive practice in violation of Section 17-1 of the Criminal Code of 1961, as amended. Any person whose commercial domicile or whose residence is in this State and who is charged with a violation under this Section must be tried in the county where his or her commercial domicile or his or her residence is located unless he or she asserts a right to be tried in another venue. A prosecution for any act in violation of this Section
may be commenced at any time within 5 years after the commission of that act.

ARTICLE 12. MISCELLANEOUS PROVISIONS

Section 1201. Adoption of Rules. The Department is authorized to make, adopt, and enforce such reasonable rules and regulations, and to prescribe such forms, relating to the administration and enforcement of the provisions of this Act, as it may deem appropriate.

Section 1202. Notice. If notice is required by this Act, then the notice must, if not otherwise provided, be given or issued by mailing it by registered or certified mail addressed to the person concerned at his or her last known address.

Section 1203. Transferees. The liability of a transferee of property of a taxpayer for any tax, penalty, or interest due the Department under this Act, must be assessed, paid, and collected in the same manner and subject to the same provisions as in the case of the tax to which the liability relates, except that the period of limitations for the issuance of a notice of deficiency with respect to the liability is as provided in Section 705(g). The term "transferee" includes donee, heir, legatee, distributee, and bulk purchaser under Section 702(d).
Section 1204. Identifying numbers. If required by rules adopted by the Department, any taxpayer required under this Act to make a return, statement, or other document must include in the return, statement, or other document any identifying number as may be prescribed for securing proper identification of that person.

Section 1205. Amounts less than $1.

(a) Payments, refunds, etc. The Department may by rule provide that, if a total amount of less than $1 is payable, refundable, or creditable, then the amount may be disregarded or, alternatively, is disregarded if it is less than $0.50 and is increased to $1 if it is $0.50 or more.

(b) Rounding. The Department may by rule provide that any amount that is required to be shown or reported on any return or other document under this Act is if such amount is not a whole-dollar amount, increased to the nearest whole-dollar amount in any case where the fractional part of a dollar is $0.50 or more and decreased to the nearest whole-dollar amount where the fractional part of a dollar is less than $0.50.

Section 1206. Administrative Procedure Act; application. The Illinois Administrative Procedure Act is hereby expressly adopted and applies to all administrative rules and procedures of the Department of Revenue under this Act, except that: (1)
paragraph (b) of Section 5-10 of the Illinois Administrative Procedure Act does not apply to final orders, decisions, and opinions of the Department; (2) subparagraph (a)(2) of Section 5-10 of the Illinois Administrative Procedure Act does not apply to forms established by the Department for use under this Act; and (3) the provisions of Section 10-45 of the Illinois Administrative Procedure Act regarding proposals for decision are excluded and not applicable to the Department under this Act.

ARTICLE 13. DEFINITIONS

Section 1301. Definitions.

(a) In general. When used in this Act, where not otherwise distinctly expressed or manifestly incompatible with the intent thereof:

"Disregarded entity" means any entity whose existence separate from the existence of its owner is disregarded for federal income tax purposes, including, without limitation, a single-member limited liability company that has not elected to be treated as a corporation, a qualified Subchapter S subsidiary under Section 1361 of the Internal Revenue Code, and a qualified REIT subsidiary under Section 856 of the Internal Revenue Code.

"Insurance company" has the same meaning as when used in Section 304(b) of the Illinois Income Tax Act.
"Taxpayer" means any individual, trust, estate, partnership, association, firm, company, corporation, limited liability company, disregarded entity, or fiduciary engaged in a trade or business conducted, in whole or in part, within this State. In the case of members of unitary business group required to join in the filing of a combined return under the Illinois Income Tax Act, "taxpayer" means the combined group.

"Unitary business group" has the same meaning as in Section 1501(a)(27) of the Illinois Income Tax Act, and includes any disregarded entity whose owner is included in that unitary business group.

(b) Other definitions.

(1) Words denoting number, gender, and so forth, when used in this Act, where not otherwise distinctly expressed or manifestly incompatible with the intent thereof:

(A) words importing the singular include and apply to several persons, parties or things;

(B) words importing the plural include the singular; and

(C) words importing the masculine gender include the feminine as well.

(2) "Company" or "association" as including successors and assigns. The word "company" or "association", when used in reference to a corporation, is deemed to embrace the words "successors and assigns of the company or association", and in like manner as if these last-named
words, or words of similar import, were expressed.

(3) Other terms. Any term used in any Section of this Act with respect to the application of, or in connection with, the provisions of any other Section of this Act have the same meaning as in the other Section.

Section 1302. Arrangement and captions. No inference, implication, or presumption of legislative construction may be drawn or made by reason of the location or grouping of any particular Section or provision of this Act, nor may any caption be given any legal effect.

ARTICLE 90. AMENDATORY PROVISIONS

Section 90-5. The Illinois Income Tax Act is amended by changing Sections 201, 501, and 901 and by adding Section 218 as follows:

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

Sec. 201. Tax Imposed.

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

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

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

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

(3) In the case of an individual, trust or estate, for taxable years beginning after June 30, 1989, an amount equal to 3% of the taxpayer's net income for the taxable year.

(4) (Blank).

(5) (Blank).

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

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

(8) In the case of a corporation, for taxable years beginning after June 30, 1989, an amount equal to 4.8% of the taxpayer's net income for the taxable year; provided that:

(A) for taxable years ending on or after December 31, 2008, in the case of any corporation that is subject to tax under the Illinois Gross Receipts Tax Act, has greater than $1,000,000 in Illinois gross receipts for the taxable year, and has no item of income includable in its base income that is not also included in gross receipts under Section 202(a) of the Illinois Gross Receipts Tax Act, the amount is zero; and

(B) for taxable years ending after December 31, 2011, the amount is zero if, after the effective date of this amendatory Act of the 95th General Assembly and prior to January 1, 2011, the General Assembly has enacted a new statewide tax or taxes, or enacted an increase to one or more existing statewide taxes, for the express purpose of producing revenues sufficient to replace the revenues under this paragraph for those
taxable years.

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

(d) Additional Personal Property Tax Replacement Income Tax Rates. The personal property tax replacement income tax imposed by this subsection and subsection (c) of this Section in the case of a corporation, other than a Subchapter S corporation and except as adjusted by subsection (d-1), shall be an additional amount equal to 2.85% of such taxpayer's net income for the taxable year, except that beginning on January 1, 1981, and thereafter, the rate of 2.85% specified in this subsection shall be reduced to 2.5%, and in the case of a partnership, trust or a Subchapter S corporation shall be an additional amount equal to 1.5% of such taxpayer's net income for the taxable year.
(d-1) Rate reduction for certain foreign insurers. In the case of a foreign insurer, as defined by Section 35A-5 of the Illinois Insurance Code, whose state or country of domicile imposes on insurers domiciled in Illinois a retaliatory tax (excluding any insurer whose premiums from reinsurance assumed are 50% or more of its total insurance premiums as determined under paragraph (2) of subsection (b) of Section 304, except that for purposes of this determination premiums from reinsurance do not include premiums from inter-affiliate reinsurance arrangements), beginning with taxable years ending on or after December 31, 1999, the sum of the rates of tax imposed by subsections (b) and (d) shall be reduced (but not increased) to the rate at which the total amount of tax imposed under this Act, net of all credits allowed under this Act, shall equal (i) the total amount of tax that would be imposed on the foreign insurer's net income allocable to Illinois for the taxable year by such foreign insurer's state or country of domicile if that net income were subject to all income taxes and taxes measured by net income imposed by such foreign insurer's state or country of domicile, net of all credits allowed or (ii) a rate of zero if no such tax is imposed on such income by the foreign insurer's state of domicile. For the purposes of this subsection (d-1), an inter-affiliate includes a mutual insurer under common management.

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

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

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

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

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

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

(1) A taxpayer shall be allowed a credit equal to .5% of the basis of qualified property placed in service during the taxable year, provided such property is placed in service on or after July 1, 1984. There shall be allowed an additional credit equal to .5% of the basis of qualified property placed in service during the taxable year, provided such property is placed in service on or after July 1, 1986, and the taxpayer's base employment within Illinois has increased by 1% or more over the preceding year as determined by the taxpayer's employment records filed with the Illinois Department of Employment Security. Taxpayers who are new to Illinois shall be deemed to have met the 1% growth in base employment for the first year in which they file employment records with the Illinois Department of Employment Security. The provisions added to this Section by Public Act 85-1200 (and restored by Public Act 87-895) shall be construed as declaratory of existing law and not as a new enactment. If, in any year, the increase in base employment within Illinois over the preceding year is less than 1%, the additional credit shall be limited to that percentage times a fraction, the numerator of which is .5% and the denominator of which is 1%, but shall not exceed .5%. The investment credit shall not be allowed to the extent that it would reduce a
taxpayer's liability in any tax year below zero, nor may any credit for qualified property be allowed for any year other than the year in which the property was placed in service in Illinois. For tax years ending on or after December 31, 1987, and on or before December 31, 1988, the credit shall be allowed for the tax year in which the property is placed in service, or, if the amount of the credit exceeds the tax liability for that year, whether it exceeds the original liability or the liability as later amended, such excess may be carried forward and applied to the tax liability of the 5 taxable years following the excess credit years if the taxpayer (i) makes investments which cause the creation of a minimum of 2,000 full-time equivalent jobs in Illinois, (ii) is located in an enterprise zone established pursuant to the Illinois Enterprise Zone Act and (iii) is certified by the Department of Commerce and Community Affairs (now Department of Commerce and Economic Opportunity) as complying with the requirements specified in clause (i) and (ii) by July 1, 1986. The Department of Commerce and Community Affairs (now Department of Commerce and Economic Opportunity) shall notify the Department of Revenue of all such certifications immediately. For tax years ending after December 31, 1988, the credit shall be allowed for the tax year in which the property is placed in service, or, if the amount of the credit exceeds the tax liability
for that year, whether it exceeds the original liability or the liability as later amended, such excess may be carried forward and applied to the tax liability of the 5 taxable years following the excess credit years. The credit shall be applied to the earliest year for which there is a liability. If there is credit from more than one tax year that is available to offset a liability, earlier credit shall be applied first.

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

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

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

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

(D) is used in Illinois by a taxpayer who is primarily engaged in manufacturing, or in mining coal
or fluorite, or in retailing, or was placed in service on or after July 1, 2006 in a River Edge Redevelopment Zone established pursuant to the River Edge Redevelopment Zone Act; and

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

(3) For purposes of this subsection (e), "manufacturing" means the material staging and production of tangible personal property by procedures commonly regarded as manufacturing, processing, fabrication, or assembling which changes some existing material into new shapes, new qualities, or new combinations. For purposes of this subsection (e) the term "mining" shall have the same meaning as the term "mining" in Section 613(c) of the Internal Revenue Code. For purposes of this subsection (e), the term "retailing" means the sale of tangible personal property or services rendered in conjunction with the sale of tangible consumer goods or commodities.

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

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

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

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

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

(9) Each taxable year ending before December 31, 2000,
a partnership may elect to pass through to its partners the
credits to which the partnership is entitled under this
subsection (e) for the taxable year. A partner may use the
credit allocated to him or her under this paragraph only
against the tax imposed in subsections (c) and (d) of this
Section. If the partnership makes that election, those
credits shall be allocated among the partners in the
partnership in accordance with the rules set forth in
Section 704(b) of the Internal Revenue Code, and the rules
promulgated under that Section, and the allocated amount of
the credits shall be allowed to the partners for that
taxable year. The partnership shall make this election on
its Personal Property Tax Replacement Income Tax return for
that taxable year. The election to pass through the credits
shall be irrevocable.

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

(f) Investment credit; Enterprise Zone; River Edge Redevelopment Zone.

(1) A taxpayer shall be allowed a credit against the tax imposed by subsections (a) and (b) of this Section for investment in qualified property which is placed in service in an Enterprise Zone created pursuant to the Illinois Enterprise Zone Act or, for property placed in service on or after July 1, 2006, a River Edge Redevelopment Zone established pursuant to the River Edge Redevelopment Zone Act. For partners, shareholders of Subchapter S corporations, and owners of limited liability companies, if the liability company is treated as a partnership for purposes of federal and State income taxation, there shall be allowed a credit under this subsection (f) to be determined in accordance with the determination of income and distributive share of income under Sections 702 and 704 and Subchapter S of the Internal Revenue Code. The credit shall be .5% of the basis for such property. The credit shall be available only in the taxable year in which the property is placed in service in the Enterprise Zone or River Edge Redevelopment Zone and shall not be allowed to the extent that it would reduce a taxpayer's liability for the tax imposed by subsections (a) and (b) of this Section.
to below zero. For tax years ending on or after December 31, 1985, the credit shall be allowed for the tax year in which the property is placed in service, or, if the amount of the credit exceeds the tax liability for that year, whether it exceeds the original liability or the liability as later amended, such excess may be carried forward and applied to the tax liability of the 5 taxable years following the excess credit year. The credit shall be applied to the earliest year for which there is a liability. If there is credit from more than one tax year that is available to offset a liability, the credit accruing first in time shall be applied first.

(2) The term qualified property means property which:

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

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

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

(D) is used in the Enterprise Zone or River Edge Redevelopment Zone by the taxpayer; and

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

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

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

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

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

(7) There shall be allowed an additional credit equal to 0.5% of the basis of qualified property placed in service during the taxable year in a River Edge Redevelopment Zone, provided such property is placed in service on or after July 1, 2006, and the taxpayer's base employment within Illinois has increased by 1% or more over the preceding year as determined by the taxpayer's employment records filed with the Illinois Department of Employment Security. Taxpayers who are new to Illinois shall be deemed to have met the 1% growth in base employment for the first year in which they file employment records with the Illinois Department of Employment Security. If, in any year, the increase in base employment within Illinois over the preceding year is less than 1%, the additional credit shall be limited to that percentage times a fraction, the numerator of which is 0.5% and the denominator of which is 1%, but shall not exceed 0.5%.

(g) Jobs Tax Credit; Enterprise Zone, River Edge Redevelopment Zone, and Foreign Trade Zone or Sub-Zone.

(1) A taxpayer conducting a trade or business in an enterprise zone or a High Impact Business designated by the Department of Commerce and Economic Opportunity or for
taxable years ending on or after December 31, 2006, in a River Edge Redevelopment Zone conducting a trade or business in a federally designated Foreign Trade Zone or Sub-Zone shall be allowed a credit against the tax imposed by subsections (a) and (b) of this Section in the amount of $500 per eligible employee hired to work in the zone during the taxable year.

(2) To qualify for the credit:

(A) the taxpayer must hire 5 or more eligible employees to work in an enterprise zone, River Edge Redevelopment Zone, or federally designated Foreign Trade Zone or Sub-Zone during the taxable year;

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

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

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

(A) Certified by the Department of Commerce and
Economic Opportunity as "eligible for services" pursuant to regulations promulgated in accordance with Title II of the Job Training Partnership Act, Training Services for the Disadvantaged or Title III of the Job Training Partnership Act, Employment and Training Assistance for Dislocated Workers Program.

(B) Hired after the enterprise zone, River Edge Redevelopment Zone, or federally designated Foreign Trade Zone or Sub-Zone was designated or the trade or business was located in that zone, whichever is later.

(C) Employed in the enterprise zone, River Edge Redevelopment Zone, or Foreign Trade Zone or Sub-Zone. An employee is employed in an enterprise zone or federally designated Foreign Trade Zone or Sub-Zone if his services are rendered there or it is the base of operations for the services performed.

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

(4) For tax years ending on or after December 31, 1985 and prior to December 31, 1988, the credit shall be allowed for the tax year in which the eligible employees are hired.

For tax years ending on or after December 31, 1988, the credit shall be allowed for the tax year immediately following the tax year in which the eligible employees are hired. If the amount of the credit exceeds the tax liability for that year, whether it exceeds the original
liability or the liability as later amended, such excess
may be carried forward and applied to the tax liability of
the 5 taxable years following the excess credit year. The
credit shall be applied to the earliest year for which
there is a liability. If there is credit from more than one
tax year that is available to offset a liability, earlier
credit shall be applied first.

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

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

(h) Investment credit; High Impact Business.

(1) Subject to subsections (b) and (b-5) of Section 5.5
of the Illinois Enterprise Zone Act, a taxpayer shall be
allowed a credit against the tax imposed by subsections (a)
and (b) of this Section for investment in qualified
property which is placed in service by a Department of
Commerce and Economic Opportunity designated High Impact
Business. The credit shall be .5% of the basis for such
property. The credit shall not be available (i) until the
minimum investments in qualified property set forth in
subdivision (a)(3)(A) of Section 5.5 of the Illinois
Enterprise Zone Act have been satisfied or (ii) until the
time authorized in subsection (b-5) of the Illinois
Enterprise Zone Act for entities designated as High Impact
Businesses under subdivisions (a)(3)(B), (a)(3)(C), and (a)(3)(D) of Section 5.5 of the Illinois Enterprise Zone Act, and shall not be allowed to the extent that it would reduce a taxpayer's liability for the tax imposed by subsections (a) and (b) of this Section to below zero. The credit applicable to such investments shall be taken in the taxable year in which such investments have been completed. The credit for additional investments beyond the minimum investment by a designated high impact business authorized under subdivision (a)(3)(A) of Section 5.5 of the Illinois Enterprise Zone Act shall be available only in the taxable year in which the property is placed in service and shall not be allowed to the extent that it would reduce a taxpayer's liability for the tax imposed by subsections (a) and (b) of this Section to below zero. For tax years ending on or after December 31, 1987, the credit shall be allowed for the tax year in which the property is placed in service, or, if the amount of the credit exceeds the tax liability for that year, whether it exceeds the original liability or the liability as later amended, such excess may be carried forward and applied to the tax liability of the 5 taxable years following the excess credit year. The credit shall be applied to the earliest year for which there is a liability. If there is credit from more than one tax year that is available to offset a liability, the credit accruing first in time shall be applied first.
Changes made in this subdivision (h)(1) by Public Act 88-670 restore changes made by Public Act 85-1182 and reflect existing law.

(2) The term qualified property means property which:

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

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

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

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

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

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

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

(6) If during any taxable year ending on or before December 31, 1996, any property ceases to be qualified property in the hands of the taxpayer within 48 months after being placed in service, or the situs of any qualified property is moved outside Illinois within 48 months after being placed in service, the tax imposed under subsections (a) and (b) of this Section for such taxable year shall be increased. Such increase shall be determined by (i) recomputing the investment credit which would have been allowed for the year in which credit for such property was originally allowed by eliminating such property from such computation, and (ii) subtracting such recomputed credit from the amount of credit previously allowed. For the purposes of this paragraph (6), a reduction of the basis of qualified property resulting from a redetermination of the purchase price shall be deemed a disposition of qualified property to the extent of such reduction.

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

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

Any credit earned on or after December 31, 1986 under this
subsection which is unused in the year the credit is computed
because it exceeds the tax liability imposed by subsections (a)
and (b) for that year (whether it exceeds the original
liability or the liability as later amended) may be carried
forward and applied to the tax liability imposed by subsections
(a) and (b) of the 5 taxable years following the excess credit
year, provided that no credit may be carried forward to any
year ending on or after December 31, 2003. This credit shall be
applied first to the earliest year for which there is a
liability. If there is a credit under this subsection from more
than one tax year that is available to offset a liability the
earliest credit arising under this subsection shall be applied
If, during any taxable year ending on or after December 31, 1986, the tax imposed by subsections (c) and (d) of this Section for which a taxpayer has claimed a credit under this subsection (i) is reduced, the amount of credit for such tax shall also be reduced. Such reduction shall be determined by recomputing the credit to take into account the reduced tax imposed by subsections (c) and (d). If any portion of the reduced amount of credit has been carried to a different taxable year, an amended return shall be filed for such taxable year to reduce the amount of credit claimed.

(j) Training expense credit. Beginning with tax years ending on or after December 31, 1986 and prior to December 31, 2003, a taxpayer shall be allowed a credit against the tax imposed by subsections (a) and (b) under this Section for all amounts paid or accrued, on behalf of all persons employed by the taxpayer in Illinois or Illinois residents employed outside of Illinois by a taxpayer, for educational or vocational training in semi-technical or technical fields or semi-skilled or skilled fields, which were deducted from gross income in the computation of taxable income. The credit against the tax imposed by subsections (a) and (b) shall be 1.6% of such training expenses. For partners, shareholders of subchapter S corporations, and owners of limited liability companies, if the liability company is treated as a partnership for purposes of federal and State income taxation, there shall be allowed a
credit under this subsection (j) to be determined in accordance
with the determination of income and distributive share of
income under Sections 702 and 704 and subchapter S of the
Internal Revenue Code.

Any credit allowed under this subsection which is unused in
the year the credit is earned may be carried forward to each of
the 5 taxable years following the year for which the credit is
first computed until it is used. This credit shall be applied
first to the earliest year for which there is a liability. If
there is a credit under this subsection from more than one tax
year that is available to offset a liability the earliest
credit arising under this subsection shall be applied first. No
carryforward credit may be claimed in any tax year ending on or

(k) Research and development credit.

For tax years ending after July 1, 1990 and prior to
December 31, 2003, and beginning again for tax years ending on
or after December 31, 2004, a taxpayer shall be allowed a
credit against the tax imposed by subsections (a) and (b) of
this Section for increasing research activities in this State.
The credit allowed against the tax imposed by subsections (a)
and (b) shall be equal to 6 1/2% of the qualifying expenditures
for increasing research activities in this State. For partners,
shareholders of subchapter S corporations, and owners of
limited liability companies, if the liability company is
treated as a partnership for purposes of federal and State
income taxation, there shall be allowed a credit under this
subsection to be determined in accordance with the
determination of income and distributive share of income under
Sections 702 and 704 and subchapter S of the Internal Revenue
Code.

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

Any credit in excess of the tax liability for the taxable
year may be carried forward. A taxpayer may elect to have the
unused credit shown on its final completed return carried over
as a credit against the tax liability for the following 5
taxable years or until it has been fully used, whichever occurs
first; provided that no credit earned in a tax year ending
prior to December 31, 2003 may be carried forward to any year
ending on or after December 31, 2003.
If an unused credit is carried forward to a given year from 2 or more earlier years, that credit arising in the earliest year will be applied first against the tax liability for the given year. If a tax liability for the given year still remains, the credit from the next earliest year will then be applied, and so on, until all credits have been used or no tax liability for the given year remains. Any remaining unused credit or credits then will be carried forward to the next following year in which a tax liability is incurred, except that no credit can be carried forward to a year which is more than 5 years after the year in which the expense for which the credit is given was incurred.

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

(l) Environmental Remediation Tax Credit.

(i) For tax years ending after December 31, 1997 and on or before December 31, 2001, a taxpayer shall be allowed a credit against the tax imposed by subsections (a) and (b) of this Section for certain amounts paid for unreimbursed eligible remediation costs, as specified in this subsection. For purposes of this Section, "unreimbursed eligible remediation costs" means costs approved by the Illinois Environmental Protection Agency ("Agency") under Section 58.14 of the Environmental Protection Act that were paid in performing environmental remediation at a site for
which a No Further Remediation Letter was issued by the Agency and recorded under Section 58.10 of the Environmental Protection Act. The credit must be claimed for the taxable year in which Agency approval of the eligible remediation costs is granted. The credit is not available to any taxpayer if the taxpayer or any related party caused or contributed to, in any material respect, a release of regulated substances on, in, or under the site that was identified and addressed by the remedial action pursuant to the Site Remediation Program of the Environmental Protection Act. After the Pollution Control Board rules are adopted pursuant to the Illinois Administrative Procedure Act for the administration and enforcement of Section 58.9 of the Environmental Protection Act, determinations as to credit availability for purposes of this Section shall be made consistent with those rules. For purposes of this Section, "taxpayer" includes a person whose tax attributes the taxpayer has succeeded to under Section 381 of the Internal Revenue Code and "related party" includes the persons disallowed a deduction for losses by paragraphs (b), (c), and (f)(1) of Section 267 of the Internal Revenue Code by virtue of being a related taxpayer, as well as any of its partners. The credit allowed against the tax imposed by subsections (a) and (b) shall be equal to 25% of the unreimbursed eligible remediation costs in excess of $100,000 per site, except
that the $100,000 threshold shall not apply to any site contained in an enterprise zone as determined by the Department of Commerce and Community Affairs (now Department of Commerce and Economic Opportunity). The total credit allowed shall not exceed $40,000 per year with a maximum total of $150,000 per site. For partners and shareholders of subchapter S corporations, there shall be allowed a credit under this subsection to be determined in accordance with the determination of income and distributive share of income under Sections 702 and 704 and subchapter S of the Internal Revenue Code.

(ii) A credit allowed under this subsection that is unused in the year the credit is earned may be carried forward to each of the 5 taxable years following the year for which the credit is first earned until it is used. The term "unused credit" does not include any amounts of unreimbursed eligible remediation costs in excess of the maximum credit per site authorized under paragraph (i). This credit shall be applied first to the earliest year for which there is a liability. If there is a credit under this subsection from more than one tax year that is available to offset a liability, the earliest credit arising under this subsection shall be applied first. A credit allowed under this subsection may be sold to a buyer as part of a sale of all or part of the remediation site for which the credit was granted. The purchaser of a remediation site and the
tax credit shall succeed to the unused credit and remaining
carry-forward period of the seller. To perfect the
transfer, the assignor shall record the transfer in the
chain of title for the site and provide written notice to
the Director of the Illinois Department of Revenue of the
assignor's intent to sell the remediation site and the
amount of the tax credit to be transferred as a portion of
the sale. In no event may a credit be transferred to any
taxpayer if the taxpayer or a related party would not be
eligible under the provisions of subsection (i).

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

(m) Education expense credit. Beginning with tax years
ending after December 31, 1999, a taxpayer who is the custodian
of one or more qualifying pupils shall be allowed a credit
against the tax imposed by subsections (a) and (b) of this
Section for qualified education expenses incurred on behalf of
the qualifying pupils. The credit shall be equal to 25% of
qualified education expenses, but in no event may the total
credit under this subsection claimed by a family that is the
custodian of qualifying pupils exceed $500. In no event shall a
credit under this subsection reduce the taxpayer's liability
under this Act to less than zero. This subsection is exempt
from the provisions of Section 250 of this Act.

For purposes of this subsection:
"Qualifying pupils" means individuals who (i) are residents of the State of Illinois, (ii) are under the age of 21 at the close of the school year for which a credit is sought, and (iii) during the school year for which a credit is sought were full-time pupils enrolled in a kindergarten through twelfth grade education program at any school, as defined in this subsection.

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

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

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

(n) River Edge Redevelopment Zone site remediation tax credit.

(i) For tax years ending on or after December 31, 2006, a taxpayer shall be allowed a credit against the tax imposed by subsections (a) and (b) of this Section for
certain amounts paid for unreimbursed eligible remediation
costs, as specified in this subsection. For purposes of
this Section, "unreimbursed eligible remediation costs"
means costs approved by the Illinois Environmental
Protection Agency ("Agency") under Section 58.14 of the
Environmental Protection Act that were paid in performing
environmental remediation at a site within a River Edge
Redevelopment Zone for which a No Further Remediation
Letter was issued by the Agency and recorded under Section
58.10 of the Environmental Protection Act. The credit must
be claimed for the taxable year in which Agency approval of
the eligible remediation costs is granted. The credit is
not available to any taxpayer if the taxpayer or any
related party caused or contributed to, in any material
respect, a release of regulated substances on, in, or under
the site that was identified and addressed by the remedial
action pursuant to the Site Remediation Program of the
Environmental Protection Act. Determinations as to credit
availability for purposes of this Section shall be made
consistent with rules adopted by the Pollution Control
Board pursuant to the Illinois Administrative Procedure
Act for the administration and enforcement of Section 58.9
of the Environmental Protection Act. For purposes of this
Section, "taxpayer" includes a person whose tax attributes
the taxpayer has succeeded to under Section 381 of the
Internal Revenue Code and "related party" includes the
persons disallowed a deduction for losses by paragraphs (b), (c), and (f)(1) of Section 267 of the Internal Revenue Code by virtue of being a related taxpayer, as well as any of its partners. The credit allowed against the tax imposed by subsections (a) and (b) shall be equal to 25% of the unreimbursed eligible remediation costs in excess of $100,000 per site.

(ii) A credit allowed under this subsection that is unused in the year the credit is earned may be carried forward to each of the 5 taxable years following the year for which the credit is first earned until it is used. This credit shall be applied first to the earliest year for which there is a liability. If there is a credit under this subsection from more than one tax year that is available to offset a liability, the earliest credit arising under this subsection shall be applied first. A credit allowed under this subsection may be sold to a buyer as part of a sale of all or part of the remediation site for which the credit was granted. The purchaser of a remediation site and the tax credit shall succeed to the unused credit and remaining carry-forward period of the seller. To perfect the transfer, the assignor shall record the transfer in the chain of title for the site and provide written notice to the Director of the Illinois Department of Revenue of the assignor's intent to sell the remediation site and the amount of the tax credit to be transferred as a portion of
the sale. In no event may a credit be transferred to any taxpayer if the taxpayer or a related party would not be eligible under the provisions of subsection (i).

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

(iv) This subsection is exempt from the provisions of Section 250.

(Source: P.A. 93-29, eff. 6-20-03; 93-840, eff. 7-30-04; 93-871, eff. 8-6-04; 94-1021, eff. 7-12-06.)

(35 ILCS 5/218 new)

Sec. 218. Credit for gross receipts tax paid.

(a) If the credit allowed by Section 204 of the Illinois Gross Receipts Tax Act reduces a corporation's liability under that Act to zero, that corporation is allowed a credit against the taxes imposed under subsections (a) and (b) of Section 201 of this Act.

(b) The credit allowed under this Section is the excess, if any, of the credit under Section 204 of the Illinois Gross Receipts Tax Act, determined without regard to subsection (b) of that Section, over the taxpayer's liability under the Illinois Gross Receipts Tax Act computed without excluding from gross receipts any item described in subparagraphs (A), (A-1), (M), (Q), (R), (S), (T), (U), or (V) of Section 202(a)(2) of that Act.
Sec. 501. Notice or Regulations Requiring Records, Statements and Special Returns.

(a) In general. Every person liable for any tax imposed by this Act shall keep such records, render such statements, make such returns and notices, and comply with such rules and regulations as the Department may from time to time prescribe. Whenever in the judgment of the Director it is necessary, he may require any person, by notice served upon such person or by regulations, to make such returns and notices, render such statements, or keep such records, as the Director deems sufficient to show whether or not such person is liable for tax under this Act.

(b) Reportable transactions. For each taxable year in which a taxpayer is required to make a disclosure statement under Treasury Regulations Section 1.6011-4 (26 CFR 1.6011-4) (including any taxpayer that is a member of a consolidated group required to make such disclosure) with respect to a reportable transaction (including a listed transaction) in which the taxpayer participated in a taxable year for which a return is required under Section 502 of this Act, such taxpayer shall file a copy of such disclosure with the Department. Disclosure under this subsection is required to be made by any taxpayer that is a member of a unitary business group that includes any person required to make a disclosure statement.
under Treasury Regulations Section 1.6011-4. Disclosure under this subsection is required with respect to any transaction entered into after February 28, 2000 that becomes a listed transaction at any time, and shall be made in the manner prescribed by the Department. With respect to transactions in which the taxpayer participated for taxable years ending before December 31, 2004, disclosure shall be made by the due date (including extensions) of the first return required under Section 502 of this Act due after the effective date of this amendatory Act of the 93rd General Assembly. With respect to transactions in which the taxpayer participated for taxable years ending on and after December 31, 2004, disclosure shall be made in the time and manner prescribed in Treasury Regulations Section 1.6011-4(e). Notwithstanding the above, no disclosure is required for transactions entered into after February 28, 2000 and before January 1, 2005 (i) if the taxpayer has filed an amended Illinois income tax return which reverses the tax benefits of the potential tax avoidance transaction, or (ii) as a result of a federal audit the Internal Revenue Service has determined the tax treatment of the transaction and an Illinois amended return has been filed to reflect the federal treatment.

(c) The Department may require electronic filing of any return due under this Act.

(Source: P.A. 93-840, eff. 7-30-04.)
Sec. 901. Collection Authority.

(a) In general.

The Department shall collect the taxes imposed by this Act. The Department shall collect certified past due child support amounts under Section 2505-650 of the Department of Revenue Law (20 ILCS 2505/2505-650). Except as provided in subsections (c) and (e) of this Section, money collected pursuant to subsections (a) and (b) of Section 201 of this Act shall be paid into the General Revenue Fund in the State treasury; money collected pursuant to subsections (c) and (d) of Section 201 of this Act shall be paid into the Personal Property Tax Replacement Fund, a special fund in the State Treasury; and money collected under Section 2505-650 of the Department of Revenue Law (20 ILCS 2505/2505-650) shall be paid into the Child Support Enforcement Trust Fund, a special fund outside the State Treasury, or to the State Disbursement Unit established under Section 10-26 of the Illinois Public Aid Code, as directed by the Department of Healthcare and Family Services.

(b) Local Governmental Distributive Fund.

Beginning August 1, 1969, and continuing through June 30, 1994, the Treasurer shall transfer each month from the General Revenue Fund to a special fund in the State treasury, to be known as the "Local Government Distributive Fund", an amount equal to 1/12 of the net revenue realized from the tax imposed...
by subsections (a) and (b) of Section 201 of this Act during
the preceding month. Beginning July 1, 1994, and continuing
through June 30, 1995, the Treasurer shall transfer each month
from the General Revenue Fund to the Local Government
Distributive Fund an amount equal to 1/11 of the net revenue
realized from the tax imposed by subsections (a) and (b) of
Section 201 of this Act during the preceding month. Beginning
July 1, 1995, the Treasurer shall transfer each month from the
General Revenue Fund to the Local Government Distributive Fund
an amount equal to the net of (i) 1/10 of the net revenue
realized from the tax imposed by subsections (a) and (b) of
Section 201 of the Illinois Income Tax Act during the preceding
month (ii) minus, beginning July 1, 2003 and ending June 30,
2004, $6,666,666, and beginning July 1, 2004, zero. Net revenue
realized for a month shall be defined as the revenue from the
tax imposed by subsections (a) and (b) of Section 201 of this
Act which is deposited in the General Revenue Fund, the
Educational Assistance Fund and the Income Tax Surcharge Local
Government Distributive Fund during the month minus the amount
paid out of the General Revenue Fund in State warrants during
that same month as refunds to taxpayers for overpayment of
liability under the tax imposed by subsections (a) and (b) of
Section 201 of this Act; provided that, for purposes of this
subsection, for State fiscal years 2008 and following, if the
total net revenues realized for the fiscal year are less than
the total net revenues realized for State fiscal year 2007
under this subsection, the net revenues for the last month of
the fiscal year shall be increased by the excess of the net
revenues realized during State fiscal year 2007 over the net
revenues realized during that fiscal year.

(c) Deposits Into Income Tax Refund Fund.

(1) Beginning on January 1, 1989 and thereafter, the
Department shall deposit a percentage of the amounts
collected pursuant to subsections (a) and (b)(1), (2), and
(3), of Section 201 of this Act into a fund in the State
treasury known as the Income Tax Refund Fund. The
Department shall deposit 6% of such amounts during the
period beginning January 1, 1989 and ending on June 30,
1989. Beginning with State fiscal year 1990 and for each
fiscal year thereafter, the percentage deposited into the
Income Tax Refund Fund during a fiscal year shall be the
Annual Percentage. For fiscal years 1999 through 2001, the
Annual Percentage shall be 7.1%. For fiscal year 2003, the
Annual Percentage shall be 8%. For fiscal year 2004, the
Annual Percentage shall be 11.7%. Upon the effective date
of this amendatory Act of the 93rd General Assembly, the
Annual Percentage shall be 10% for fiscal year 2005. For
fiscal year 2006, the Annual Percentage shall be 9.75%. For
fiscal year 2007, the Annual Percentage shall be 9.75%. For
all other fiscal years, the Annual Percentage shall be
calculated as a fraction, the numerator of which shall be
the amount of refunds approved for payment by the
Department during the preceding fiscal year as a result of overpayment of tax liability under subsections (a) and (b)(1), (2), and (3) of Section 201 of this Act plus the amount of such refunds remaining approved but unpaid at the end of the preceding fiscal year, minus the amounts transferred into the Income Tax Refund Fund from the Tobacco Settlement Recovery Fund, and the denominator of which shall be the amounts which will be collected pursuant to subsections (a) and (b)(1), (2), and (3) of Section 201 of this Act during the preceding fiscal year; except that in State fiscal year 2002, the Annual Percentage shall in no event exceed 7.6%. The Director of Revenue shall certify the Annual Percentage to the Comptroller on the last business day of the fiscal year immediately preceding the fiscal year for which it is to be effective.

(2) Beginning on January 1, 1989 and thereafter, the Department shall deposit a percentage of the amounts collected pursuant to subsections (a) and (b)(6), (7), and (8), (c) and (d) of Section 201 of this Act into a fund in the State treasury known as the Income Tax Refund Fund. The Department shall deposit 18% of such amounts during the period beginning January 1, 1989 and ending on June 30, 1989. Beginning with State fiscal year 1990 and for each fiscal year thereafter, the percentage deposited into the Income Tax Refund Fund during a fiscal year shall be the Annual Percentage. For fiscal years 1999, 2000, and 2001,
the Annual Percentage shall be 19%. For fiscal year 2003, the Annual Percentage shall be 27%. For fiscal year 2004, the Annual Percentage shall be 32%. Upon the effective date of this amendatory Act of the 93rd General Assembly, the Annual Percentage shall be 24% for fiscal year 2005. For fiscal year 2006, the Annual Percentage shall be 20%. For fiscal year 2007, the Annual Percentage shall be 17.5%. For all other fiscal years, the Annual Percentage shall be calculated as a fraction, the numerator of which shall be the amount of refunds approved for payment by the Department during the preceding fiscal year as a result of overpayment of tax liability under subsections (a) and (b)(6), (7), and (8), (c) and (d) of Section 201 of this Act plus the amount of such refunds remaining approved but unpaid at the end of the preceding fiscal year, and the denominator of which shall be the amounts which will be collected pursuant to subsections (a) and (b)(6), (7), and (8), (c) and (d) of Section 201 of this Act during the preceding fiscal year; except that in State fiscal year 2002, the Annual Percentage shall in no event exceed 23%. The Director of Revenue shall certify the Annual Percentage to the Comptroller on the last business day of the fiscal year immediately preceding the fiscal year for which it is to be effective.

(3) The Comptroller shall order transferred and the Treasurer shall transfer from the Tobacco Settlement

(d) Expenditures from Income Tax Refund Fund.

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

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

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

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

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

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

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

On July 1, 1991, and thereafter, of the amounts collected pursuant to subsections (a) and (b) of Section 201 of this Act, minus deposits into the Income Tax Refund Fund, the Department shall deposit 7.3% into the Education Assistance Fund in the State Treasury. Beginning July 1, 1991, and continuing through January 31, 1993, of the amounts collected pursuant to subsections (a) and (b) of Section 201 of the Illinois Income Tax Act, minus deposits into the Income Tax Refund Fund, the Department shall deposit 3.0% into the Income Tax Surcharge Local Government Distributive Fund in the State Treasury. Beginning February 1, 1993 and continuing through June 30, 1993, of the amounts collected pursuant to subsections (a) and (b) of Section 201 of the Illinois Income Tax Act, minus deposits into the Income Tax Refund Fund, the Department shall deposit 4.4% into the Income Tax Surcharge Local Government Distributive Fund in the State Treasury. Beginning July 1, 1993, and continuing through June 30, 1994, of the amounts collected under subsections (a) and (b) of Section 201 of this Act, minus deposits into the Income Tax Refund Fund, the
Department shall deposit 1.475% into the Income Tax Surcharge Local Government Distributive Fund in the State Treasury.  
(Source: P.A. 93-32, eff. 6-20-03; 93-839, eff. 7-30-04; 94-91, eff. 7-1-05; 94-839, eff. 6-6-06.)

Section 90-10. The Uniform Penalty and Interest Act is amended by changing Section 3-3 as follows:

(35 ILCS 735/3-3) (from Ch. 120, par. 2603-3)

Sec. 3-3. Penalty for failure to file or pay.

(a) This subsection (a) is applicable before January 1, 1996. A penalty of 5% of the tax required to be shown due on a return shall be imposed for failure to file the tax return on or before the due date prescribed for filing determined with regard for any extension of time for filing (penalty for late filing or nonfiling). If any unprocessable return is corrected and filed within 21 days after notice by the Department, the late filing or nonfiling penalty shall not apply. If a penalty for late filing or nonfiling is imposed in addition to a penalty for late payment, the total penalty due shall be the sum of the late filing penalty and the applicable late payment penalty. Beginning on the effective date of this amendatory Act of 1995, in the case of any type of tax return required to be filed more frequently than annually, when the failure to file the tax return on or before the date prescribed for filing (including any extensions) is shown to be nonfraudulent and has
not occurred in the 2 years immediately preceding the failure
to file on the prescribed due date, the penalty imposed by
Section 3-3(a) shall be abated.

(a-5) This subsection (a-5) is applicable to returns due on
and after January 1, 1996 and on or before December 31, 2000. A
penalty equal to 2% of the tax required to be shown due on a
return, up to a maximum amount of $250, determined without
regard to any part of the tax that is paid on time or by any
credit that was properly allowable on the date the return was
required to be filed, shall be imposed for failure to file the
tax return on or before the due date prescribed for filing
determined with regard for any extension of time for filing.
However, if any return is not filed within 30 days after notice
of nonfiling mailed by the Department to the last known address
of the taxpayer contained in Department records, an additional
penalty amount shall be imposed equal to the greater of $250 or
2% of the tax shown on the return. However, the additional
penalty amount may not exceed $5,000 and is determined without
regard to any part of the tax that is paid on time or by any
credit that was properly allowable on the date the return was
required to be filed (penalty for late filing or nonfiling). If
any unprocessable return is corrected and filed within 30 days
after notice by the Department, the late filing or nonfiling
penalty shall not apply. If a penalty for late filing or
nonfiling is imposed in addition to a penalty for late payment,
the total penalty due shall be the sum of the late filing
penalty and the applicable late payment penalty. In the case of any type of tax return required to be filed more frequently than annually, when the failure to file the tax return on or before the date prescribed for filing (including any extensions) is shown to be nonfraudulent and has not occurred in the 2 years immediately preceding the failure to file on the prescribed due date, the penalty imposed by Section 3-3(a-5) shall be abated.

(a-10) This subsection (a-10) is applicable to returns due on and after January 1, 2001. A penalty equal to 2% of the tax required to be shown due on a return, up to a maximum amount of $250, reduced by any tax that is paid on time or by any credit that was properly allowable on the date the return was required to be filed, shall be imposed for failure to file the tax return on or before the due date prescribed for filing determined with regard for any extension of time for filing. However, if any return is not filed within 30 days after notice of nonfiling mailed by the Department to the last known address of the taxpayer contained in Department records, an additional penalty amount shall be imposed equal to the greater of $250 or 2% of the tax shown on the return. However, the additional penalty amount may not exceed $5,000 and is determined without regard to any part of the tax that is paid on time or by any credit that was properly allowable on the date the return was required to be filed (penalty for late filing or nonfiling). If any unprocessable return is corrected and filed within 30 days
after notice by the Department, the late filing or nonfiling penalty shall not apply. If a penalty for late filing or nonfiling is imposed in addition to a penalty for late payment, the total penalty due shall be the sum of the late filing penalty and the applicable late payment penalty. In the case of any type of tax return required to be filed more frequently than annually, when the failure to file the tax return on or before the date prescribed for filing (including any extensions) is shown to be nonfraudulent and has not occurred in the 2 years immediately preceding the failure to file on the prescribed due date, the penalty imposed by Section 3-3(a-10) shall be abated.

(b) This subsection is applicable before January 1, 1998. A penalty of 15% of the tax shown on the return or the tax required to be shown due on the return shall be imposed for failure to pay:

(1) the tax shown due on the return on or before the due date prescribed for payment of that tax, an amount of underpayment of estimated tax, or an amount that is reported in an amended return other than an amended return timely filed as required by subsection (b) of Section 506 of the Illinois Income Tax Act (penalty for late payment or nonpayment of admitted liability); or

(2) the full amount of any tax required to be shown due on a return and which is not shown (penalty for late payment or nonpayment of additional liability), within 30
days after a notice of arithmetic error, notice and demand, or a final assessment is issued by the Department. In the case of a final assessment arising following a protest and hearing, the 30-day period shall not begin until all proceedings in court for review of the final assessment have terminated or the period for obtaining a review has expired without proceedings for a review having been instituted. In the case of a notice of tax liability that becomes a final assessment without a protest and hearing, the penalty provided in this paragraph (2) shall be imposed at the expiration of the period provided for the filing of a protest.

(b-5) This subsection is applicable to returns due on and after January 1, 1998 and on or before December 31, 2000. A penalty of 20% of the tax shown on the return or the tax required to be shown due on the return shall be imposed for failure to pay:

(1) the tax shown due on the return on or before the due date prescribed for payment of that tax, an amount of underpayment of estimated tax, or an amount that is reported in an amended return other than an amended return timely filed as required by subsection (b) of Section 506 of the Illinois Income Tax Act (penalty for late payment or nonpayment of admitted liability); or

(2) the full amount of any tax required to be shown due on a return and which is not shown (penalty for late
payment or nonpayment of additional liability), within 30
days after a notice of arithmetic error, notice and demand,
or a final assessment is issued by the Department. In the
case of a final assessment arising following a protest and
hearing, the 30-day period shall not begin until all
proceedings in court for review of the final assessment
have terminated or the period for obtaining a review has
expired without proceedings for a review having been
instituted. In the case of a notice of tax liability that
becomes a final assessment without a protest and hearing,
the penalty provided in this paragraph (2) shall be imposed
at the expiration of the period provided for the filing of
a protest.

(b-10) This subsection (b-10) is applicable to returns due
on and after January 1, 2001 and on or before December 31,
2003. A penalty shall be imposed for failure to pay:

(1) the tax shown due on a return on or before the due
date prescribed for payment of that tax, an amount of
underpayment of estimated tax, or an amount that is
reported in an amended return other than an amended return
timely filed as required by subsection (b) of Section 506
of the Illinois Income Tax Act (penalty for late payment or
nonpayment of admitted liability). The amount of penalty
imposed under this subsection (b-10)(1) shall be 2% of any
amount that is paid no later than 30 days after the due
date, 5% of any amount that is paid later than 30 days
after the due date and not later than 90 days after the due
date, 10% of any amount that is paid later than 90 days
after the due date and not later than 180 days after the
due date, and 15% of any amount that is paid later than 180
days after the due date. If notice and demand is made for
the payment of any amount of tax due and if the amount due
is paid within 30 days after the date of the notice and
demand, then the penalty for late payment or nonpayment of
admitted liability under this subsection (b-10)(1) on the
amount so paid shall not accrue for the period after the
date of the notice and demand.

(2) the full amount of any tax required to be shown due
on a return and that is not shown (penalty for late payment
or nonpayment of additional liability), within 30 days
after a notice of arithmetic error, notice and demand, or a
final assessment is issued by the Department. In the case
of a final assessment arising following a protest and
hearing, the 30-day period shall not begin until all
proceedings in court for review of the final assessment
have terminated or the period for obtaining a review has
expired without proceedings for a review having been
instituted. The amount of penalty imposed under this
subsection (b-10)(2) shall be 20% of any amount that is not
paid within the 30-day period. In the case of a notice of
tax liability that becomes a final assessment without a
protest and hearing, the penalty provided in this
subsection (b-10)(2) shall be imposed at the expiration of
the period provided for the filing of a protest.

(b-15) This subsection (b-15) is applicable to returns due
on and after January 1, 2004 and on or before December 31,
2004. A penalty shall be imposed for failure to pay the tax
shown due or required to be shown due on a return on or before
the due date prescribed for payment of that tax, an amount of
underpayment of estimated tax, or an amount that is reported in
an amended return other than an amended return timely filed as
required by subsection (b) of Section 506 of the Illinois
Income Tax Act (penalty for late payment or nonpayment of
admitted liability). The amount of penalty imposed under this
subsection (b-15)(1) shall be 2% of any amount that is paid no
later than 30 days after the due date, 10% of any amount that
is paid later than 30 days after the due date and not later
than 90 days after the due date, 15% of any amount that is paid
later than 90 days after the due date and not later than 180
days after the due date, and 20% of any amount that is paid
later than 180 days after the due date. If notice and demand is
made for the payment of any amount of tax due and if the amount
due is paid within 30 days after the date of this notice and
demand, then the penalty for late payment or nonpayment of
admitted liability under this subsection (b-15)(1) on the
amount so paid shall not accrue for the period after the date
of the notice and demand.

(b-20) This subsection (b-20) is applicable to returns due
on and after January 1, 2005.

(1) A penalty shall be imposed for failure to pay, prior to the due date for payment, any amount of tax the payment of which is required to be made prior to the filing of a return or without a return (penalty for late payment or nonpayment of estimated or accelerated tax). The amount of penalty imposed under this paragraph (1) shall be 2% of any amount that is paid no later than 30 days after the due date and 10% of any amount that is paid later than 30 days after the due date.

(2) A penalty shall be imposed for failure to pay the tax shown due or required to be shown due on a return on or before the due date prescribed for payment of that tax or an amount that is reported in an amended return other than an amended return timely filed as required by subsection (b) of Section 506 of the Illinois Income Tax Act (penalty for late payment or nonpayment of tax). The amount of penalty imposed under this paragraph (2) shall be 2% of any amount that is paid no later than 30 days after the due date, 10% of any amount that is paid later than 30 days after the due date and prior to the date the Department has initiated an audit or investigation of the taxpayer, and 20% of any amount that is paid after the date the Department has initiated an audit or investigation of the taxpayer; provided that the penalty shall be reduced to 15% if the entire amount due is paid not later than 30 days
after the Department has provided the taxpayer with an amended return (following completion of an occupation, use, or excise tax audit) or a form for waiver of restrictions on assessment (following completion of an income tax or gross receipts tax audit); provided further that the reduction to 15% shall be rescinded if the taxpayer makes any claim for refund or credit of the tax, penalties, or interest determined to be due upon audit, except in the case of a claim filed pursuant to subsection (b) of Section 506 of the Illinois Income Tax Act or to claim a carryover of a loss or credit, the availability of which was not determined in the audit. For purposes of this paragraph (2), any overpayment reported on an original return that has been allowed as a refund or credit to the taxpayer shall be deemed to have not been paid on or before the due date for payment and any amount paid under protest pursuant to the provisions of the State Officers and Employees Money Disposition Act shall be deemed to have been paid after the Department has initiated an audit and more than 30 days after the Department has provided the taxpayer with an amended return (following completion of an occupation, use, or excise tax audit) or a form for waiver of restrictions on assessment (following completion of an income tax or gross receipts tax audit).

(3) The penalty imposed under this subsection (b-20) shall be deemed assessed at the time the tax upon which the
penalty is computed is assessed, except that, if the
reduction of the penalty imposed under paragraph (2) of
this subsection (b-20) to 15% is rescinded because a claim
for refund or credit has been filed, the increase in
penalty shall be deemed assessed at the time the claim for
refund or credit is filed.

(c) For purposes of the late payment penalties, the basis
of the penalty shall be the tax shown or required to be shown
on a return, whichever is applicable, reduced by any part of
the tax which is paid on time and by any credit which was
properly allowable on the date the return was required to be
filed.

(d) A penalty shall be applied to the tax required to be
shown even if that amount is less than the tax shown on the
return.

(e) This subsection (e) is applicable to returns due before
January 1, 2001. If both a subsection (b)(1) or (b-5)(1)
penalty and a subsection (b)(2) or (b-5)(2) penalty are
assessed against the same return, the subsection (b)(2) or
(b-5)(2) penalty shall be assessed against only the additional
tax found to be due.

(e-5) This subsection (e-5) is applicable to returns due on
and after January 1, 2001. If both a subsection (b-10)(1)
penalty and a subsection (b-10)(2) penalty are assessed against
the same return, the subsection (b-10)(2) penalty shall be
assessed against only the additional tax found to be due.
(f) If the taxpayer has failed to file the return, the
Department shall determine the correct tax according to its
best judgment and information, which amount shall be prima
facie evidence of the correctness of the tax due.

(g) The time within which to file a return or pay an amount
of tax due without imposition of a penalty does not extend the
time within which to file a protest to a notice of tax
liability or a notice of deficiency.

(h) No return shall be determined to be unprocessable
because of the omission of any information requested on the
return pursuant to Section 2505-575 of the Department of
Revenue Law (20 ILCS 2505/2505-575).

(i) If a taxpayer has a tax liability that is eligible for
amnesty under the Tax Delinquency Amnesty Act and the taxpayer
fails to satisfy the tax liability during the amnesty period
provided for in that Act, then the penalty imposed by the
Department under this Section shall be imposed in an amount
that is 200% of the amount that would otherwise be imposed
under this Section.

(Source: P.A. 92-742, eff. 7-25-02; 93-26, eff. 6-20-03; 93-32,
eff. 6-20-03; 93-1068, eff. 1-15-05.)

(105 ILCS 5/1A-4) (from Ch. 122, par. 1A-4)

Sec. 1A-4. Powers and duties of the Board.

A. (Blank).

B. The Board shall determine the qualifications of and appoint a chief education officer, to be known as the State Superintendent of Education, who may be proposed by the Governor and who shall serve at the pleasure of the Board and pursuant to a performance-based contract linked to statewide student performance and academic improvement within Illinois schools. Upon expiration or buyout of the contract of the State Superintendent of Education in office on the effective date of this amendatory Act of the 93rd General Assembly, a State Superintendent of Education shall be appointed by a State Board of Education that includes the 7 new Board members who were appointed to fill seats of members whose terms were terminated on the effective date of this amendatory Act of the 93rd General Assembly. Thereafter, a State Superintendent of Education must, at a minimum, be appointed at the beginning of each term of a Governor after that Governor has made appointments to the Board. A performance-based contract issued for the employment of a State Superintendent of Education entered into on or after the effective date of this amendatory Act of the 93rd General Assembly must expire no later than
February 1, 2007, and subsequent contracts must expire no later than February 1 each 4 years thereafter. No contract shall be extended or renewed beyond February 1, 2007 and February 1 each 4 years thereafter, but a State Superintendent of Education shall serve until his or her successor is appointed. Each contract entered into on or before January 8, 2007 with a State Superintendent of Education must provide that the State Board of Education may terminate the contract for cause, and the State Board of Education shall not thereafter be liable for further payments under the contract. With regard to this amendatory Act of the 93rd General Assembly, it is the intent of the General Assembly that, beginning with the Governor who takes office on the second Monday of January, 2007, a State Superintendent of Education be appointed at the beginning of each term of a Governor after that Governor has made appointments to the Board. The State Superintendent of Education shall not serve as a member of the State Board of Education. The Board shall set the compensation of the State Superintendent of Education who shall serve as the Board's chief executive officer. The Board shall also establish the duties, powers and responsibilities of the State Superintendent, which shall be included in the State Superintendent's performance-based contract along with the goals and indicators of student performance and academic improvement used to measure the performance and effectiveness of the State Superintendent. The State Board of Education may
delegate to the State Superintendent of Education the authority
to act on the Board's behalf, provided such delegation is made
pursuant to adopted board policy or the powers delegated are
ministerial in nature. The State Board may not delegate
authority under this Section to the State Superintendent to (1)
nonrecognize school districts, (2) withhold State payments as a
penalty, or (3) make final decisions under the contested case
provisions of the Illinois Administrative Procedure Act unless
otherwise provided by law.

C. The powers and duties of the State Board of Education
shall encompass all duties delegated to the Office of
Superintendent of Public Instruction on January 12, 1975,
except as the law providing for such powers and duties is
thereafter amended, and such other powers and duties as the
General Assembly shall designate. The Board shall be
responsible for the educational policies and guidelines for
public schools, pre-school through grade 12 and Vocational
Education in the State of Illinois. The Board shall analyze the
present and future aims, needs, and requirements of education
in the State of Illinois and recommend to the General Assembly
the powers which should be exercised by the Board. The Board
shall recommend the passage and the legislation necessary to
determine the appropriate relationship between the Board and
local boards of education and the various State agencies and
shall recommend desirable modifications in the laws which
affect schools.
D. Two members of the Board shall be appointed by the chairperson to serve on a standing joint Education Committee, 2 others shall be appointed from the Board of Higher Education, 2 others shall be appointed by the chairperson of the Illinois Community College Board, and 2 others shall be appointed by the chairperson of the Human Resource Investment Council. The Committee shall be responsible for making recommendations concerning the submission of any workforce development plan or workforce training program required by federal law or under any block grant authority. The Committee will be responsible for developing policy on matters of mutual concern to elementary, secondary and higher education such as Occupational and Career Education, Teacher Preparation and Certification, Educational Finance, Articulation between Elementary, Secondary and Higher Education and Research and Planning. The joint Education Committee shall meet at least quarterly and submit an annual report of its findings, conclusions, and recommendations to the State Board of Education, the Board of Higher Education, the Illinois Community College Board, the Human Resource Investment Council, the Governor, and the General Assembly. All meetings of this Committee shall be official meetings for reimbursement under this Act. On the effective date of this amendatory Act of the 95th General Assembly, the Joint Education Committee is abolished.

E. Five members of the Board shall constitute a quorum. A majority vote of the members appointed, confirmed and serving
on the Board is required to approve any action, except that the
7 new Board members who were appointed to fill seats of members
whose terms were terminated on the effective date of this
amendatory act of the 93rd General Assembly may vote to approve
actions when appointed and serving.

The Board shall prepare and submit to the General Assembly
and the Governor on or before January 14, 1976 and annually
thereafter a report or reports of its findings and
recommendations. Such annual report shall contain a separate
section which provides a critique and analysis of the status of
education in Illinois and which identifies its specific
problems and recommends express solutions therefor. Such
annual report also shall contain the following information for
the preceding year ending on June 30: each act or omission of a
school district of which the State Board of Education has
knowledge as a consequence of scheduled, approved visits and
which constituted a failure by the district to comply with
applicable State or federal laws or regulations relating to
public education, the name of such district, the date or dates
on which the State Board of Education notified the school
district of such act or omission, and what action, if any, the
school district took with respect thereto after being notified
thereof by the State Board of Education. The report shall also
include the statewide high school dropout rate by grade level,
sex and race and the annual student dropout rate of and the
number of students who graduate from, transfer from or
otherwise leave bilingual programs. The Auditor General shall
annually perform a compliance audit of the State Board of
Education's performance of the reporting duty imposed by this
amendatory Act of 1986. A regular system of communication with
other directly related State agencies shall be implemented.

The requirement for reporting to the General Assembly shall
be satisfied by filing copies of the report with the Speaker,
the Minority Leader and the Clerk of the House of
Representatives and the President, the Minority Leader and the
Secretary of the Senate and the Legislative Council, as
required by Section 3.1 of the General Assembly Organization
Act, and filing such additional copies with the State
Government Report Distribution Center for the General Assembly
as is required under paragraph (t) of Section 7 of the State
Library Act.

F. Upon appointment of the 7 new Board members who were
appointed to fill seats of members whose terms were terminated
on the effective date of this amendatory Act of the 93rd
General Assembly, the Board shall review all of its current
rules in an effort to streamline procedures, improve
efficiency, and eliminate unnecessary forms and paperwork.
(Source: P.A. 93-1036, eff. 9-14-04.)

(105 ILCS 5/2-3.25p new)


(a) The State Board of Education is authorized to make
rules necessary to define and implement strategies to support
school districts. Moneys appropriated under this Section must
be used to undertake targeted interventions in eligible schools
to improve student achievement.

(b) School districts with schools that remain on academic
watch status after a third annual calculation are eligible to
participate in targeted intervention strategies. The State
Board of Education shall select participating schools through a
prioritization process that considers the following, in
addition to other factors defined by Board rule:

(1) the number of years the school has remained in
academic watch status; and

(2) the overall percentage of students in the school
with State assessment scores demonstrating proficiency.

(c) The State Board of Education shall provide school
districts with schools eligible to participate the opportunity
to accept or decline participation in targeted intervention
strategies designed in cooperation with the school district,
the State Board of Education, and a designated State
Intervention Team.

(d) If a school district with schools eligible to
participate in an intervention strategy declines
participation, then that school district must demonstrate
academic improvement within the eligible schools over a 2-year
period as measured by the State Board of Education. If a school
district cannot demonstrate such improvement, the State Board
of Education is authorized to take actions as set forth in subsection (b) of Section 2-3.25f of this Code.

(e) State Intervention Teams established under this Section shall work with school districts to identify other State, federal, and local funds that may be used to carry out targeted intervention strategies as identified in the targeted intervention plan developed under this Section.

(f) Subject to appropriation, the State Board of Education shall make funds available to school districts implementing targeted intervention strategies as identified in the targeted intervention plan developed under this Section.

(g) A school district participating in targeted intervention strategies shall be assigned a State Intervention Team, assembled by the State Board of Education, that includes an academic improvement specialist appointed by the State Board of Education and representatives from various State agencies, including, as appropriate, the Department of Human Services, the Department of Healthcare and Family Services, the Department of State Police, and the Department of Children and Family Services, among others.

(h) A State Intervention Team shall cooperate with representatives of the participating school district, which may include the school board, district superintendent, school administration, school professional staff, school parents, and the school community.

(i) In cooperation with the other members of the State
Intervention Team and those entities listed in subsection (h) of this Section, the academic improvement specialist shall develop a targeted intervention plan in accordance with rules adopted by the State Board of Education.

(j) The targeted intervention plan must be completed within 60 days after the designation of the academic improvement specialist and formation of the rest of the State Intervention Team and must be filed with the State Board of Education.

(1) The academic improvement specialist is responsible for creating the plan, in consultation with the other members of the State Intervention Team.

(2) The academic improvement specialist shall attempt to reach consensus on the plan with representatives from the school district.

(k) The targeted intervention plan developed under this Section may include the following, among other appropriate strategies for school improvement:

(1) A plan for school participation in an extended school year or summer school services or both for low-achieving students.

(2) A plan to implement after-school tutoring and alternative enrichment activities for low-achieving students.

(3) A plan to increase the integration of technology in classroom instruction and the use of technology to encourage parental and community involvement.
(4) Improvements to services made available to students, parents, and guardians through the school library.

(5) Professional development opportunities available to school and district administrators and teachers.

(6) Improvements to school curriculum and school materials, including textbooks, software, and other technology.

(l) The targeted intervention plan developed under this Section shall cover a minimum of 2 school years and must identify strategies for academic improvement that can be sustained by the school district in subsequent years.

(m) The academic improvement specialist, in cooperation with the State Board of Education, shall assess the participating schools' progress throughout the course of the intervention period, including the participating schools' capacity to sustain academic improvement without participation in the program.

(105 ILCS 5/2-3.53b new)

Sec. 2-3.53b. New superintendent mentoring program.

(a) Beginning on July 1, 2008 and subject to an annual appropriation by the General Assembly, to establish a new superintendent mentoring program for new superintendents. Any individual who begins serving as a superintendent in this State on or after July 1, 2008 and has not previously served as a
school district superintendent in this State shall participate in the new superintendent mentoring program for the duration of his or her first 2 school years as a superintendent and must complete the program in accordance with the requirements established by the State Board of Education by rule. The new superintendent mentoring program shall match an experienced superintendent who meets the requirements of subsection (b) of this Section with each new superintendent in his or her first 2 school years in that position in order to assist the new superintendent in the development of his or her professional growth and to provide guidance during the new superintendent's first 2 school years of service.

(b) Any individual who has actively served as a school district superintendent in this State for 3 or more years and who has demonstrated success as an instructional leader, as determined by the State Board of Education by rule, is eligible to apply to be a mentor under the new superintendent mentoring program. Mentors shall complete mentoring training through a provider selected by the State Board of Education and shall meet any other requirements set forth by the State Board and by the school district employing the mentor.

(c) Under the new superintendent mentoring program, a provider selected by the State Board of Education shall assign a mentor to a new superintendent based on (i) similarity of grade level or type of school district, (ii) learning needs of the new superintendent, and (iii) geographical proximity of the
mentor to the new superintendent. The new superintendent, in
collaboration with the mentor, shall identify areas for
improvement of the new superintendent's professional growth,
including, but not limited to, each of the following:

(1) Analyzing data and applying it to practice.
(2) Aligning professional development and
instructional programs.
(3) Building a professional learning community.
(4) Effective school board relations.
(5) Facilitating effective meetings.
(6) Developing distributive leadership practices.
(7) Facilitating organizational change.

The mentor must not be required to provide an evaluation of
the new superintendent on the basis of the mentoring
relationship.

(d) From January 1, 2009 until May 15, 2009 and from
January 1 until May 15 each year thereafter, each mentor and
each new superintendent shall complete a survey of progress of
the new superintendent on a form developed by the school
district. On or before September 1, 2009 and on or before
September 1 of each year thereafter, the provider selected by
the State Board of Education shall submit a detailed annual
report to the State Board of how the appropriation for the new
superintendent mentoring program was spent, details on each
mentor-mentee relationship, and a qualitative evaluation of
the outcomes. The provider shall develop a verification form
that each new superintendent and his or her mentor must
complete and submit to the provider to certify completion of
each year of the new superintendent mentoring program by July
15 immediately following the school year just completed.

(e) The requirements of this Section do not apply to any
individual who has previously served as an assistant
superintendent in a school district in this State acting under
an administrative certificate for 5 or more years and who, on
or after July 1, 2008, begins serving as a superintendent in
the school district where he or she had served as an assistant
superintendent immediately prior to being named
superintendent, although such an individual may choose to
participate in the new superintendent mentoring program or may
be required to participate by the school district. The
requirements of this Section do not apply to any superintendent
or chief executive officer of a school district organized under
Article 34 of this Code.

(f) The State Board may adopt any rules that are necessary
for the implementation of this Section.

(105 ILCS 5/2-3.142 new)

Sec. 2-3.142. Teacher and school leadership preparation.
The State Board of Education shall comply with Section 9.33 of
the Board of Higher Education Act. The State Board may adopt
any rules that are necessary to carry out its responsibilities
under Section 9.33 of the Board of Higher Education Act.
Sec. 2-3.143. Rural Learning Initiative.

(a) Subject to appropriation, the State Board of Education shall by rule establish a Rural Learning Initiative to upgrade computer lab facilities and associated components, upgrade classroom materials, and fund professional development.

(b) The State Board of Education shall select the participating school districts and schools based on each district's or school's need. In selecting participants, the State Board shall consider all of the following criteria:

(1) The district's size, student population, and location.

(2) Documented teacher shortages in critical areas for which teaching and learning could be provided by access to the Illinois Virtual High School.

(3) Limited access to advanced placement courses.

(4) Low rates of satisfactory performance on assessment instruments under Section 2-3.64 of this Code.

(5) The methods the district or school will use to measure the outcomes of the grant in the district or school.

(6) Whether the district or school has limited system capabilities, resource needs, and professional development support.
(105 ILCS 5/2-3.144 new)

Sec. 2-3.144. Small school support grant pilot program.

(a) Subject to appropriation, by the beginning of the 2007-2008 school year or as soon as possible thereafter, the State Board of Education shall by rule establish a small school support grant pilot program to provide grants to school districts with at least one school that meets the criteria outlined in this Section and enable those districts to create small school projects serving no more than 500 students. The small school support grant pilot program is subject to appropriation.

(b) School districts selected to receive funds under this Section shall create a small school community within a school that is separate from the school's larger student body.

(c) Grants under this Section shall be awarded pursuant to application to the State Board of Education. The form and manner of applications and the criteria for the award of grants shall be prescribed by the State Board of Education. Any school district with at least one school with an enrollment that exceeds 2,000 students or an enrollment at any grade level of 500 or more students may apply for grant funds.

(d) In year one, a maximum of 25 eligible school districts may receive grants under this Section to fund activities related to planning their small school projects, and no one grant may exceed $250,000.

If a district receiving year-one planning funds is approved
to proceed and implement a small school project, then the
district may qualify for 4-year, $1,000 per pupil
implementation funds to fund the costs of implementing the
small school project, including additional staff,
administrative, and other operational expenses associated with
offering a small school project. Prior to approving
implementation funds, the State Board of Education may require
districts to submit planning phase progress reports, which may
include, among other information, the school enrollment
policy, the school administration's objectives, assessment
tools used to track student progress, and both a community and
parental participation plan. School districts participating in
the program must provide quarterly progress reports to the
State Board of Education based on Board rule. The State Board
of Education is authorized to evaluate schools participating in
the program to determine the effectiveness of the program on
educational outcomes.

(105 ILCS 5/2-3.145 new)

Sec. 2-3.145. Expansion of full-day kindergarten. Subject
to appropriation, there is created a program of assistance to
school districts in order to expand half-day kindergarten to
full-day kindergarten. The State Board of Education shall
administer this program, whereby school districts are selected
to receive grants, after submission to the State Board of a
completed application by a deadline established by the State
Superintendent of Education, in descending order according to a district's low-income concentration level, as that term is defined in subsection (H) of paragraph (1.10) of Section 18-8.05 of this Code, as long as funds appropriated for a given fiscal year remain available. The program shall provide for grants of only one fiscal year, and a district may receive such a grant only once. The amount of grant funds a recipient district is awarded shall equal 50% of the State share of the foundation level of support under Section 18-8.05 of this Code for the current school year multiplied by the number of half-day kindergarten students in the district at the time the district submits its application. The grant funds must be used for operational, not capital development, purposes. A grant recipient must focus on integrating full-day kindergarten into the district's core offerings. The State Board shall adopt such rules as may be necessary for the implementation of this Section, including the application procedures and requirements for receipt of the grant funds and the proper use of grant funds.

(105 ILCS 5/10-20.20) (from Ch. 122, par. 10-20.20)

Sec. 10-20.20. Protection from suit. To indemnify and protect school districts, members of school boards, employees, volunteer personnel authorized in Sections 10-22.34, 10-22.34a and 10-22.34b of this Code, mentors of certified staff as authorized in Article 21A and Sections 2-3.53a, 2-3.53b, and
34-18.33 of this Code, and student teachers against civil rights damage claims and suits, constitutional rights damage claims and suits and death and bodily injury and property damage claims and suits, including defense thereof, when damages are sought for negligent or wrongful acts alleged to have been committed in the scope of employment or under the direction of the board or related to any mentoring services provided to certified staff of the school district. Such indemnification and protection shall extend to persons who were members of school boards, employees of school boards, authorized volunteer personnel, mentors of certified staff, or student teachers at the time of the incident from which a claim arises. No agent may be afforded indemnification or protection unless he was a member of a school board, an employee of a board, an authorized volunteer, a mentor of certified staff, or a student teacher at the time of the incident from which the claim arises.

(Source: P.A. 79-210.)

(105 ILCS 5/14-13.01) (from Ch. 122, par. 14-13.01)

Sec. 14-13.01. Reimbursement payable by State; Amounts. Reimbursement for furnishing special educational facilities in a recognized school to the type of children defined in Section 14-1.02 shall be paid to the school districts in accordance with Section 14-12.01 for each school year ending June 30 by the State Comptroller out of any money in the treasury
appropriated for such purposes on the presentation of vouchers by the State Board of Education.

The reimbursement shall be limited to funds expended for construction and maintenance of special education facilities designed and utilized to house instructional programs, diagnostic services, other special education services for children with disabilities and reimbursement as provided in Section 14-13.01. There shall be no reimbursement for construction and maintenance of any administrative facility separated from special education facilities designed and utilized to house instructional programs, diagnostic services and other special education services for children with disabilities.

(a) For children who have not been identified as eligible for special education and for eligible children with physical disabilities, including all eligible children whose placement has been determined under Section 14-8.02 in hospital or home instruction, 1/2 of the teacher's salary but not more than $1,000 annually per child or $8,000 per teacher for the 1985-1986 school year through the 2005-2006 school year and $1,000 per child or $13,170 per teacher for the 2006-2007 school year and for each school year and thereafter, whichever is less. Children to be included in any reimbursement under this paragraph must regularly receive a minimum of one hour of instruction each school day, or in lieu thereof of a minimum of 5 hours of instruction in each school week in order to qualify
for full reimbursement under this Section. If the attending physician for such a child has certified that the child should not receive as many as 5 hours of instruction in a school week, however, reimbursement under this paragraph on account of that child shall be computed proportionate to the actual hours of instruction per week for that child divided by 5.

(b) For children described in Section 14-1.02, 4/5 of the cost of transportation for each such child, whom the State Superintendent of Education determined in advance requires special transportation service in order to take advantage of special educational facilities. Transportation costs shall be determined in the same fashion as provided in Section 29-5. For purposes of this subsection (b), the dates for processing claims specified in Section 29-5 shall apply.

(c) For each professional worker excluding those included in subparagraphs (a), (d), (e), and (f) of this Section, the annual sum of $8,000 for the 1985-1986 school year through the 2005-2006 school year and $13,170 for the 2006-2007 school year and for each school year and thereafter.

(d) For one full time qualified director of the special education program of each school district which maintains a fully approved program of special education the annual sum of $8,000 for the 1985-1986 school year through the 2005-2006 school year and $13,170 for the 2006-2007 school year and for each school year and thereafter. Districts participating in a joint agreement special education program shall not receive
such reimbursement if reimbursement is made for a director of
the joint agreement program.

(e) For each school psychologist as defined in Section
14-1.09 the annual sum of $8,000 for the 1985-1986 school year
through the 2005-2006 school year and $13,170 for the 2006-2007
school year and for each school year and thereafter.

(f) For each qualified teacher working in a fully approved
program for children of preschool age who are deaf or
hard-of-hearing the annual sum of $8,000 for the 1985-1986
school year through the 2005-2006 school year and $13,170 for
the 2006-2007 school year and for each school year and
thereafter.

(g) For readers, working with blind or partially seeing
children 1/2 of their salary but not more than $400 annually
per child. Readers may be employed to assist such children and
shall not be required to be certified but prior to employment
shall meet standards set up by the State Board of Education.

(h) For necessary non-certified employees working in any
class or program for children defined in this Article, 1/2 of
the salary paid or $2,800 annually per employee through the
2005-2006 school year and $4,610 per employee for the 2006-2007
school year and for each school year thereafter, whichever is
less.

The State Board of Education shall set standards and
prescribe rules for determining the allocation of
reimbursement under this section on less than a full time basis
and for less than a school year.

When any school district eligible for reimbursement under this Section operates a school or program approved by the State Superintendent of Education for a number of days in excess of the adopted school calendar but not to exceed 235 school days, such reimbursement shall be increased by 1/185 of the amount or rate paid hereunder for each day such school is operated in excess of 185 days per calendar year.

Notwithstanding any other provision of law, any school district receiving a payment under this Section or under Section 14-7.02, 14-7.02b, or 29-5 of this Code may classify all or a portion of the funds that it receives in a particular fiscal year or from general State aid pursuant to Section 18-8.05 of this Code as funds received in connection with any funding program for which it is entitled to receive funds from the State in that fiscal year (including, without limitation, any funding program referenced in this Section), regardless of the source or timing of the receipt. The district may not classify more funds as funds received in connection with the funding program than the district is entitled to receive in that fiscal year for that program. Any classification by a district must be made by a resolution of its board of education. The resolution must identify the amount of any payments or general State aid to be classified under this paragraph and must specify the funding program to which the funds are to be treated as received in connection therewith.
This resolution is controlling as to the classification of funds referenced therein. A certified copy of the resolution must be sent to the State Superintendent of Education. The resolution shall still take effect even though a copy of the resolution has not been sent to the State Superintendent of Education in a timely manner. No classification under this paragraph by a district shall affect the total amount or timing of money the district is entitled to receive under this Code. No classification under this paragraph by a district shall in any way relieve the district from or affect any requirements that otherwise would apply with respect to that funding program, including any accounting of funds by source, reporting expenditures by original source and purpose, reporting requirements, or requirements of providing services.

(Source: P.A. 92-568, eff. 6-26-02; 93-1022, eff. 8-24-04.)

(105 ILCS 5/17-1.5)

Sec. 17-1.5. Limitation of administrative costs.

(a) It is the purpose of this Section to establish limitations on the growth of administrative expenditures in order to maximize the proportion of school district resources available for the instructional programs program, building maintenance, and safety services for the students of each district and to commit to ensuring district resources are maximized to improve student and school achievement.

(b) Definitions. For the purposes of this Section:
"Administrative expenditures" mean the annual expenditures of school districts properly attributable to expenditure functions defined by the rules of the State Board of Education as: 2320 (Executive Administration Services); 2330 (Special Area Administration Services); 2490 (Other Support Services - School Administration); 2510 (Direction of Business Support Services); 2570 (Internal Services); and 2610 (Direction of Central Support Services); provided, however, that "administrative expenditures" shall not include early retirement or other pension system obligations required by State law.

"School district" means all school districts having a population of less than 500,000.

(c) For the 1998-99 school year and each school year thereafter, each school district shall undertake budgetary and expenditure control actions so that the increase in administrative expenditures for that school year over the prior school year does not exceed 5%. School districts with administrative expenditures per pupil in the 25th percentile and below for all districts of the same type, as defined by the State Board of Education, may waive the limitation imposed under this Section for any year following a public hearing and with the affirmative vote of at least two-thirds of the members of the school board of the district. Any district waiving the limitation shall notify the State Board within 45 days of such action.
(d) School districts shall file with the State Board of Education by November 15, 1998 and by each November 15th thereafter a one-page report that lists (i) the actual administrative expenditures for the prior year from the district's audited Annual Financial Report, and (ii) the projected administrative expenditures for the current year from the budget adopted by the school board pursuant to Section 17-1 of this Code.

If a school district that is ineligible to waive the limitation imposed by subsection (c) of this Section by board action exceeds the limitation solely because of circumstances beyond the control of the district and the district has exhausted all available and reasonable remedies to comply with the limitation, the district may request a waiver pursuant to Section 2-3.25g. The waiver application shall specify the amount, nature, and reason for the relief requested, as well as all remedies the district has exhausted to comply with the limitation. Any emergency relief so requested shall apply only to the specific school year for which the request is made. The State Board of Education shall analyze all such waivers submitted and shall recommend that the General Assembly disapprove any such waiver requested that is not due solely to circumstances beyond the control of the district and for which the district has not exhausted all available and reasonable remedies to comply with the limitation. The State Superintendent shall have no authority to impose any sanctions
pursuant to this Section for any expenditures for which a waiver has been requested until such waiver has been reviewed by the General Assembly.

If the report and information required under this subsection (d) are not provided by the school district in a timely manner, or are subsequently determined by the State Superintendent of Education to be incomplete or inaccurate, the State Superintendent shall notify the district in writing of reporting deficiencies. The school district shall, within 60 days of the notice, address the reporting deficiencies identified.

(d-5) Notwithstanding any other provision of this Section, for a school district receiving general State financial aid due to the district under Section 18-8.05 of this Code in any school year, the school district's administrative expenditures may not exceed 5% for that school year.

(e) If the State Superintendent determines that a school district has failed to comply with the administrative expenditure limitation imposed in subsection (c) or (d-5) of this Section, the State Superintendent shall notify the district of the violation and direct the district to undertake corrective action to bring the district's budget into compliance with the administrative expenditure limitation. The district shall, within 60 days of the notice, provide adequate assurance to the State Superintendent that appropriate corrective actions have been or will be taken. If the district
fails to provide adequate assurance or fails to undertake the
necessary corrective actions, the State Superintendent may
impose progressive sanctions against the district that may
culminate in withholding all subsequent payments of general
State aid due the district under Section 18-8.05 of this Code
until the assurance is provided or the corrective actions
taken.

(f) The State Superintendent shall publish a list each year
of the school districts that violate the limitation imposed by
subsection (c) or (d-5) of this Section and a list of the
districts that waive the limitation by board action as provided
in subsection (c) of this Section.

(Source: P.A. 90-548, eff. 1-1-98; 90-653, eff. 7-29-98.)

(105 ILCS 5/18-8.05)
(Text of Section before amendment by P.A. 94-1105)

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

(A) General Provisions.

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

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

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

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

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

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

(d) (Blank).

(e) School district expenditures are subject to subsection (d-5) of Section 17-1.5 of this Code, if applicable.

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

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

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

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

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

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

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

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

(B) Foundation Level.

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

(2) For the 1998-1999 school year, the Foundation Level of support is $4,225. For the 1999-2000 school year, the Foundation Level of support is $4,325. For the 2000-2001 school year, the Foundation Level of support is $4,425. For the 2001-2002 school year and 2002-2003 school year, the Foundation Level of support is $4,560. For the 2003-2004 school year, the Foundation Level of support is $4,810. For the 2004-2005 school year, the Foundation Level of support is $4,964. For the 2005-2006 school year, the Foundation Level of support is $5,164. For the 2006-2007 school year, the Foundation Level of support is $5,334.
(3) For the 2007-2008 2006-2007 school year and each school year thereafter, the Foundation Level of support is $6,058 $5,334 or such greater amount as may be established by law by the General Assembly.

(C) Average Daily Attendance.

(1) For purposes of calculating general State aid pursuant to subsection (E), an Average Daily Attendance figure shall be utilized. The Average Daily Attendance figure for formula calculation purposes shall be the monthly average of the actual number of pupils in attendance of each school district, as further averaged for the best 3 months of pupil attendance for each school district. In compiling the figures for the number of pupils in attendance, school districts and the State Board of Education shall, for purposes of general State aid funding, conform attendance figures to the requirements of subsection (F).

(2) The Average Daily Attendance figures utilized in subsection (E) shall be the requisite attendance data for the school year immediately preceding the school year for which general State aid is being calculated or the average of the attendance data for the 3 preceding school years, whichever is greater. The Average Daily Attendance figures utilized in subsection (H) shall be the requisite attendance data for the school year immediately preceding the school year for which general State aid is being calculated.
(D) Available Local Resources.

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

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

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

For partial elementary unit districts created pursuant to Article 11E of this Code, local property tax revenues per pupil shall be calculated as the product of the equalized assessed valuation for property within the elementary and high school classification of the partial elementary unit district multiplied by 2.06% and divided by the Average Daily Attendance figure for grades kindergarten through 8, plus the product of the equalized assessed valuation for property within the high school only classification of the partial elementary unit district multiplied by 0.94% and divided by the Average Daily Attendance figure for grades 9 through 12.

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

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

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

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

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

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

(F) Compilation of Average Daily Attendance.

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

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

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

(c) In districts in which some buildings, but not all, hold year-round classes, for the non-year-round buildings, days of attendance in August shall be added to the month of September and any days of attendance in June shall be added to the month of May. The average daily attendance for the year-round buildings shall be computed as provided in subdivision (b) of this paragraph (1). To calculate the Average Daily Attendance for the district, the average daily attendance for the year-round buildings shall be multiplied by the days in session for the non-year-round buildings for each month and added to the monthly attendance of the non-year-round buildings.

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

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

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

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

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

(c) A session of 4 or more clock hours may be counted
as a day of attendance upon certification by the regional superintendent, and approved by the State Superintendent of Education to the extent that the district has been forced to use daily multiple sessions.

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

(e) A session of not less than one clock hour of teaching hospitalized or homebound pupils on-site or by telephone to the classroom may be counted as 1/2 day of attendance, however these pupils must receive 4 or more clock hours of instruction to be counted for a full day of attendance.

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

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

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

(i) On the days when the Prairie State Achievement Examination is administered under subsection (c) of Section 2-3.64 of this Code, the day of attendance for a pupil whose school day must be shortened to accommodate required testing procedures may be less than 5 clock hours and shall be counted towards the 176 days of actual pupil attendance required under Section 10-19 of this Code, provided that a sufficient number of minutes of school work
in excess of 5 clock hours are first completed on other school days to compensate for the loss of school work on the examination days.

(G) Equalized Assessed Valuation Data.

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

The Department of Revenue shall add to the equalized assessed value of all taxable property of each school district situated entirely or partially within a county that is or was subject to the alternative general homestead exemption provisions of Section 15-176 of the Property Tax Code (a) an amount equal to the total amount by which the homestead exemption allowed under Section 15-176 of the Property Tax Code for real property situated in that school district exceeds the total amount that would have been allowed in that school district if the maximum reduction under Section 15-176 was (i) $4,500 in Cook County or $3,500 in all other counties in tax
year 2003 or (ii) $5,000 in all counties in tax year 2004 and thereafter and (b) an amount equal to the aggregate amount for the taxable year of all additional exemptions under Section 15-175 of the Property Tax Code for owners with a household income of $30,000 or less. The county clerk of any county that is or was subject to the alternative general homestead exemption provisions of Section 15-176 of the Property Tax Code shall annually calculate and certify to the Department of Revenue for each school district all homestead exemption amounts under Section 15-176 of the Property Tax Code and all amounts of additional exemptions under Section 15-175 of the Property Tax Code for owners with a household income of $30,000 or less. It is the intent of this paragraph that if the general homestead exemption for a parcel of property is determined under Section 15-176 of the Property Tax Code rather than Section 15-175, then the calculation of Available Local Resources shall not be affected by the difference, if any, between the amount of the general homestead exemption allowed for that parcel of property under Section 15-176 of the Property Tax Code and the amount that would have been allowed had the general homestead exemption for that parcel of property been determined under Section 15-175 of the Property Tax Code. It is further the intent of this paragraph that if additional exemptions are allowed under Section 15-175 of the Property Tax Code for owners with a household income of less than $30,000, then the calculation of Available Local Resources shall not be
affected by the difference, if any, because of those additional exemptions.

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

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

(a) For the purposes of calculating State aid under this Section, with respect to any part of a school district within a redevelopment project area in respect to which a municipality has adopted tax increment allocation financing pursuant to the Tax Increment Allocation Redevelopment Act, Sections 11-74.4-1 through 11-74.4-11 of the Illinois Municipal Code or the Industrial Jobs Recovery Law, Sections 11-74.6-1 through 11-74.6-50 of the Illinois Municipal Code, no part of the current equalized assessed valuation of real property located in any such project area which is attributable to an increase above the total initial equalized assessed valuation of such property shall be used as part of the equalized assessed valuation of the district, until such time as all redevelopment project costs have been paid, as provided in Section 11-74.4-8 of the Tax Increment Allocation Redevelopment Act or in Section 11-74.6-35 of the Industrial Jobs Recovery Law. For the purpose of the equalized assessed valuation of the district, the total
initial equalized assessed valuation or the current
equalized assessed valuation, whichever is lower, shall be
used until such time as all redevelopment project costs
have been paid.

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

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

For purposes of this subsection (G)(3) the following terms
shall have the following meanings:
"Budget Year": The school year for which general State aid is calculated and awarded under subsection (E).

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

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

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

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

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

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

If a school district is subject to property tax extension limitations as imposed under the Property Tax Extension Limitation Law, the State Board of Education shall calculate the Extension Limitation Equalized Assessed Valuation of that district. For the 1999-2000 school year, the Extension
Limitation Equalized Assessed Valuation of a school district as calculated by the State Board of Education shall be equal to the product of the district's 1996 Equalized Assessed Valuation and the district's Extension Limitation Ratio. For the 2000-2001 school year and each school year thereafter, the Extension Limitation Equalized Assessed Valuation of a school district as calculated by the State Board of Education shall be equal to the product of the Equalized Assessed Valuation last used in the calculation of general State aid and the district's Extension Limitation Ratio. If the Extension Limitation Equalized Assessed Valuation of a school district as calculated under this subsection (G)(3) is less than the district's equalized assessed valuation as calculated pursuant to subsections (G)(1) and (G)(2), then for purposes of calculating the district's general State aid for the Budget Year pursuant to subsection (E), that Extension Limitation Equalized Assessed Valuation shall be utilized to calculate the district's Available Local Resources under subsection (D).

Partial elementary unit districts created in accordance with Article 11E of this Code shall not be eligible for the adjustment in this subsection (G)(3) until the fifth year following the effective date of the reorganization.

(4) For the purposes of calculating general State aid for the 1999-2000 school year only, if a school district experienced a triennial reassessment on the equalized assessed valuation used in calculating its general State financial aid
apportionment for the 1998-1999 school year, the State Board of
Education shall calculate the Extension Limitation Equalized
Assessed Valuation that would have been used to calculate the
district's 1998-1999 general State aid. This amount shall equal
the product of the equalized assessed valuation used to
calculate general State aid for the 1997-1998 school year and
the district's Extension Limitation Ratio. If the Extension
Limitation Equalized Assessed Valuation of the school district
as calculated under this paragraph (4) is less than the
district's equalized assessed valuation utilized in
calculating the district's 1998-1999 general State aid
allocation, then for purposes of calculating the district's
general State aid pursuant to paragraph (5) of subsection (E),
that Extension Limitation Equalized Assessed Valuation shall
be utilized to calculate the district's Available Local
Resources.

(5) For school districts having a majority of their
equalized assessed valuation in any county except Cook, DuPage,
Kane, Lake, McHenry, or Will, if the amount of general State
aid allocated to the school district for the 1999-2000 school
year under the provisions of subsection (E), (H), and (J) of
this Section is less than the amount of general State aid
allocated to the district for the 1998-1999 school year under
these subsections, then the general State aid of the district
for the 1999-2000 school year only shall be increased by the
difference between these amounts. The total payments made under
this paragraph (5) shall not exceed $14,000,000. Claims shall
be prorated if they exceed $14,000,000.

(H) Supplemental General State Aid.

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

(1.5) This paragraph (1.5) applies only to those school
years preceding the 2003-2004 school year. For purposes of this
subsection (H), the term "Low-Income Concentration Level" shall be the low-income eligible pupil count from the most recently available federal census divided by the Average Daily Attendance of the school district. If, however, (i) the percentage decrease from the 2 most recent federal censuses in the low-income eligible pupil count of a high school district with fewer than 400 students exceeds by 75% or more the percentage change in the total low-income eligible pupil count of contiguous elementary school districts, whose boundaries are coterminous with the high school district, or (ii) a high school district within 2 counties and serving 5 elementary school districts, whose boundaries are coterminous with the high school district, has a percentage decrease from the 2 most recent federal censuses in the low-income eligible pupil count and there is a percentage increase in the total low-income eligible pupil count of a majority of the elementary school districts in excess of 50% from the 2 most recent federal censuses, then the high school district's low-income eligible pupil count from the earlier federal census shall be the number used as the low-income eligible pupil count for the high school district, for purposes of this subsection (H). The changes made to this paragraph (1) by Public Act 92-28 shall apply to supplemental general State aid grants for school years preceding the 2003-2004 school year that are paid in fiscal year 1999 or thereafter and to any State aid payments made in fiscal year 1994 through fiscal year 1998 pursuant to
subsection 1(n) of Section 18-8 of this Code (which was repealed on July 1, 1998), and any high school district that is affected by Public Act 92-28 is entitled to a recomputation of its supplemental general State aid grant or State aid paid in any of those fiscal years. This recomputation shall not be affected by any other funding.

(1.10) This paragraph (1.10) applies to the 2003-2004 school year and each school year thereafter. For purposes of this subsection (H), the term "Low-Income Concentration Level" shall, for each fiscal year, be the low-income eligible pupil count as of July 1 of the immediately preceding fiscal year (as determined by the Department of Human Services based on the number of pupils who are eligible for at least one of the following low income programs: Medicaid, the Children's Health Insurance Program, KidCare, TANF, or Food Stamps, excluding pupils who are eligible for services provided by the Department of Children and Family Services, averaged over the 2 immediately preceding fiscal years for fiscal year 2004 and over the 3 immediately preceding fiscal years for each fiscal year thereafter) divided by the Average Daily Attendance of the school district.

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

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

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

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

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

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

(f) For the 2000-2001 school year, the per pupil amounts specified in subparagraphs (b), (c), and (d) immediately above shall be $1,273, $1,640, and $2,050, respectively.

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

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

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

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

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

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

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

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

(a) For any school district with a Low Income Concentration Level of 15% or less, the grant for each school year shall be $355 multiplied by the low income eligible pupil count.

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

For the 2003-2004 school year, 2004-2005 school year, 2005-2006 school year, and 2006-2007 school year only, the grant shall be no less than the grant for the 2002-2003 school year. For the 2007-2008 school year only, the grant shall be no less than the grant for the 2002-2003 school year multiplied by 0.66. For the 2008-2009 school year only, the grant shall be no less than the grant for the 2002-2003 school year multiplied by 0.33. Notwithstanding the provisions of this paragraph to the contrary, if for any school year supplemental general State aid grants are prorated as provided in paragraph (1) of this subsection (H), then the grants under this paragraph shall be prorated.

For the 2003-2004 school year only, the grant shall be no greater than the grant received during the 2002-2003 school year added to the product of 0.25 multiplied by the difference between the grant amount calculated under subsection (a) or (b)
of this paragraph (2.10), whichever is applicable, and the grant received during the 2002-2003 school year. For the 2004-2005 school year only, the grant shall be no greater than the grant received during the 2002-2003 school year added to the product of 0.50 multiplied by the difference between the grant amount calculated under subsection (a) or (b) of this paragraph (2.10), whichever is applicable, and the grant received during the 2002-2003 school year. For the 2005-2006 school year only, the grant shall be no greater than the grant received during the 2002-2003 school year added to the product of 0.75 multiplied by the difference between the grant amount calculated under subsection (a) or (b) of this paragraph (2.10), whichever is applicable, and the grant received during the 2002-2003 school year.

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

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

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

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

(c) Each attendance center shall be provided by the school district a distribution of noncategorical funds and other categorical funds to which an attendance center is entitled under law in order that the general State aid and supplemental general State aid provided by application of this subsection supplements rather than supplants the noncategorical funds and other categorical funds provided by the school district to the attendance centers.
(d) Any funds made available under this subsection that by reason of the provisions of this subsection are not required to be allocated and provided to attendance centers may be used and appropriated by the board of the district for any lawful school purpose.

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

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

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

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

For purposes of determining compliance with this subsection in relation to the requirements of attendance center funding, each district subject to the provisions of this subsection shall submit as a separate document by December 1 of each year a report of expenditure data for
the prior year in addition to any modification of its current plan. If it is determined that there has been a failure to comply with the expenditure provisions of this subsection regarding contravention or supplanting, the State Superintendent of Education shall, within 60 days of receipt of the report, notify the district and any affected local school council. The district shall within 45 days of receipt of that notification inform the State Superintendent of Education of the remedial or corrective action to be taken, whether by amendment of the current plan, if feasible, or by adjustment in the plan for the following year. Failure to provide the expenditure report or the notification of remedial or corrective action in a timely manner shall result in a withholding of the affected funds.

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

(I) (Blank).

(J) Supplementary Grants in Aid.

(1) Notwithstanding any other provisions of this Section,
the amount of the aggregate general State aid in combination
with supplemental general State aid under this Section for
which each school district is eligible shall be no less than
the amount of the aggregate general State aid entitlement that
was received by the district under Section 18-8 (exclusive of
amounts received under subsections 5(p) and 5(p-5) of that
Section) for the 1997-98 school year, pursuant to the
provisions of that Section as it was then in effect. If a
school district qualifies to receive a supplementary payment
made under this subsection (J), the amount of the aggregate
general State aid in combination with supplemental general
State aid under this Section which that district is eligible to
receive for each school year shall be no less than the amount
of the aggregate general State aid entitlement that was
received by the district under Section 18-8 (exclusive of
amounts received under subsections 5(p) and 5(p-5) of that
Section) for the 1997-1998 school year, pursuant to the
provisions of that Section as it was then in effect.

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

(3) (Blank).

(K) Grants to Laboratory and Alternative Schools.

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

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

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

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

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

(1) For a school district operating under the financial supervision of an Authority created under Article 34A, the
general State aid otherwise payable to that district under this Section, but not the supplemental general State aid, shall be reduced by an amount equal to the budget for the operations of the Authority as certified by the Authority to the State Board of Education, and an amount equal to such reduction shall be paid to the Authority created for such district for its operating expenses in the manner provided in Section 18-11. The remainder of general State school aid for any such district shall be paid in accordance with Article 34A when that Article provides for a disposition other than that provided by this Article.

(2) (Blank).

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

(M) Education Funding Advisory Board.

The Education Funding Advisory Board, hereinafter in this subsection (M) referred to as the "Board", is hereby created. The Board shall consist of 5 members who are appointed by the Governor, by and with the advice and consent of the Senate. The members appointed shall include representatives of education, business, and the general public. One of the members so appointed shall be designated by the Governor at the time the appointment is made as the chairperson of the Board. The initial members of the Board may be appointed any time after the effective date of this amendatory Act of 1997. The regular
term of each member of the Board shall be for 4 years from the
third Monday of January of the year in which the term of the
member's appointment is to commence, except that of the 5
initial members appointed to serve on the Board, the member who
is appointed as the chairperson shall serve for a term that
commences on the date of his or her appointment and expires on
the third Monday of January, 2002, and the remaining 4 members,
by lots drawn at the first meeting of the Board that is held
after all 5 members are appointed, shall determine 2 of their
number to serve for terms that commence on the date of their
respective appointments and expire on the third Monday of
January, 2001, and 2 of their number to serve for terms that
commence on the date of their respective appointments and
expire on the third Monday of January, 2000. All members
appointed to serve on the Board shall serve until their
respective successors are appointed and confirmed. Vacancies
shall be filled in the same manner as original appointments. If
a vacancy in membership occurs at a time when the Senate is not
in session, the Governor shall make a temporary appointment
until the next meeting of the Senate, when he or she shall
appoint, by and with the advice and consent of the Senate, a
person to fill that membership for the unexpired term. If the
Senate is not in session when the initial appointments are
made, those appointments shall be made as in the case of
vacancies.

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

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

For school years after the 2000-2001 school year, the
Education Funding Advisory Board, in consultation with the
State Board of Education, shall make recommendations as
provided in this subsection (M) to the General Assembly for the
foundation level under subdivision (B)(3) of this Section and
for the supplemental general State aid grant level under
subsection (H) of this Section for districts with high
concentrations of children from poverty. The recommended
foundation level shall be determined based on a methodology
which incorporates the basic education expenditures of
low-spending schools exhibiting high academic performance. The
Education Funding Advisory Board shall make such
recommendations to the General Assembly on January 1 of odd
numbered years, beginning January 1, 2001.
References.

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

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

(P) Public Act 93-838 and Public Act 93-808 make inconsistent changes to this Section. Under Section 6 of the Statute on Statutes there is an irreconcilable conflict between Public Act 93-808 and Public Act 93-838. Public Act 93-838, being the last acted upon, is controlling. The text of Public Act 93-838 is the law regardless of the text of Public Act 93-808.

(Source: P.A. 93-21, eff. 7-1-03; 93-715, eff. 7-12-04; 93-808, eff. 7-26-04; 93-838, eff. 7-30-04; 93-875, eff. 8-6-04; 94-69, eff. 7-1-05; 94-438, eff. 8-4-05; 94-835, eff. 6-6-06; 94-1019, eff. 7-10-06; revised 8-3-06.)

(Text of Section after amendment by P.A. 94-1105)

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

(A) General Provisions.

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

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

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

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

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

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

(d) (Blank).

(e) School district expenditures are subject to subsection (d-5) of Section 17-1.5 of this Code, if applicable.

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

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

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

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

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

(c) "Corporate Personal Property Replacement Taxes": Funds paid to local school districts pursuant to "An Act in
(d) "Foundation Level": A prescribed level of per pupil financial support as provided for in subsection (B).

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

(B) Foundation Level.

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

(2) For the 1998-1999 school year, the Foundation Level of support is $4,225. For the 1999-2000 school year, the Foundation Level of support is $4,325. For the 2000-2001 school year,
year, the Foundation Level of support is $4,425. For the 2001-2002 school year and 2002-2003 school year, the Foundation Level of support is $4,560. For the 2003-2004 school year, the Foundation Level of support is $4,810. For the 2004-2005 school year, the Foundation Level of support is $4,964. For the 2005-2006 school year, the Foundation Level of support is $5,164. For the 2006-2007 school year, the Foundation Level of support is $5,334.

(3) For the 2007-2008 school year and each school year thereafter, the Foundation Level of support is $6,058 or such greater amount as may be established by law by the General Assembly.

(C) Average Daily Attendance.

(1) For purposes of calculating general State aid pursuant to subsection (E), an Average Daily Attendance figure shall be utilized. The Average Daily Attendance figure for formula calculation purposes shall be the monthly average of the actual number of pupils in attendance of each school district, as further averaged for the best 3 months of pupil attendance for each school district. In compiling the figures for the number of pupils in attendance, school districts and the State Board of Education shall, for purposes of general State aid funding, conform attendance figures to the requirements of subsection (F).

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

(D) Available Local Resources.

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

(2) In determining a school district's revenue from local property taxes, the State Board of Education shall utilize the equalized assessed valuation of all taxable property of each school district as of September 30 of the previous year. The equalized assessed valuation utilized shall be obtained and determined as provided in subsection (G).
(3) For school districts maintaining grades kindergarten through 12, local property tax revenues per pupil shall be calculated as the product of the applicable equalized assessed valuation for the district multiplied by 3.00%, and divided by the district's Average Daily Attendance figure. For school districts maintaining grades kindergarten through 8, local property tax revenues per pupil shall be calculated as the product of the applicable equalized assessed valuation for the district multiplied by 2.30%, and divided by the district's Average Daily Attendance figure. For school districts maintaining grades 9 through 12, local property tax revenues per pupil shall be the applicable equalized assessed valuation of the district multiplied by 1.05%, and divided by the district's Average Daily Attendance figure.

For partial elementary unit districts created pursuant to Article 11E of this Code, local property tax revenues per pupil shall be calculated as the product of the equalized assessed valuation for property within the elementary and high school classification of the partial elementary unit district multiplied by 2.06% and divided by the Average Daily Attendance figure for grades kindergarten through 8, plus the product of the equalized assessed valuation for property within the high school only classification of the partial elementary unit district multiplied by 0.94% and divided by the Average Daily Attendance figure for grades 9 through 12.

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

(E) Computation of General State Aid.

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

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

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

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

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

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

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

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

(c) In districts in which some buildings, but not all, hold year-round classes, for the non-year-round buildings, days of attendance in August shall be added to the month of September and any days of attendance in June shall be added to the month of May. The average daily attendance for the year-round buildings shall be computed as provided in subdivision (b) of this paragraph (1). To calculate the
Average Daily Attendance for the district, the average daily attendance for the year-round buildings shall be multiplied by the days in session for the non-year-round buildings for each month and added to the monthly attendance of the non-year-round buildings.

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

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

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

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

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

(c) A session of 4 or more clock hours may be counted as a day of attendance upon certification by the regional superintendent, and approved by the State Superintendent of Education to the extent that the district has been forced to use daily multiple sessions.

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

(e) A session of not less than one clock hour of
teaching hospitalized or homebound pupils on-site or by
telephone to the classroom may be counted as 1/2 day of
attendance, however these pupils must receive 4 or more
clock hours of instruction to be counted for a full day of
attendance.

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

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

(h) A recognized kindergarten which provides for only
1/2 day of attendance by each pupil shall not have more
than 1/2 day of attendance counted in any one day. However,
kindergartens may count 2 1/2 days of attendance in any 5
consecutive school days. When a pupil attends such a
kindergarten for 2 half days on any one school day, the
pupil shall have the following day as a day absent from
school, unless the school district obtains permission in
writing from the State Superintendent of Education.

Attendance at kindergartens which provide for a full day of
attendance by each pupil shall be counted the same as
attendance by first grade pupils. Only the first year of
attendance in one kindergarten shall be counted, except in
case of children who entered the kindergarten in their
fifth year whose educational development requires a second
year of kindergarten as determined under the rules and
regulations of the State Board of Education.
(i) On the days when the Prairie State Achievement Examination is administered under subsection (c) of Section 2-3.64 of this Code, the day of attendance for a pupil whose school day must be shortened to accommodate required testing procedures may be less than 5 clock hours and shall be counted towards the 176 days of actual pupil attendance required under Section 10-19 of this Code, provided that a sufficient number of minutes of school work in excess of 5 clock hours are first completed on other school days to compensate for the loss of school work on the examination days.

(G) Equalized Assessed Valuation Data.

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

The Department of Revenue shall add to the equalized assessed value of all taxable property of each school district situated entirely or partially within a county that is or was
subject to the alternative general homestead exemption provisions of Section 15-176 of the Property Tax Code (a) an amount equal to the total amount by which the homestead exemption allowed under Section 15-176 of the Property Tax Code for real property situated in that school district exceeds the total amount that would have been allowed in that school district if the maximum reduction under Section 15-176 was (i) $4,500 in Cook County or $3,500 in all other counties in tax year 2003 or (ii) $5,000 in all counties in tax year 2004 and thereafter and (b) an amount equal to the aggregate amount for the taxable year of all additional exemptions under Section 15-175 of the Property Tax Code for owners with a household income of $30,000 or less. The county clerk of any county that is or was subject to the alternative general homestead exemption provisions of Section 15-176 of the Property Tax Code shall annually calculate and certify to the Department of Revenue for each school district all homestead exemption amounts under Section 15-176 of the Property Tax Code and all amounts of additional exemptions under Section 15-175 of the Property Tax Code for owners with a household income of $30,000 or less. It is the intent of this paragraph that if the general homestead exemption for a parcel of property is determined under Section 15-176 of the Property Tax Code rather than Section 15-175, then the calculation of Available Local Resources shall not be affected by the difference, if any, between the amount of the general homestead exemption allowed
for that parcel of property under Section 15-176 of the Property Tax Code and the amount that would have been allowed had the general homestead exemption for that parcel of property been determined under Section 15-175 of the Property Tax Code. It is further the intent of this paragraph that if additional exemptions are allowed under Section 15-175 of the Property Tax Code for owners with a household income of less than $30,000, then the calculation of Available Local Resources shall not be affected by the difference, if any, because of those additional exemptions.

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

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

(a) For the purposes of calculating State aid under this Section, with respect to any part of a school district within a redevelopment project area in respect to which a municipality has adopted tax increment allocation financing pursuant to the Tax Increment Allocation Redevelopment Act, Sections 11-74.4-1 through 11-74.4-11 of the Illinois Municipal Code or the Industrial Jobs Recovery Law, Sections 11-74.6-1 through 11-74.6-50 of the Illinois Municipal Code, no part of the current equalized assessed valuation of real property located in any such project area which is attributable to an increase above the
total initial equalized assessed valuation of such property shall be used as part of the equalized assessed valuation of the district, until such time as all redevelopment project costs have been paid, as provided in Section 11-74.4-8 of the Tax Increment Allocation Redevelopment Act or in Section 11-74.6-35 of the Industrial Jobs Recovery Law. For the purpose of the equalized assessed valuation of the district, the total initial equalized assessed valuation or the current equalized assessed valuation, whichever is lower, shall be used until such time as all redevelopment project costs have been paid.

(b) The real property equalized assessed valuation for a school district shall be adjusted by subtracting from the real property value as equalized or assessed by the Department of Revenue for the district an amount computed by dividing the amount of any abatement of taxes under Section 18-170 of the Property Tax Code by 3.00% for a district maintaining grades kindergarten through 12, by 2.30% for a district maintaining grades kindergarten through 8, or by 1.05% for a district maintaining grades 9 through 12 and adjusted by an amount computed by dividing the amount of any abatement of taxes under subsection (a) of Section 18-165 of the Property Tax Code by the same percentage rates for district type as specified in this subparagraph (b).
(3) For the 1999-2000 school year and each school year thereafter, if a school district meets all of the criteria of this subsection (G)(3), the school district's Available Local Resources shall be calculated under subsection (D) using the district's Extension Limitation Equalized Assessed Valuation as calculated under this subsection (G)(3).

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

"Budget Year": The school year for which general State aid is calculated and awarded under subsection (E).

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

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

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

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

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

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

If a school district is subject to property tax extension limitations as imposed under the Property Tax Extension Limitation Law, the State Board of Education shall calculate the Extension Limitation Equalized Assessed Valuation of that district. For the 1999-2000 school year, the Extension Limitation Equalized Assessed Valuation of a school district as calculated by the State Board of Education shall be equal to the product of the district's 1996 Equalized Assessed Valuation and the district's Extension Limitation Ratio. For the 2000-2001 school year and each school year thereafter, the Extension Limitation Equalized Assessed Valuation of a school district as calculated by the State Board of Education shall be equal to the product of the Equalized Assessed Valuation last used in the calculation of general State aid and the district's Extension Limitation Ratio. If the Extension Limitation Equalized Assessed Valuation of a school district as calculated under this subsection (G)(3) is less than the district's equalized assessed valuation as calculated pursuant to subsections (G)(1) and (G)(2), then for purposes of calculating the district's general State aid for the Budget Year pursuant to subsection (E), that Extension Limitation Equalized Assessed Valuation shall be utilized to calculate the district's Available Local Resources under subsection (D).
Partial elementary unit districts created in accordance with Article 11E of this Code shall not be eligible for the adjustment in this subsection (G)(3) until the fifth year following the effective date of the reorganization.

(4) For the purposes of calculating general State aid for the 1999-2000 school year only, if a school district experienced a triennial reassessment on the equalized assessed valuation used in calculating its general State financial aid apportionment for the 1998-1999 school year, the State Board of Education shall calculate the Extension Limitation Equalized Assessed Valuation that would have been used to calculate the district's 1998-1999 general State aid. This amount shall equal the product of the equalized assessed valuation used to calculate general State aid for the 1997-1998 school year and the district's Extension Limitation Ratio. If the Extension Limitation Equalized Assessed Valuation of the school district as calculated under this paragraph (4) is less than the district's equalized assessed valuation utilized in calculating the district's 1998-1999 general State aid allocation, then for purposes of calculating the district's general State aid pursuant to paragraph (5) of subsection (E), that Extension Limitation Equalized Assessed Valuation shall be utilized to calculate the district's Available Local Resources.

(5) For school districts having a majority of their equalized assessed valuation in any county except Cook, DuPage,
Kane, Lake, McHenry, or Will, if the amount of general State aid allocated to the school district for the 1999-2000 school year under the provisions of subsection (E), (H), and (J) of this Section is less than the amount of general State aid allocated to the district for the 1998-1999 school year under these subsections, then the general State aid of the district for the 1999-2000 school year only shall be increased by the difference between these amounts. The total payments made under this paragraph (5) shall not exceed $14,000,000. Claims shall be prorated if they exceed $14,000,000.

(H) Supplemental General State Aid.

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

(1.5) This paragraph (1.5) applies only to those school years preceding the 2003-2004 school year. For purposes of this subsection (H), the term "Low-Income Concentration Level" shall be the low-income eligible pupil count from the most recently available federal census divided by the Average Daily Attendance of the school district. If, however, (i) the percentage decrease from the 2 most recent federal censuses in the low-income eligible pupil count of a high school district with fewer than 400 students exceeds by 75% or more the percentage change in the total low-income eligible pupil count of contiguous elementary school districts, whose boundaries are coterminous with the high school district, or (ii) a high school district within 2 counties and serving 5 elementary school districts, whose boundaries are coterminous with the high school district, has a percentage decrease from the 2 most recent federal censuses in the low-income eligible pupil count and there is a percentage increase in the total low-income eligible pupil count of a majority of the elementary school districts in excess of 50% from the 2 most recent federal censuses, then the high school district's low-income eligible
pupil count from the earlier federal census shall be the number
used as the low-income eligible pupil count for the high school
district, for purposes of this subsection (H). The changes made
to this paragraph (1) by Public Act 92-28 shall apply to
supplemental general State aid grants for school years
preceding the 2003-2004 school year that are paid in fiscal
year 1999 or thereafter and to any State aid payments made in
fiscal year 1994 through fiscal year 1998 pursuant to
subsection 1(n) of Section 18-8 of this Code (which was
repealed on July 1, 1998), and any high school district that is
affected by Public Act 92-28 is entitled to a recomputation of
its supplemental general State aid grant or State aid paid in
any of those fiscal years. This recomputation shall not be
affected by any other funding.

(1.10) This paragraph (1.10) applies to the 2003-2004
school year and each school year thereafter. For purposes of
this subsection (H), the term "Low-Income Concentration Level"
shall, for each fiscal year, be the low-income eligible pupil
count as of July 1 of the immediately preceding fiscal year (as
determined by the Department of Human Services based on the
number of pupils who are eligible for at least one of the
following low income programs: Medicaid, the Children's Health
Insurance Program, KidCare, TANF, or Food Stamps, excluding
pupils who are eligible for services provided by the Department
of Children and Family Services, averaged over the 2
immediately preceding fiscal years for fiscal year 2004 and
over the 3 immediately preceding fiscal years for each fiscal year thereafter) divided by the Average Daily Attendance of the school district.

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

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

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

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

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

(e) For the 1999-2000 school year, the per pupil amount specified in subparagraphs (b), (c), and (d) immediately above shall be increased to $1,243, $1,600, and $2,000, respectively.
(f) For the 2000-2001 school year, the per pupil amounts specified in subparagraphs (b), (c), and (d) immediately above shall be $1,273, $1,640, and $2,050, respectively.

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

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

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

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

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

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

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

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

(a) For any school district with a Low Income Concentration Level of 15% or less, the grant for each school year shall be $355 multiplied by the low income eligible pupil count.

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

For the 2003-2004 school year, 2004-2005 school year, 2005-2006 school year, and 2006-2007 school year only, the grant shall be no less than the grant for the 2002-2003 school year. For the 2007-2008 school year only, the grant shall be no less than the grant for the 2002-2003 school year multiplied by 0.66. For the 2008-2009 school year only, the grant shall be no less than the grant for the 2002-2003 school year multiplied by 0.33. Notwithstanding the provisions of this paragraph to the
contrary, if for any school year supplemental general State aid
grants are prorated as provided in paragraph (1) of this
subsection (H), then the grants under this paragraph shall be
prorated.

For the 2003-2004 school year only, the grant shall be no
greater than the grant received during the 2002-2003 school
year added to the product of 0.25 multiplied by the difference
between the grant amount calculated under subsection (a) or (b)
of this paragraph (2.10), whichever is applicable, and the
grant received during the 2002-2003 school year. For the
2004-2005 school year only, the grant shall be no greater than
the grant received during the 2002-2003 school year added to
the product of 0.50 multiplied by the difference between the
grant amount calculated under subsection (a) or (b) of this
paragraph (2.10), whichever is applicable, and the grant
received during the 2002-2003 school year. For the 2005-2006
school year only, the grant shall be no greater than the grant
received during the 2002-2003 school year added to the product
of 0.75 multiplied by the difference between the grant amount
calculated under subsection (a) or (b) of this paragraph
(2.10), whichever is applicable, and the grant received during
the 2002-2003 school year.

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

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

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

(b) The distribution of these portions of supplemental and general State aid among attendance centers according to these requirements shall not be compensated for or contravened by adjustments of the total of other funds appropriated to any attendance centers, and the Board of Education shall utilize funding from one or several sources in order to fully implement this provision annually prior to the opening of school.
(c) Each attendance center shall be provided by the school district a distribution of noncategorical funds and other categorical funds to which an attendance center is entitled under law in order that the general State aid and supplemental general State aid provided by application of this subsection supplements rather than supplants the noncategorical funds and other categorical funds provided by the school district to the attendance centers.

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

(e) Funds received by an attendance center pursuant to this subsection shall be used by the attendance center at the discretion of the principal and local school council for programs to improve educational opportunities at qualifying schools through the following programs and services: early childhood education, reduced class size or improved adult to student classroom ratio, enrichment programs, remedial assistance, attendance improvement, and other educationally beneficial expenditures which supplement the regular and basic programs as determined by the State Board of Education. Funds provided shall not be expended for any political or lobbying purposes as defined by board rule.
(f) Each district subject to the provisions of this subdivision (H)(4) shall submit an acceptable plan to meet the educational needs of disadvantaged children, in compliance with the requirements of this paragraph, to the State Board of Education prior to July 15 of each year. This plan shall be consistent with the decisions of local school councils concerning the school expenditure plans developed in accordance with part 4 of Section 34-2.3. The State Board shall approve or reject the plan within 60 days after its submission. If the plan is rejected, the district shall give written notice of intent to modify the plan within 15 days of the notification of rejection and then submit a modified plan within 30 days after the date of the written notice of intent to modify. Districts may amend approved plans pursuant to rules promulgated by the State Board of Education.

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

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

For purposes of determining compliance with this
subsection in relation to the requirements of attendance
center funding, each district subject to the provisions of
this subsection shall submit as a separate document by
December 1 of each year a report of expenditure data for
the prior year in addition to any modification of its
current plan. If it is determined that there has been a
failure to comply with the expenditure provisions of this
subsection regarding contravention or supplanting, the
State Superintendent of Education shall, within 60 days of
receipt of the report, notify the district and any affected
local school council. The district shall within 45 days of
receipt of that notification inform the State
Superintendent of Education of the remedial or corrective
action to be taken, whether by amendment of the current
plan, if feasible, or by adjustment in the plan for the
following year. Failure to provide the expenditure report
or the notification of remedial or corrective action in a
timely manner shall result in a withholding of the affected
funds.

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

(I) (Blank).

(J) Supplementary Grants in Aid.

(1) Notwithstanding any other provisions of this Section, the amount of the aggregate general State aid in combination with supplemental general State aid under this Section for which each school district is eligible shall be no less than the amount of the aggregate general State aid entitlement that was received by the district under Section 18-8 (exclusive of amounts received under subsections 5(p) and 5(p-5) of that Section) for the 1997-98 school year, pursuant to the provisions of that Section as it was then in effect. If a school district qualifies to receive a supplementary payment made under this subsection (J), the amount of the aggregate general State aid in combination with supplemental general State aid under this Section which that district is eligible to receive for each school year shall be no less than the amount of the aggregate general State aid entitlement that was received by the district under Section 18-8 (exclusive of amounts received under subsections 5(p) and 5(p-5) of that Section) for the 1997-1998 school year, pursuant to the provisions of that Section as it was then in effect.
(2) If, as provided in paragraph (1) of this subsection (J), a school district is to receive aggregate general State aid in combination with supplemental general State aid under this Section for the 1998-99 school year and any subsequent school year that in any such school year is less than the amount of the aggregate general State aid entitlement that the district received for the 1997-98 school year, the school district shall also receive, from a separate appropriation made for purposes of this subsection (J), a supplementary payment that is equal to the amount of the difference in the aggregate State aid figures as described in paragraph (1).

(3) (Blank).

(K) Grants to Laboratory and Alternative Schools.

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

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

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

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

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

(1) For a school district operating under the financial supervision of an Authority created under Article 34A, the general State aid otherwise payable to that district under this Section, but not the supplemental general State aid, shall be reduced by an amount equal to the budget for the operations of the Authority as certified by the Authority to the State Board of Education, and an amount equal to such reduction shall be paid to the Authority created for such district for its operating expenses in the manner provided in Section 18-11. The remainder of general State school aid for any such district shall be paid in accordance with Article 34A when that Article provides for a disposition other than that provided by this Article.

(2) (Blank).

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

(M) Education Funding Advisory Board.

The Education Funding Advisory Board, hereinafter in this subsection (M) referred to as the "Board", is hereby created.
The Board shall consist of 5 members who are appointed by the Governor, by and with the advice and consent of the Senate. The members appointed shall include representatives of education, business, and the general public. One of the members so appointed shall be designated by the Governor at the time the appointment is made as the chairperson of the Board. The initial members of the Board may be appointed any time after the effective date of this amendatory Act of 1997. The regular term of each member of the Board shall be for 4 years from the third Monday of January of the year in which the term of the member's appointment is to commence, except that of the 5 initial members appointed to serve on the Board, the member who is appointed as the chairperson shall serve for a term that commences on the date of his or her appointment and expires on the third Monday of January, 2002, and the remaining 4 members, by lots drawn at the first meeting of the Board that is held after all 5 members are appointed, shall determine 2 of their number to serve for terms that commence on the date of their respective appointments and expire on the third Monday of January, 2001, and 2 of their number to serve for terms that commence on the date of their respective appointments and expire on the third Monday of January, 2000. All members appointed to serve on the Board shall serve until their respective successors are appointed and confirmed. Vacancies shall be filled in the same manner as original appointments. If a vacancy in membership occurs at a time when the Senate is not
in session, the Governor shall make a temporary appointment until the next meeting of the Senate, when he or she shall appoint, by and with the advice and consent of the Senate, a person to fill that membership for the unexpired term. If the Senate is not in session when the initial appointments are made, those appointments shall be made as in the case of vacancies.

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

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

For school years after the 2000-2001 school year, the Education Funding Advisory Board, in consultation with the State Board of Education, shall make recommendations as provided in this subsection (M) to the General Assembly for the foundation level under subdivision (B)(3) of this Section and for the supplemental general State aid grant level under subsection (H) of this Section for districts with high
concentrations of children from poverty. The recommended foundation level shall be determined based on a methodology which incorporates the basic education expenditures of low-spending schools exhibiting high academic performance. The Education Funding Advisory Board shall make such recommendations to the General Assembly on January 1 of odd numbered years, beginning January 1, 2001.

(N) (Blank).

(O) References.

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

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

(P) Public Act 93-838 and Public Act 93-808 make inconsistent changes to this Section. Under Section 6 of the Statute on Statutes there is an irreconcilable conflict between Public Act 93-808 and Public Act 93-838. Public Act 93-838, being the last acted upon, is controlling. The text of Public Act 93-838 is the law regardless of the text of Public Act 93-808.
Sec. 18-17. The State Board of Education shall provide the loan of secular textbooks listed for use by the State Board of Education free of charge to any student in this State who is enrolled in grades kindergarten through 12 at a public school, at a school other than a public school which is in compliance with the compulsory attendance laws of this State and Title VI of the Civil Rights Act of 1964 and is recognized by the State Board of Education in accordance with Section 2-3.25o of this Code, or at a residential school operated by the Department of Human Services under Section 10 of the Disabled Persons Rehabilitation Act or the Department of Juvenile Justice under Article 2.5 of Chapter III of the Unified Code of Corrections. The foregoing service shall be provided directly to the students at their request or at the request of their parents or guardians.

The goal of the loan program shall be to ensure that, insofar as possible, all students have access to textbooks that are no more than 6 years old on average in public schools for the teaching and learning of science, social sciences, physical development and health, and social and emotional learning.
Each fiscal year's appropriation for the loan of secular textbooks under this Section shall be designated for use in specific grade levels, in accordance with the following replacement cycle:

(1) Grades 9 through 12 in Fiscal Year 2008.
(2) Grades kindergarten through 4 in Fiscal Year 2009.
(3) Grades 5 through 8 in Fiscal Year 2010.
(4) Thereafter, beginning with Fiscal Year 2011, the replacement cycle shall be repeated.

Each school district shall maintain an average textbook age of 6 years or less for each grade level served; provided that (i) school districts are not required to meet the average textbook age for a given grade level until the end of the first school year during which replacement is available in accordance with the replacement schedule provided in this Section, and (ii) school districts that make adequate yearly progress under Section 2-3.25a of this Code for each of the 3 preceding school years are exempt from this requirement.

The State Board of Education shall adopt appropriate regulations to administer this Section and to facilitate the equitable participation of all students eligible for benefits hereunder, including provisions authorizing the exchange, trade or transfer of loaned secular textbooks between schools or school districts for students enrolled in such schools or districts. The bonding requirements of Sections 28-1 and 28-2 of this Code do not apply to the loan of secular textbooks
under this Section. After secular textbooks have been on loan under this Section for a period of 5 years or more, such textbooks may be disposed of by school districts in such manner as their respective school boards shall determine following written notification to the State Board of Education and expiration of a reasonable waiting period not to exceed 30 days. Loaned textbooks may not be disposed of out-of-State or sold without the prior approval of the State Board of Education.

As used in this Section in the context of items eligible to be loaned, "textbook" means any book or book substitute which a pupil uses as a text or text substitute in a particular class or program. It shall include books, reusable workbooks, manuals, whether bound or in loose leaf form, and instructional computer software, intended as a principal source of study material for a given class or group of students. "Textbook" also includes science curriculum materials in a kit format that includes pre-packaged consumable materials if (i) it is shown that the materials serve as a textbook substitute, (ii) the materials are for use by pupils as a principal learning resource, (iii) each component of the materials is integrally necessary to teach the requirements of the intended course, (iv) the kit includes teacher guidance materials, and (v) the purchase of individual consumable materials is not allowed.

Software licensing fees are allowed under this Section for licenses of 5 years or greater.
The State Board of Education shall, by rule, specify those items included in the definition of "textbook" in this Section that must be included in each school district's calculation of the average textbook age.

(Source: P.A. 93-212, eff. 7-18-03; 94-927, eff. 1-1-07.)

(105 ILCS 5/21-27)

Sec. 21-27. The Illinois Teaching Excellence Program. The Illinois Teaching Excellence Program is hereby established to provide categorical funding for monetary incentives and bonuses for teachers and school counselors who are employed by school districts and who hold a Master Certificate. The State Board of Education shall allocate and distribute to each school district an amount as annually appropriated by the General Assembly from federal funds for the Illinois Teaching Excellence Program. The State Board of Education's annual budget must set out by separate line item the appropriation for the program. Unless otherwise provided by appropriation, each school district's annual allocation shall be the sum of the amounts earned for the following incentives and bonuses:

(1) An annual payment of $3,000 to be paid to (A) each teacher who successfully completes the program leading to and who receives a Master Certificate and is employed as a teacher by a school district and (B) each school counselor who successfully completes the program leading to and who receives a Master Certificate and is employed as a school
counselor by a school district. The school district shall
distribute this payment to each eligible teacher or school
counselor as a single payment or in not more than 3
payments.

(2) An annual incentive equal to $1,000 shall be paid
to each teacher who holds a Master Certificate, who is
employed as a teacher by a school district, and who agrees,
in writing, to provide 60 hours of mentoring during that
year to classroom teachers. This mentoring may include,
either singly or in combination, (i) providing high quality
professional development for new and experienced teachers,
and (ii) assisting National Board for Professional
Teaching Standards (NBPTS) candidates through the NBPTS
certification process. The school district shall
distribute 50% of each annual incentive payment upon
completion of 30 hours of the required mentoring and the
remaining 50% of the incentive upon completion of the
required 60 hours of mentoring. Credit may not be granted
by a school district for mentoring or related services
provided during a regular school day or during the total
number of days of required service for the school year.

(3) An annual incentive equal to $3,000 shall be paid
to each teacher who holds a Master Certificate, who is
employed as a teacher by a school district, and who agrees,
in writing, to provide 60 hours of mentoring during that
year to classroom teachers in schools on academic early
warning status or in schools in which 50% or more of the
students receive free or reduced price lunches, or both.
The school district shall distribute 50% of each annual
incentive payment upon completion of 30 hours of the
required mentoring and the remaining 50% of the incentive
upon completion of the required 60 hours of mentoring.
Credit may not be granted by a school district for
mentoring or related services provided during a regular
school day or during the total number of days of required
service for the school year.

(4) Subject to appropriation, a one-time incentive
equal to the application fee expense for National Board for
Professional Teaching Standards certification for a group
of 3 or more teachers from the same targeted intervention
school, as specified in Section 2-3.25p of this Code, who
undertake to achieve Master Certification and an
additional one-time incentive of $1,000 for each teacher
when all teachers in the group receive a Master
Certificate. Subject to appropriations for this purpose,
the State Board of Education may make grants to
organizations to provide outreach and support services to
assist teachers in receiving a Master Certificate.

Each regional superintendent of schools shall provide
information about the Master Certificate Program of the
National Board for Professional Teaching Standards (NBPTS) and
this amendatory Act of the 91st General Assembly to each
individual seeking to register or renew a certificate under Section 21-14 of this Code.

(Source: P.A. 93-470, eff. 8-8-03; 94-105, eff. 7-1-05; 94-901, eff. 6-22-06.)

(105 ILCS 5/22-45 new)

Sec. 22-45. Illinois Education Roundtable.

(a) There is created the Illinois Education Roundtable. The Illinois Education Roundtable may include the following members:

(1) The Governor or his or her designee.

(2) Two members of the House of Representatives, one appointed by the Speaker of the House and one appointed by the Minority Leader of the House.

(3) Two members of the Senate, one appointed by the President of the Senate and one appointed by the Minority Leader of the Senate.

(4) Persons appointed by the Governor, which may include the following:

   (A) Representatives of business in this State.

   (B) Representatives of municipalities and counties in this State.

   (C) Representatives of prekindergarten through grade 20 teachers, parents, and administrators in this State, including representatives of professional organizations, associations, and labor unions.
Representatives from the following State agencies, boards, commissions, and councils:

(A) The Board of Higher Education.
(B) The State Board of Education.
(C) The Illinois Community College Board.
(D) The Illinois Student Assistance Commission.
(E) The Illinois Workforce Investment Board.
(F) The Department of Commerce and Economic Opportunity.
(G) The Illinois Early Learning Council.

Members who are appointed shall serve for terms expiring on July 1 of the third calendar year following their appointments or until their successors are appointed and have qualified to serve. Vacancies shall be filled in the same manner as original appointments, and any member so appointed shall serve during the remainder of the term for which the vacancy occurred. The Governor or his or her designee shall serve as chairperson of the Illinois Education Roundtable.

(b) The Illinois Education Roundtable may do the following:

(1) support the academic achievement of students at all levels by structuring a comprehensive and collaborative statewide strategy to improve education;

(2) disseminate information regarding collaborative prekindergarten through grade 20 best practices in educational and workforce development;

(3) coordinate the activities of existing educational
and workforce development agencies, with a focus on integrating a student's education from pre-school through graduate and professional education;

(4) establish an integrated, interconnected approach to developing and implementing a prekindergarten through grade 20 educational policy agenda for this State; and

(5) advise the Governor, the General Assembly, the State's education and higher education agencies, and the State's workforce and economic development boards and agencies on polices related to lifelong learning for Illinois students and families.

(c) The chairperson of the Illinois Education Roundtable may authorize the creation of working groups focusing on areas of interest to Illinois educational and workforce development. Working groups may address, without limitation, the following:

(1) Preparation, recruitment, and certification of highly qualified teachers.

(2) Mentoring and induction of highly qualified teachers.

(3) The diversity of highly qualified teachers.

(4) Highly qualified administrators.

(5) Illinois birth through age 3 education, prekindergarten, and early childhood education:

(6) The assessment, alignment, outreach, and network of college and workforce readiness efforts.

(7) Alternative routes to college access.
(8) Research data and accountability.

(9) Routes to school district consolidation.

(105 ILCS 5/27A-4)

Sec. 27A-4. General Provisions.

(a) The General Assembly does not intend to alter or amend the provisions of any court-ordered desegregation plan in effect for any school district. A charter school shall be subject to all federal and State laws and constitutional provisions prohibiting discrimination on the basis of disability, race, creed, color, gender, national origin, religion, ancestry, marital status, or need for special education services.

(b) The total number of charter schools operating under this Article at any one time shall not exceed 120. Not more than 60 charter schools shall operate at any one time in any city having a population exceeding 500,000; not more than 30 charter schools shall operate at any one time in the counties of DuPage, Kane, Lake, McHenry, Will, and that portion of Cook County that is located outside a city having a population exceeding 500,000, with not more than one charter school that has been initiated by a board of education, or by an intergovernmental agreement between or among boards of education, operating at any one time in the school district where the charter school is located; and not more than 30 charter schools shall operate at any one time in the remainder
of the State, with not more than one charter school that has
been initiated by a board of education, or by an
intergovernmental agreement between or among boards of
education, operating at any one time in the school district
where the charter school is located.

For purposes of implementing this Section, the State Board
shall assign a number to each charter submission it receives
under Section 27A-6 for its review and certification, based on
the chronological order in which the submission is received by
it. The State Board shall promptly notify local school boards
when the maximum numbers of certified charter schools
authorized to operate have been reached.

(c) No charter shall be granted under this Article that
would convert any existing private, parochial, or non-public
school to a charter school.

(d) Enrollment in a charter school shall be open to any
pupil who resides within the geographic boundaries of the area
served by the local school board, provided that the board of
education in a city having a population exceeding 500,000 may
designate attendance boundaries for no more than one-third of
the charter schools permitted in the city if the board of
education determines that attendance boundaries are needed to
relieve overcrowding or to better serve low-income and at-risk
students. Students residing within an attendance boundary may
be given priority for enrollment, but must not be required to
attend the charter school.
(e) Nothing in this Article shall prevent 2 or more local school boards from jointly issuing a charter to a single shared charter school, provided that all of the provisions of this Article are met as to those local school boards.

(f) No local school board shall require any employee of the school district to be employed in a charter school.

(g) No local school board shall require any pupil residing within the geographic boundary of its district to enroll in a charter school.

(h) If there are more eligible applicants for enrollment in a charter school than there are spaces available, successful applicants shall be selected by lottery. However, priority shall be given to siblings of pupils enrolled in the charter school and to pupils who were enrolled in the charter school the previous school year, unless expelled for cause, and priority may be given to pupils residing within the charter school's attendance boundary, if a boundary has been designated by the board of education in a city having a population exceeding 500,000. Dual enrollment at both a charter school and a public school or non-public school shall not be allowed. A pupil who is suspended or expelled from a charter school shall be deemed to be suspended or expelled from the public schools of the school district in which the pupil resides.

(i) (Blank).

(j) Notwithstanding any other provision of law to the contrary, a school district in a city having a population
exceeding 500,000 shall not have a duty to collectively bargain with an exclusive representative of its employees over decisions to grant or deny a charter school proposal under Section 27A-8 of this Code, decisions to renew or revoke a charter under Section 27A-9 of this Code, and the impact of these decisions, provided that nothing in this Section shall have the effect of negating, abrogating, replacing, reducing, diminishing, or limiting in any way employee rights, guarantees, or privileges granted in Sections 2, 3, 7, 8, 10, 14, and 15 of the Illinois Educational Labor Relations Act.

(Source: P.A. 92-16, eff. 6-28-01; 93-3, eff. 4-16-03; 93-861, eff. 1-1-05.)

Section 93-10. The Education for Homeless Children Act is amended by adding Section 1-33 as follows:

(105 ILCS 45/1-33 new)

Sec. 1-33. Education of Homeless Children and Youth State Grant Program.

(a) It is the purpose and intent of this Section to establish a State grant program that parallels and supplements, but operates independently of, the federal grant program allocating funds for assistance under Subtitle B of Title VII of the McKinney-Vento Homeless Assistance Act (42 U.S.C. 11431 et seg.) and to establish a State grant program to support school districts throughout the State in facilitating the
enrollment, attendance, and success of homeless children and youth.

(b) Subject to appropriation, the State Board of Education shall award competitive grants under an Education of Homeless Children and Youth State Grant Program to applicant school districts in accordance with this Section. Services provided by school districts through the use of grant funds may not replace the regular academic program and must be designed to expand upon or improve services provided for homeless students as part of the school's regular academic program.

(c) A school district that desires to receive a grant under this Section shall submit an application to the State Board of Education at such time, in such manner, and containing or accompanied by such information as the State Board of Education may reasonably require.

(d) Grants must be awarded on the basis of the need of the school district for assistance under this Section and the quality of the applications submitted.

(1) In determining need under this subsection (d), the State Board of Education may consider the number of homeless children and youths enrolled in preschool, elementary school, and secondary school within the school district and shall consider the needs of such children and youths and the ability of the district to meet such needs. The State Board of Education may also consider the following:
(A) The extent to which the proposed use of funds will facilitate the enrollment, retention, and educational success of homeless children and youths.

(B) The extent to which the application (i) reflects coordination with other local and State agencies that serve homeless children and youths and (ii) describes how the applicant will meet the requirements of this Act and the federal McKinney-Vento Homeless Education Assistance Improvements Act of 2001.

(C) The extent to which the applicant exhibits in the application and in current practice a commitment to education for all homeless children and youths.

(D) Such other criteria as the State Board determines is appropriate.

(2) In determining the quality of applications under this subsection (d), the State Board of Education shall consider the following:

(A) The applicant's assessment of needs and the likelihood that the program presented in the application will meet such needs.

(B) The types, intensity, and coordination of the services to be provided under the program.

(C) The involvement of parents or guardians of homeless children or youths in the education of these children.
(D) The extent to which homeless children and youths are effectively integrated within the regular education program.

(E) The quality of the applicant's evaluation plan for the program.

(F) The extent to which services provided will be coordinated with other services available to homeless children and youths and their families.

(G) Such other measures as the State Board considers indicative of a high-quality program, such as the extent to which the school district will provide case management or related services to unaccompanied youths.

(e) Grants awarded under this Section shall be for terms not to exceed 3 years, but subject to annual appropriation for this program. School districts shall use funds awarded under this Section only for those activities set forth in Section 723(d) of Subtitle B of Title VII of the McKinney-Vento Homeless Assistance Act (42 U.S.C. 11433(d)).

(f) The State Board of Education may adopt any rules, consistent with the requirements of this Section, that are necessary to implement and administer the Education of Homeless Children and Youth State Grant Program.

Section 93-15. The School Construction Law is amended by adding Section 5-105 as follows:
(105 ILCS 230/5-105 new)

Sec. 5-105. Early childhood construction grants.

(a) Subject to appropriation, the Capital Development Board is authorized to make construction grants to early childhood providers, including school districts, non-profit and for-profit community-based entities, license-exempt entities, and faith-based schools. These grants shall be paid out of moneys appropriated for that purpose from the School Infrastructure Fund. An early childhood provider must provide matching funds in an amount equal to the amount of the grant under this Section. An early childhood provider has no entitlement to a grant under this Section.

(b) The Capital Development Board shall adopt rules to implement this Section. The rules may specify the following:

1. the manner of applying for grants;
2. project eligibility requirements;
3. restrictions on the use of grant moneys;
4. the manner in which recipients must account for the use of grant moneys; and
5. any other provision that the Capital Development Board deems necessary to prioritize applications.

Early childhood construction grants shall be prioritized in the following order:

1. Projects that expand physical capacity in order to serve additional children.
Projects to address health, life, and safety issues, projects to bring non-compliant sites into licensing compliance, projects that meet guidelines of the federal Americans with Disabilities Act of 1990, or projects that implement a birth to age 3 program.

(c) In each fiscal year in which early childhood construction grants are awarded, 20% of the total amount awarded must be awarded to early childhood providers located within a municipality with a population of more than 500,000, provided that those providers comply with the requirements of this Section and the rules adopted under this Section.

Section 93-20. The Board of Higher Education Act is amended by adding Section 9.33 as follows:

(110 ILCS 205/9.33 new)

Sec. 9.33. Teacher and school leadership preparation.

(a) Using funds appropriated for this purpose, the Board of Higher Education, in conjunction with the State Board of Education and the Illinois Community College Board, shall work to strengthen teacher and school leadership preparation programs and foster linkages to new teacher mentoring and induction to better prepare graduates to teach in low-performing and hard-to-staff schools, reduce teacher attrition, and improve student achievement.

(b) The Board of Higher Education and the State Board of
Education shall jointly develop a pilot program to establish high quality Professional Development Schools, in compliance with National Council for Accreditation of Teacher Education (NCATE) standards for professional development schools and guidelines established by the Board of Higher Education and the State Board of Education. Professional Development School guidelines shall include without limitation all of the following principles:

(1) University and prekindergarten through grade 12 educators shall share governance of Professional Development Schools through collaborative planning and decision-making to address the needs of prekindergarten through grade 12 programs and teacher preparation programs.

(2) University faculty must be integrated into clinical settings, especially those campus-based faculty in the arts and sciences, educational foundations, and educational psychology coursework.

(3) Professional Development Schools shall support school improvement efforts and other statewide prekindergarten through grade 12 reform initiatives.

(4) Teacher candidates must be provided with extensive and intensive clinical experiences.

(5) Professional Development Schools shall collect extensive qualitative and quantitative assessment data relating to experiences, attitudes, student achievement,
and candidate readiness.

(6) Professional Development Schools shall collect longitudinal data to track teacher graduates into their classrooms and assess teacher effectiveness through value-added evaluation of student achievement in the classroom.

(7) Prekindergarten through grade 12 teachers and university faculty shall establish and sustain a rigorous, ongoing induction and mentoring system.

(8) Master teachers and administrators, who have demonstrated exemplary teaching and leadership related to student learning, shall provide a variety of support services, such as modeling and coaching.

(9) Professional Development Schools shall reflect the most current site-appropriate research. Faculty, teachers, and candidates shall collaboratively engage in action research for both the school and the college classroom.

(10) Best technological practices must be implemented as effective instructional, planning, and management tools.

(11) Professional Development Schools shall provide experiences working with diverse learning styles; this includes opportunities to interact with parents and the broader community.

(12) Multiple universities may work collaboratively at a Professional Development School.
(13) Information from Professional Development Schools shall be submitted to the State Board of Education's Teacher Certification Data Warehouse data collection system.

The State Board of Education shall require performance-based assessments measuring candidates' knowledge in content and pedagogy, as demonstrated by successfully passing the following assessments at predetermined checkpoints for certification and degree completion:

(A) the basic skills test, required prior to admission to a college of education.

(B) the content area test or tests, required prior to student teaching placement; and

(C) the pedagogy test, required prior to completion of student teaching.

(c) The Board of Higher Education and the Illinois Community College Board shall work with universities and community colleges to develop and implement effective admission, transfer, and advisement policies for Associate of Arts in Teaching graduates to promote the success of these future teacher candidates.

(d) The Board of Higher Education, the State Board of Education, and the Illinois Community College Board shall develop a statewide system, including student unit records, to assess and inform schools, school districts, community colleges, universities, and the State on student, teacher,
school, and teacher preparation program performance. This
system shall include value-added learning at each level.

(e) The Board of Higher Education may adopt any rules that
are necessary to carry out its responsibilities under this
Section.

Section 93-25. The Public Community College Act is amended
by adding Section 2-24 as follows:

(110 ILCS 805/2-24 new)

Sec. 2-24. Teacher and school leadership preparation. The
State Board shall comply with Section 9.33 of the Board of
Higher Education Act. The State Board may adopt any rules that
are necessary to carry out its responsibilities under Section
9.33 of the Board of Higher Education Act.

(110 ILCS 205/9.10 rep.)

Section 93-30. The Board of Higher Education Act is amended
by repealing Section 9.10.

Section 93-95. No acceleration or delay. Where this Act
makes changes in a statute that is represented in this Act by
text that is not yet or no longer in effect (for example, a
Section represented by multiple versions), the use of that text
does not accelerate or delay the taking effect of (i) the
changes made by this Act or (ii) provisions derived from any
ARTICLE 96.

Section 96-5. The Property Tax Code is amended by changing Sections 18-255, 20-15, and 21-30 and by adding Section 18-178 as follows:

(35 ILCS 200/18-178 new)

Sec. 18-178. Education Property Tax Relief Program. Beginning with taxes levied in 2007 and payable in 2008, the county clerk shall determine the final extension for education purposes for all taxable property in each school district located entirely in the county or for the taxable property of that portion of a school district located in the county, according to the maximum rate, levy, and extension authorized under the Property Tax Extension Limitation Law, the Truth in Taxation Law, and any other provision in this Code. The county clerk shall then reduce the extension for education purposes for each school district or portion of a school district in the county by the amount of the Education Property Tax Relief Payment paid by the Illinois State Board of Education to each school district under the Education Property Tax Relief Law and certified to the county clerk for that school district or portion of a school district by the Department. After the final extension for education purposes has been determined and
reduced, the county clerk shall notify the Department. The county clerk shall determine the prorated portion of the certified Education Property Tax Relief Payment for districts with boundaries located in 2 or more counties. The clerk shall allocate the Education Property Tax Relief Payment based on the most current final equalized assessed valuation data. The extension amount for education purposes, as originally calculated before reduction, is the final extension for education purposes and shall be used for all other purposes, including determining the maximum rate, levy, and extension authorized under the Property Tax Extension Limitation Law, the Truth in Taxation Law, and any other provision in this Code and the School Code.

(35 ILCS 200/18-255)

Sec. 18-255. Abstract of assessments and extensions. When the collector's books are completed, the county clerk shall make a complete statement of the assessment and extensions, in conformity to the instructions of the Department. The clerk shall certify the statement to the Department. Beginning with the 2007 levy year and thereafter, the Department shall require the statement to include a separate column listing the amount of any extension that is reduced under Section 18-178 of this Code.

(Source: Laws 1943, vol. 1, p. 1136; P.A. 88-455.)
Sec. 20-15. Information on bill or separate statement. The amount of tax liability due and the rates shown on each individual tax bill pursuant to this Section are subject to the reduction provided under Section 18-178 of this Code. There shall be printed on each bill, or on a separate slip which shall be mailed with the bill:

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

(b) a separate statement for each of the taxing districts of the dollar amount of tax due which is allocable to a tax levied under the Illinois Pension Code or to any other tax levied by a municipality or township for public pension or retirement purposes,

(c) the total tax rate,

(d) the total amount of tax due, and

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

(f) the amount of tax reduced under Section 18-178 of
the Code, entitled the Education Property Tax Relief
Program.

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

In all counties the statement shall also provide:

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

(2) the assessment of the property,
(3) the equalization factors imposed by the county and
   by the Department, and
(4) the equalized assessment resulting from the
   application of the equalization factors to the basic
   assessment.

In all counties which do not classify property for purposes
of taxation, for property on which a single family residence is
situated the statement shall also include a statement to
reflect the fair cash value determined for the property. In all
counties which classify property for purposes of taxation in
accordance with Section 4 of Article IX of the Illinois
Constitution, for parcels of residential property in the lowest
assessment classification the statement shall also include a
statement to reflect the fair cash value determined for the
property.
In all counties, the statement shall include information that certain taxpayers may be eligible for the Senior Citizens and Disabled Persons Property Tax Relief and Pharmaceutical Assistance Act and that applications are available from the Illinois Department of Revenue.

In counties which use the estimated or accelerated billing methods, these statements shall only be provided with the final installment of taxes due. The provisions of this Section create a mandatory statutory duty. They are not merely directory or discretionary. The failure or neglect of the collector to mail the bill, or the failure of the taxpayer to receive the bill, shall not affect the validity of any tax, or the liability for the payment of any tax.

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

(35 ILCS 200/21-30)

Sec. 21-30. Accelerated billing. Except as provided in this Section, Section 9-260, and Section 21-40, in counties with 3,000,000 or more inhabitants, by January 31 annually, estimated tax bills setting out the first installment of property taxes for the preceding year, payable in that year, shall be prepared and mailed. The first installment of taxes on the estimated tax bills shall be computed at 50% of the total of each tax bill for the preceding year. If, prior to the preparation of the estimated tax bills, a certificate of error has been either approved by a court on or before November 30 of
the preceding year or certified pursuant to Section 14-15 on or
before November 30 of the preceding year, then the first
installment of taxes on the estimated tax bills shall be
computed at 50% of the total taxes for the preceding year as
corrected by the certificate of error. By June 30 annually,
actual tax bills shall be prepared and mailed. These bills
shall set out total taxes due and the amount of estimated taxes
billed in the first installment, and shall state the balance of
taxes due for that year as represented by the sum derived from
subtracting the amount of the first installment from the total
taxes due for that year, subject to the reduction of taxes
calculated under Section 18-178 of this Code. The second
installment shall also include the full amount of tax reduced
on each individual bill under Section 18-178 of this Code.

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

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

(Source: P.A. 93-560, eff. 8-20-03; 94-312, eff. 7-25-05.)

Section 96-10. The School Code is amended by adding Article 37 as follows:

(105 ILCS 5/Art. 37 heading new)

ARTICLE 37. EDUCATION PROPERTY TAX RELIEF LAW

(105 ILCS 5/37-1 new)

Sec. 37-1. Short title. This Article may be cited as the Education Property Tax Relief Law.

(105 ILCS 5/37-5 new)

Sec. 37-5. Definitions. As used in this Law:

"Agency" means the Illinois State Board of Education.

"Alternate Method Districts" means those school districts that have a Median Multiplier in the bottom one-third (ranked...
from highest to lowest) as compared to the school districts within their respective District Type.

"Average Daily Attendance" means the count of pupil attendance in school, averaged as provided for in Section 18-8.05 of this Code, that is used in the calculation of the most recent finalized year's General State Aid, also as calculated per Section 18-8.05 of this Code.

"District Type" means a unit district, elementary district, or high school district, as such terms are defined in Section 11E-10 of this Code.

"Equalized Assessed Valuation Per Pupil" means the quotient determined by dividing the equalized assessed valuation of the taxable property of a school district (using the Tax Year) by the school district's Average Daily Attendance.

"Equalized Assessed Valuation Scale Composite" means the product determined by multiplying the Median Multiplier by the Operating Tax Levy.

"Median Equalized Assessed Valuation Per Pupil" means the median Equalized Assessed Valuation Per Pupil of school districts for each District Type.

"Median Multiplier" means the quotient determined by dividing the Median Equalized Assessed Valuation Per Pupil by the Equalized Assessed Valuation Per Pupil for each school district.

"Operating Tax Levy" means all school district property
taxes in a Tax Year extended for all purposes, except bond and
interest, summer school, rent, capital improvement, and
vocational education building purposes.
"Relevant Total Amount Available" means the amount set
forth in item (2) of Section 37-15 of this Law divided by
the Total Amount Available for each District Type. The Total
Amount Available for each District Type means the product of
(A) the total Equalized Assessed Valuation for a District Type
divided by the total Equalized Assessed Valuation for all
District Types; and (B) the amount set forth in item (2) of
Section 37-15.
"Tax Year" means, for the first fiscal year during which
moneys are disbursed pursuant to this Law, the 2004 tax year
and, for subsequent years, the most recent tax year for which
data is available.
"Total Equalized Assessed Valuation Scale Composite" means
the sum determined by adding the Equalized Assessed Valuation
Scale Composite of all districts in a District Type.

(105 ILCS 5/37-10 new)
Sec. 37-10. Calculation of the Education Property Tax
Relief Payment.
(a) The Agency shall calculate a payment for each school
district, other than a school district organized under Article
34 of this Code, in the following manner:
(1) School districts shall be separated by District
Type:

(2) For all school districts within a District Type, the Agency shall, using the Tax Year, calculate the Equalized Assessed Valuation Per Pupil;

(3) The Agency shall calculate the Median Equalized Assessed Valuation Per Pupil;

(4) For each District Type, the Agency shall calculate the Median Multiplier;

(5) The Agency shall determine which school districts within each District Type are Alternate Method Districts;

(6) Each Alternate Method District shall receive, as a payment, an amount equal to that district's Average Daily Attendance multiplied by $250; and

(7) For each school district in each District Type other than Alternate Method Districts, the Agency shall:

(A) divide the Equalized Assessed Valuation Scale Composite for the district by the Total Equalized Assessed Valuation Scale Composite of all districts in the district's District Type; and

(B) multiply the quotient in item (a)(7)(A) by the Relevant Total Amount Available less the amount calculated in item (a)(6) for each District Type.

(b) Notwithstanding anything to the contrary in this Law, a school district may not receive, pursuant to this Law, an amount greater than 50% of the district's Operating Tax Levy.
Sec. 37-15. Education Property Tax Relief. Subject to appropriation, the Agency shall make the following payments:

(1) School districts organized under Article 34 of the School Code shall receive a payment of $200,000,000. The payment shall be divided equally in 2 installments and shall be payable on March 1 and September 1 of each year.

(2) The total amount available to school districts subject to Section 37-10 of this Law is $800,000,000, and those districts shall receive their payments in 2 equal installments and shall be payable on March 1 and September 1 of each year.

Sec. 37-20. Certification of Payment.

(a) The Agency shall, by January 1 of each year, certify to the Illinois Department of Revenue the payments due to each school district under this Law. If a school district's boundaries are located in 2 or more counties, the certification shall identify each county in which the school district is located.

(b) The Department of Revenue shall, by January 15 of each year, certify the payment due to each school district to the county clerk of the county in which the school district is located.
ARTICLE 99. SEVERABILITY; EFFECTIVE DATE

Section 99-5. Severability. The provisions of this Act are severable under Section 1.31 of the Statute on Statutes.

Section 99-10. Effective date. This Act takes effect upon becoming law.".