



Rep. Gary Hannig

Filed: 11/2/2007

09500SB0783ham005

LRB095 05523 BDD 40226 a

1 AMENDMENT TO SENATE BILL 783

2 AMENDMENT NO. _____. Amend Senate Bill 783, AS AMENDED, by
3 replacing everything after the enacting clause with the
4 following:

5 "ARTICLE 1. SHORT TITLE; PURPOSE

6 Section 1-1. Short title. This Act may be cited as the
7 FY2008 Budget Implementation Act.

8 Section 1-5. Purpose. It is the purpose of this Act to make
9 changes in State programs that are necessary to implement the
10 FY2008 budget.

11 ARTICLE 3. STATE SERVICES ASSURANCE ACT FOR 2008

12 Section 3-1. Short title. This Article may be cited as the
13 State Services Assurance Act for FY2008, and references in this

1 Article to "this Act" mean this Article.

2 Section 3-5. Definitions. For the purposes of this Act:

3 "Frontline staff" means State employees in the RC 6, RC 9,
4 RC 10, RC 14, RC 28, RC 42, RC 62, RC 63, and CU 500 bargaining
5 units in titles represented by AFSCME as of June 1, 2007.

6 "On-board frontline staff" means frontline staff in paid
7 status.

8 Section 3-10. Legislative intent and policy. The General
9 Assembly finds that State government delivers a myriad of
10 services that are necessary for the health, welfare, safety,
11 and quality of life of all Illinois residents. Because State
12 services are used by many Illinois citizens who cannot speak
13 the English language fluently, there is a need for bilingual
14 State employees. The number of workers in State government who
15 speak a language other than English is inadequate, leaving
16 those workers who do speak another language overworked and
17 incapable of meeting the rising demand for their services.

18 In response to this crisis, it is the intent of the General
19 Assembly in FY 2008 to ensure the hiring and retention of
20 additional bilingual frontline staff in State agencies where
21 public services are most used. These additions take into
22 account our State's current revenue crisis, and are a first
23 step. Raising bilingual staffing to meet higher national
24 standards to fully ensure the effective delivery of essential

1 services is the long-term goal of the General Assembly.

2 Section 3-15. Staffing standards. On or before July 1, 2008
3 each named agency shall increase and maintain the number of
4 bilingual on-board frontline staff over the levels that it
5 maintained on June 30, 2007 as follows:

6 (1) The Department of Corrections shall have at least
7 40 additional bilingual on-board frontline staff.

8 (2) Mental health and developmental centers operated
9 by the Department of Human Services shall have at least 20
10 additional bilingual on-board frontline staff.

11 (3) Family and Community Resource Centers operated by
12 the Department of Human Services shall have at least 100
13 additional bilingual on-board frontline staff.

14 (4) The Department of Children and Family Services
15 shall have at least 40 additional bilingual on-board
16 frontline staff.

17 (5) The Department of Veterans Affairs shall have at
18 least 5 additional bilingual on-board frontline staff.

19 (6) The Environmental Protection Agency shall have at
20 least 5 additional bilingual on-board frontline staff.

21 (7) The Department of Employment Security shall have at
22 least 10 additional bilingual on-board frontline staff.

23 (8) The Department of Natural Resources shall have at
24 least 5 additional bilingual on-board frontline staff.

25 (9) The Department of Public Health shall have at least

1 5 additional bilingual on-board frontline staff.

2 (10) The Department of State Police shall have at least
3 5 additional bilingual on-board frontline staff.

4 (11) The Department of Juvenile Justice shall have at
5 least 25 additional bilingual on-board frontline staff.

6 Section 3-20. Accountability. On or before April 1, 2008
7 and each year thereafter, each executive branch agency, board,
8 and commission shall prepare and submit a report to the General
9 Assembly on the staffing level of bilingual employees. The
10 report shall provide data from the previous month, including
11 but not limited to each employees name, job title, job
12 description, and languages spoken.

13 ARTICLE 5. AMENDATORY PROVISIONS

14 Section 5-1. The State Employees Group Insurance Act of
15 1971 is amended by changing Section 10 as follows:

16 (5 ILCS 375/10) (from Ch. 127, par. 530)

17 Sec. 10. Payments by State; premiums.

18 (a) The State shall pay the cost of basic non-contributory
19 group life insurance and, subject to member paid contributions
20 set by the Department or required by this Section, the basic
21 program of group health benefits on each eligible member,
22 except a member, not otherwise covered by this Act, who has

1 retired as a participating member under Article 2 of the
2 Illinois Pension Code but is ineligible for the retirement
3 annuity under Section 2-119 of the Illinois Pension Code, and
4 part of each eligible member's and retired member's premiums
5 for health insurance coverage for enrolled dependents as
6 provided by Section 9. The State shall pay the cost of the
7 basic program of group health benefits only after benefits are
8 reduced by the amount of benefits covered by Medicare for all
9 members and dependents who are eligible for benefits under
10 Social Security or the Railroad Retirement system or who had
11 sufficient Medicare-covered government employment, except that
12 such reduction in benefits shall apply only to those members
13 and dependents who (1) first become eligible for such Medicare
14 coverage on or after July 1, 1992; or (2) are Medicare-eligible
15 members or dependents of a local government unit which began
16 participation in the program on or after July 1, 1992; or (3)
17 remain eligible for, but no longer receive Medicare coverage
18 which they had been receiving on or after July 1, 1992. The
19 Department may determine the aggregate level of the State's
20 contribution on the basis of actual cost of medical services
21 adjusted for age, sex or geographic or other demographic
22 characteristics which affect the costs of such programs.

23 The cost of participation in the basic program of group
24 health benefits for the dependent or survivor of a living or
25 deceased retired employee who was formerly employed by the
26 University of Illinois in the Cooperative Extension Service and

1 would be an annuitant but for the fact that he or she was made
2 ineligible to participate in the State Universities Retirement
3 System by clause (4) of subsection (a) of Section 15-107 of the
4 Illinois Pension Code shall not be greater than the cost of
5 participation that would otherwise apply to that dependent or
6 survivor if he or she were the dependent or survivor of an
7 annuitant under the State Universities Retirement System.

8 (a-1) Beginning January 1, 1998, for each person who
9 becomes a new SERS annuitant and participates in the basic
10 program of group health benefits, the State shall contribute
11 toward the cost of the annuitant's coverage under the basic
12 program of group health benefits an amount equal to 5% of that
13 cost for each full year of creditable service upon which the
14 annuitant's retirement annuity is based, up to a maximum of
15 100% for an annuitant with 20 or more years of creditable
16 service. The remainder of the cost of a new SERS annuitant's
17 coverage under the basic program of group health benefits shall
18 be the responsibility of the annuitant. In the case of a new
19 SERS annuitant who has elected to receive an alternative
20 retirement cancellation payment under Section 14-108.5 of the
21 Illinois Pension Code in lieu of an annuity, for the purposes
22 of this subsection the annuitant shall be deemed to be
23 receiving a retirement annuity based on the number of years of
24 creditable service that the annuitant had established at the
25 time of his or her termination of service under SERS.

26 (a-2) Beginning January 1, 1998, for each person who

1 becomes a new SERS survivor and participates in the basic
2 program of group health benefits, the State shall contribute
3 toward the cost of the survivor's coverage under the basic
4 program of group health benefits an amount equal to 5% of that
5 cost for each full year of the deceased employee's or deceased
6 annuitant's creditable service in the State Employees'
7 Retirement System of Illinois on the date of death, up to a
8 maximum of 100% for a survivor of an employee or annuitant with
9 20 or more years of creditable service. The remainder of the
10 cost of the new SERS survivor's coverage under the basic
11 program of group health benefits shall be the responsibility of
12 the survivor. In the case of a new SERS survivor who was the
13 dependent of an annuitant who elected to receive an alternative
14 retirement cancellation payment under Section 14-108.5 of the
15 Illinois Pension Code in lieu of an annuity, for the purposes
16 of this subsection the deceased annuitant's creditable service
17 shall be determined as of the date of termination of service
18 rather than the date of death.

19 (a-3) Beginning January 1, 1998, for each person who
20 becomes a new SURS annuitant and participates in the basic
21 program of group health benefits, the State shall contribute
22 toward the cost of the annuitant's coverage under the basic
23 program of group health benefits an amount equal to 5% of that
24 cost for each full year of creditable service upon which the
25 annuitant's retirement annuity is based, up to a maximum of
26 100% for an annuitant with 20 or more years of creditable

1 service. The remainder of the cost of a new SURS annuitant's
2 coverage under the basic program of group health benefits shall
3 be the responsibility of the annuitant.

4 (a-4) (Blank).

5 (a-5) Beginning January 1, 1998, for each person who
6 becomes a new SURS survivor and participates in the basic
7 program of group health benefits, the State shall contribute
8 toward the cost of the survivor's coverage under the basic
9 program of group health benefits an amount equal to 5% of that
10 cost for each full year of the deceased employee's or deceased
11 annuitant's creditable service in the State Universities
12 Retirement System on the date of death, up to a maximum of 100%
13 for a survivor of an employee or annuitant with 20 or more
14 years of creditable service. The remainder of the cost of the
15 new SURS survivor's coverage under the basic program of group
16 health benefits shall be the responsibility of the survivor.

17 (a-6) Beginning July 1, 1998, for each person who becomes a
18 new TRS State annuitant and participates in the basic program
19 of group health benefits, the State shall contribute toward the
20 cost of the annuitant's coverage under the basic program of
21 group health benefits an amount equal to 5% of that cost for
22 each full year of creditable service as a teacher as defined in
23 paragraph (2), (3), or (5) of Section 16-106 of the Illinois
24 Pension Code upon which the annuitant's retirement annuity is
25 based, up to a maximum of 100%; except that the State
26 contribution shall be 12.5% per year (rather than 5%) for each

1 full year of creditable service as a regional superintendent or
2 assistant regional superintendent of schools. The remainder of
3 the cost of a new TRS State annuitant's coverage under the
4 basic program of group health benefits shall be the
5 responsibility of the annuitant.

6 (a-7) Beginning July 1, 1998, for each person who becomes a
7 new TRS State survivor and participates in the basic program of
8 group health benefits, the State shall contribute toward the
9 cost of the survivor's coverage under the basic program of
10 group health benefits an amount equal to 5% of that cost for
11 each full year of the deceased employee's or deceased
12 annuitant's creditable service as a teacher as defined in
13 paragraph (2), (3), or (5) of Section 16-106 of the Illinois
14 Pension Code on the date of death, up to a maximum of 100%;
15 except that the State contribution shall be 12.5% per year
16 (rather than 5%) for each full year of the deceased employee's
17 or deceased annuitant's creditable service as a regional
18 superintendent or assistant regional superintendent of
19 schools. The remainder of the cost of the new TRS State
20 survivor's coverage under the basic program of group health
21 benefits shall be the responsibility of the survivor.

22 (a-8) A new SERS annuitant, new SERS survivor, new SERS
23 annuitant, new SERS survivor, new TRS State annuitant, or new
24 TRS State survivor may waive or terminate coverage in the
25 program of group health benefits. Any such annuitant or
26 survivor who has waived or terminated coverage may enroll or

1 re-enroll in the program of group health benefits only during
2 the annual benefit choice period, as determined by the
3 Director; except that in the event of termination of coverage
4 due to nonpayment of premiums, the annuitant or survivor may
5 not re-enroll in the program.

6 (a-9) No later than May 1 of each calendar year, the
7 Director of Central Management Services shall certify in
8 writing to the Executive Secretary of the State Employees'
9 Retirement System of Illinois the amounts of the Medicare
10 supplement health care premiums and the amounts of the health
11 care premiums for all other retirees who are not Medicare
12 eligible.

13 A separate calculation of the premiums based upon the
14 actual cost of each health care plan shall be so certified.

15 The Director of Central Management Services shall provide
16 to the Executive Secretary of the State Employees' Retirement
17 System of Illinois such information, statistics, and other data
18 as he or she may require to review the premium amounts
19 certified by the Director of Central Management Services.

20 The Department of Healthcare and Family Services, or any
21 successor agency designated to procure healthcare contracts
22 pursuant to this Act, is authorized to establish funds,
23 separate accounts provided by any bank or banks as defined by
24 the Illinois Banking Act, or separate accounts provided by any
25 savings and loan association or associations as defined by the
26 Illinois Savings and Loan Act of 1985 to be held by the

1 Director, outside the State treasury, for the purpose of
2 receiving the transfer of moneys from the Local Government
3 Health Insurance Reserve Fund. The Department may promulgate
4 rules further defining the methodology for the transfers. Any
5 interest earned by moneys in the funds or accounts shall inure
6 to the Local Government Health Insurance Reserve Fund. The
7 transferred moneys, and interest accrued thereon, shall be used
8 exclusively for transfers to administrative service
9 organizations or their financial institutions for payments of
10 claims to claimants and providers under the self-insurance
11 health plan. The transferred moneys, and interest accrued
12 thereon, shall not be used for any other purpose including, but
13 not limited to, reimbursement of administration fees due the
14 administrative service organization pursuant to its contract
15 or contracts with the Department.

16 (b) State employees who become eligible for this program on
17 or after January 1, 1980 in positions normally requiring actual
18 performance of duty not less than 1/2 of a normal work period
19 but not equal to that of a normal work period, shall be given
20 the option of participating in the available program. If the
21 employee elects coverage, the State shall contribute on behalf
22 of such employee to the cost of the employee's benefit and any
23 applicable dependent supplement, that sum which bears the same
24 percentage as that percentage of time the employee regularly
25 works when compared to normal work period.

26 (c) The basic non-contributory coverage from the basic

1 program of group health benefits shall be continued for each
2 employee not in pay status or on active service by reason of
3 (1) leave of absence due to illness or injury, (2) authorized
4 educational leave of absence or sabbatical leave, or (3)
5 military leave with pay and benefits. This coverage shall
6 continue until expiration of authorized leave and return to
7 active service, but not to exceed 24 months for leaves under
8 item (1) or (2). This 24-month limitation and the requirement
9 of returning to active service shall not apply to persons
10 receiving ordinary or accidental disability benefits or
11 retirement benefits through the appropriate State retirement
12 system or benefits under the Workers' Compensation or
13 Occupational Disease Act.

14 (d) The basic group life insurance coverage shall continue,
15 with full State contribution, where such person is (1) absent
16 from active service by reason of disability arising from any
17 cause other than self-inflicted, (2) on authorized educational
18 leave of absence or sabbatical leave, or (3) on military leave
19 with pay and benefits.

20 (e) Where the person is in non-pay status for a period in
21 excess of 30 days or on leave of absence, other than by reason
22 of disability, educational or sabbatical leave, or military
23 leave with pay and benefits, such person may continue coverage
24 only by making personal payment equal to the amount normally
25 contributed by the State on such person's behalf. Such payments
26 and coverage may be continued: (1) until such time as the

1 person returns to a status eligible for coverage at State
2 expense, but not to exceed 24 months, (2) until such person's
3 employment or annuitant status with the State is terminated, or
4 (3) for a maximum period of 4 years for members on military
5 leave with pay and benefits and military leave without pay and
6 benefits (exclusive of any additional service imposed pursuant
7 to law).

8 (f) The Department shall establish by rule the extent to
9 which other employee benefits will continue for persons in
10 non-pay status or who are not in active service.

11 (g) The State shall not pay the cost of the basic
12 non-contributory group life insurance, program of health
13 benefits and other employee benefits for members who are
14 survivors as defined by paragraphs (1) and (2) of subsection
15 (q) of Section 3 of this Act. The costs of benefits for these
16 survivors shall be paid by the survivors or by the University
17 of Illinois Cooperative Extension Service, or any combination
18 thereof. However, the State shall pay the amount of the
19 reduction in the cost of participation, if any, resulting from
20 the amendment to subsection (a) made by this amendatory Act of
21 the 91st General Assembly.

22 (h) Those persons occupying positions with any department
23 as a result of emergency appointments pursuant to Section 8b.8
24 of the Personnel Code who are not considered employees under
25 this Act shall be given the option of participating in the
26 programs of group life insurance, health benefits and other

1 employee benefits. Such persons electing coverage may
2 participate only by making payment equal to the amount normally
3 contributed by the State for similarly situated employees. Such
4 amounts shall be determined by the Director. Such payments and
5 coverage may be continued until such time as the person becomes
6 an employee pursuant to this Act or such person's appointment
7 is terminated.

8 (i) Any unit of local government within the State of
9 Illinois may apply to the Director to have its employees,
10 annuitants, and their dependents provided group health
11 coverage under this Act on a non-insured basis. To participate,
12 a unit of local government must agree to enroll all of its
13 employees, who may select coverage under either the State group
14 health benefits plan or a health maintenance organization that
15 has contracted with the State to be available as a health care
16 provider for employees as defined in this Act. A unit of local
17 government must remit the entire cost of providing coverage
18 under the State group health benefits plan or, for coverage
19 under a health maintenance organization, an amount determined
20 by the Director based on an analysis of the sex, age,
21 geographic location, or other relevant demographic variables
22 for its employees, except that the unit of local government
23 shall not be required to enroll those of its employees who are
24 covered spouses or dependents under this plan or another group
25 policy or plan providing health benefits as long as (1) an
26 appropriate official from the unit of local government attests

1 that each employee not enrolled is a covered spouse or
2 dependent under this plan or another group policy or plan, and
3 (2) at least 85% of the employees are enrolled and the unit of
4 local government remits the entire cost of providing coverage
5 to those employees, except that a participating school district
6 must have enrolled at least 85% of its full-time employees who
7 have not waived coverage under the district's group health plan
8 by participating in a component of the district's cafeteria
9 plan. A participating school district is not required to enroll
10 a full-time employee who has waived coverage under the
11 district's health plan, provided that an appropriate official
12 from the participating school district attests that the
13 full-time employee has waived coverage by participating in a
14 component of the district's cafeteria plan. For the purposes of
15 this subsection, "participating school district" includes a
16 unit of local government whose primary purpose is education as
17 defined by the Department's rules.

18 Employees of a participating unit of local government who
19 are not enrolled due to coverage under another group health
20 policy or plan may enroll in the event of a qualifying change
21 in status, special enrollment, special circumstance as defined
22 by the Director, or during the annual Benefit Choice Period. A
23 participating unit of local government may also elect to cover
24 its annuitants. Dependent coverage shall be offered on an
25 optional basis, with the costs paid by the unit of local
26 government, its employees, or some combination of the two as

1 determined by the unit of local government. The unit of local
2 government shall be responsible for timely collection and
3 transmission of dependent premiums.

4 The Director shall annually determine monthly rates of
5 payment, subject to the following constraints:

6 (1) In the first year of coverage, the rates shall be
7 equal to the amount normally charged to State employees for
8 elected optional coverages or for enrolled dependents
9 coverages or other contributory coverages, or contributed
10 by the State for basic insurance coverages on behalf of its
11 employees, adjusted for differences between State
12 employees and employees of the local government in age,
13 sex, geographic location or other relevant demographic
14 variables, plus an amount sufficient to pay for the
15 additional administrative costs of providing coverage to
16 employees of the unit of local government and their
17 dependents.

18 (2) In subsequent years, a further adjustment shall be
19 made to reflect the actual prior years' claims experience
20 of the employees of the unit of local government.

21 In the case of coverage of local government employees under
22 a health maintenance organization, the Director shall annually
23 determine for each participating unit of local government the
24 maximum monthly amount the unit may contribute toward that
25 coverage, based on an analysis of (i) the age, sex, geographic
26 location, and other relevant demographic variables of the

1 unit's employees and (ii) the cost to cover those employees
2 under the State group health benefits plan. The Director may
3 similarly determine the maximum monthly amount each unit of
4 local government may contribute toward coverage of its
5 employees' dependents under a health maintenance organization.

6 Monthly payments by the unit of local government or its
7 employees for group health benefits plan or health maintenance
8 organization coverage shall be deposited in the Local
9 Government Health Insurance Reserve Fund.

10 The Local Government Health Insurance Reserve Fund is
11 hereby created as a nonappropriated trust fund to be held
12 outside the State Treasury, with the State Treasurer as
13 custodian. The Local Government Health Insurance Reserve Fund
14 shall be a continuing fund not subject to fiscal year
15 limitations. All revenues arising from the administration of
16 the health benefits program established under this Section
17 shall be deposited into the Local Government Health Insurance
18 Reserve Fund. Any interest earned on moneys in the Local
19 Government Health Insurance Reserve Fund shall be deposited
20 into the Fund. All expenditures from this Fund shall be used
21 for payments for health care benefits for local government and
22 rehabilitation facility employees, annuitants, and dependents,
23 and to reimburse the Department or its administrative service
24 organization for all expenses incurred in the administration of
25 benefits. No other State funds may be used for these purposes.

26 A local government employer's participation or desire to

1 participate in a program created under this subsection shall
2 not limit that employer's duty to bargain with the
3 representative of any collective bargaining unit of its
4 employees.

5 (j) Any rehabilitation facility within the State of
6 Illinois may apply to the Director to have its employees,
7 annuitants, and their eligible dependents provided group
8 health coverage under this Act on a non-insured basis. To
9 participate, a rehabilitation facility must agree to enroll all
10 of its employees and remit the entire cost of providing such
11 coverage for its employees, except that the rehabilitation
12 facility shall not be required to enroll those of its employees
13 who are covered spouses or dependents under this plan or
14 another group policy or plan providing health benefits as long
15 as (1) an appropriate official from the rehabilitation facility
16 attests that each employee not enrolled is a covered spouse or
17 dependent under this plan or another group policy or plan, and
18 (2) at least 85% of the employees are enrolled and the
19 rehabilitation facility remits the entire cost of providing
20 coverage to those employees. Employees of a participating
21 rehabilitation facility who are not enrolled due to coverage
22 under another group health policy or plan may enroll in the
23 event of a qualifying change in status, special enrollment,
24 special circumstance as defined by the Director, or during the
25 annual Benefit Choice Period. A participating rehabilitation
26 facility may also elect to cover its annuitants. Dependent

1 coverage shall be offered on an optional basis, with the costs
2 paid by the rehabilitation facility, its employees, or some
3 combination of the 2 as determined by the rehabilitation
4 facility. The rehabilitation facility shall be responsible for
5 timely collection and transmission of dependent premiums.

6 The Director shall annually determine quarterly rates of
7 payment, subject to the following constraints:

8 (1) In the first year of coverage, the rates shall be
9 equal to the amount normally charged to State employees for
10 elected optional coverages or for enrolled dependents
11 coverages or other contributory coverages on behalf of its
12 employees, adjusted for differences between State
13 employees and employees of the rehabilitation facility in
14 age, sex, geographic location or other relevant
15 demographic variables, plus an amount sufficient to pay for
16 the additional administrative costs of providing coverage
17 to employees of the rehabilitation facility and their
18 dependents.

19 (2) In subsequent years, a further adjustment shall be
20 made to reflect the actual prior years' claims experience
21 of the employees of the rehabilitation facility.

22 Monthly payments by the rehabilitation facility or its
23 employees for group health benefits shall be deposited in the
24 Local Government Health Insurance Reserve Fund.

25 (k) Any domestic violence shelter or service within the
26 State of Illinois may apply to the Director to have its

1 employees, annuitants, and their dependents provided group
2 health coverage under this Act on a non-insured basis. To
3 participate, a domestic violence shelter or service must agree
4 to enroll all of its employees and pay the entire cost of
5 providing such coverage for its employees. A participating
6 domestic violence shelter may also elect to cover its
7 annuitants. Dependent coverage shall be offered on an optional
8 basis, with employees, or some combination of the 2 as
9 determined by the domestic violence shelter or service. The
10 domestic violence shelter or service shall be responsible for
11 timely collection and transmission of dependent premiums.

12 The Director shall annually determine rates of payment,
13 subject to the following constraints:

14 (1) In the first year of coverage, the rates shall be
15 equal to the amount normally charged to State employees for
16 elected optional coverages or for enrolled dependents
17 coverages or other contributory coverages on behalf of its
18 employees, adjusted for differences between State
19 employees and employees of the domestic violence shelter or
20 service in age, sex, geographic location or other relevant
21 demographic variables, plus an amount sufficient to pay for
22 the additional administrative costs of providing coverage
23 to employees of the domestic violence shelter or service
24 and their dependents.

25 (2) In subsequent years, a further adjustment shall be
26 made to reflect the actual prior years' claims experience

1 of the employees of the domestic violence shelter or
2 service.

3 Monthly payments by the domestic violence shelter or
4 service or its employees for group health insurance shall be
5 deposited in the Local Government Health Insurance Reserve
6 Fund.

7 (1) A public community college or entity organized pursuant
8 to the Public Community College Act may apply to the Director
9 initially to have only annuitants not covered prior to July 1,
10 1992 by the district's health plan provided health coverage
11 under this Act on a non-insured basis. The community college
12 must execute a 2-year contract to participate in the Local
13 Government Health Plan. Any annuitant may enroll in the event
14 of a qualifying change in status, special enrollment, special
15 circumstance as defined by the Director, or during the annual
16 Benefit Choice Period.

17 The Director shall annually determine monthly rates of
18 payment subject to the following constraints: for those
19 community colleges with annuitants only enrolled, first year
20 rates shall be equal to the average cost to cover claims for a
21 State member adjusted for demographics, Medicare
22 participation, and other factors; and in the second year, a
23 further adjustment of rates shall be made to reflect the actual
24 first year's claims experience of the covered annuitants.

25 (1-5) The provisions of subsection (1) become inoperative
26 on July 1, 1999.

1 (m) The Director shall adopt any rules deemed necessary for
2 implementation of this amendatory Act of 1989 (Public Act
3 86-978).

4 (n) Any child advocacy center within the State of Illinois
5 may apply to the Director to have its employees, annuitants,
6 and their dependents provided group health coverage under this
7 Act on a non-insured basis. To participate, a child advocacy
8 center must agree to enroll all of its employees and pay the
9 entire cost of providing coverage for its employees. A
10 participating child advocacy center may also elect to cover its
11 annuitants. Dependent coverage shall be offered on an optional
12 basis, with the costs paid by the child advocacy center, its
13 employees, or some combination of the 2 as determined by the
14 child advocacy center. The child advocacy center shall be
15 responsible for timely collection and transmission of
16 dependent premiums.

17 The Director shall annually determine rates of payment,
18 subject to the following constraints:

19 (1) In the first year of coverage, the rates shall be
20 equal to the amount normally charged to State employees for
21 elected optional coverages or for enrolled dependents
22 coverages or other contributory coverages on behalf of its
23 employees, adjusted for differences between State
24 employees and employees of the child advocacy center in
25 age, sex, geographic location, or other relevant
26 demographic variables, plus an amount sufficient to pay for

1 the additional administrative costs of providing coverage
2 to employees of the child advocacy center and their
3 dependents.

4 (2) In subsequent years, a further adjustment shall be
5 made to reflect the actual prior years' claims experience
6 of the employees of the child advocacy center.

7 Monthly payments by the child advocacy center or its
8 employees for group health insurance shall be deposited into
9 the Local Government Health Insurance Reserve Fund.

10 (Source: P.A. 94-839, eff. 6-6-06; 94-860, eff. 6-16-06;
11 95-331, eff. 8-21-07; 95-632, eff. 9-25-07.)

12 Section 5-5. The Mental Health and Developmental
13 Disabilities Administrative Act is amended by changing
14 Sections 18.4, 18.5, and 57.5 as follows:

15 (20 ILCS 1705/18.4)

16 Sec. 18.4. Community Mental Health Medicaid Trust Fund;
17 reimbursement.

18 (a) The Community Mental Health Medicaid Trust Fund is
19 hereby created in the State Treasury.

20 (b) ~~Amounts Except as otherwise provided in this Section,~~
21 ~~following repayment of interfund transfers under subsection~~
22 ~~(b-1), amounts~~ paid to the State during each State fiscal year
23 by the federal government under Title XIX or Title XXI of the
24 Social Security Act for services delivered by community mental

1 health providers, and any interest earned thereon, shall be
2 deposited as follows:

3 (1) The first \$75,000,000 shall be deposited directly
4 into the Community Mental Health Medicaid Trust Fund to be
5 used for the purchase of community mental health services;

6 (2) The next \$4,500,000 shall be deposited directly
7 into the Community Mental Health Medicaid Trust Fund to be
8 used by the Department of Human Services' Division of
9 Mental Health for the oversight and administration of
10 community mental health services and up to \$1,000,000 of
11 this amount may be used for support of community mental
12 health service initiatives; ~~and~~

13 (3) The next \$3,500,000 shall be deposited directly
14 into the General Revenue Fund;

15 (4) Any additional amounts shall be deposited 50% into
16 the Community Mental Health Medicaid Trust Fund to be used
17 for the purchase of community mental health services ~~and~~
18 ~~50% into the General Revenue Fund.~~

19 ~~(b 1) For State fiscal year 2005, the first \$73,000,000 in~~
20 ~~any funds paid to the State by the federal government under~~
21 ~~Title XIX or Title XXI of the Social Security Act for services~~
22 ~~delivered by community mental health services providers, and~~
23 ~~any interest earned thereon, shall be deposited directly into~~
24 ~~the Community Mental Health Medicaid Trust Fund before any~~
25 ~~deposits are made into the General Revenue Fund. The next~~
26 ~~\$25,000,000, less any deposits made prior to the effective date~~

1 ~~of this amendatory Act of the 94th General Assembly, shall be~~
2 ~~deposited into the General Revenue Fund. Amounts received in~~
3 ~~excess of \$98,000,000 shall be deposited 50% into the General~~
4 ~~Revenue Fund and 50% into the Community Mental Health Medicaid~~
5 ~~Trust Fund. At the direction of the Director of Healthcare and~~
6 ~~Family Services, on April 1, 2005, or as soon thereafter as~~
7 ~~practical, the Comptroller shall direct and the State Treasurer~~
8 ~~shall transfer amounts not to exceed \$14,000,000 into the~~
9 ~~Community Mental Health Medicaid Trust Fund from the Public Aid~~
10 ~~Recoveries Trust Fund.~~

11 ~~(b-2) For State fiscal year 2006, and in subsequent fiscal~~
12 ~~years until any transfers under subsection (b-1) are repaid,~~
13 ~~the first \$73,000,000 in any funds paid to the State by the~~
14 ~~federal government under Title XIX or Title XXI of the Social~~
15 ~~Security Act for services delivered by community mental health~~
16 ~~providers, and any interest earned thereon, shall be deposited~~
17 ~~directly into the Community Mental Health Medicaid Trust Fund.~~
18 ~~Then the next \$14,000,000, or such amount as was transferred~~
19 ~~under subsection (b-1) at the direction of the Director of~~
20 ~~Healthcare and Family Services, shall be deposited into the~~
21 ~~Public Aid Recoveries Trust Fund. Any additional amounts~~
22 ~~received shall be deposited in accordance with subsection (b).~~

23 (c) The Department shall reimburse community mental health
24 providers for services provided to eligible individuals.
25 Moneys in the Community Mental Health Medicaid Trust Fund may
26 be used for that purpose.

1 (d) As used in this Section:

2 "Community mental health provider" means a community
3 agency that is funded by the Department to provide a service.

4 "Service" means a mental health service provided pursuant
5 to the provisions of administrative rules adopted by the
6 Department and funded by the Department of Human Services'
7 Division of Mental Health.

8 (Source: P.A. 93-841, eff. 7-30-04; 94-58, eff. 6-17-05;
9 94-839, eff. 6-6-06.)

10 (20 ILCS 1705/18.5)

11 Sec. 18.5. Community Developmental Disability Services
12 Medicaid Trust Fund; reimbursement.

13 (a) The Community Developmental Disability Services
14 Medicaid Trust Fund is hereby created in the State treasury.

15 (b) Except as provided in subsection (b-5), any ~~Any~~ funds
16 in excess of \$16,700,000 in any fiscal year paid to the State
17 by the federal government under Title XIX or Title XXI of the
18 Social Security Act for services delivered by community
19 developmental disability services providers for services
20 relating to Developmental Training and Community Integrated
21 Living Arrangements as a result of the conversion of such
22 providers from a grant payment methodology to a fee-for-service
23 payment methodology, or any other funds paid to the State for
24 any subsequent revenue maximization initiatives performed by
25 such providers, and any interest earned thereon, shall be

1 deposited directly into the Community Developmental Disability
2 Services Medicaid Trust Fund. One-third of this amount shall be
3 used only to pay for Medicaid-reimbursed community
4 developmental disability services provided to eligible
5 individuals, and the remainder shall be transferred to the
6 General Revenue Fund.

7 (b-5) Beginning in State fiscal year 2008, any funds paid
8 to the State by the federal government under Title XIX or Title
9 XXI of the Social Security Act for services delivered through
10 the Children's Residential Waiver and the Children's In-Home
11 Support Waiver shall be deposited directly into the Community
12 Developmental Disability Services Medicaid Trust Fund and
13 shall not be subject to the transfer provisions of subsection
14 (b).

15 (c) For purposes of this Section:

16 "Medicaid-reimbursed developmental disability services"
17 means services provided by a community developmental
18 disability provider under an agreement with the Department that
19 is eligible for reimbursement under the federal Title XIX
20 program or Title XXI program.

21 "Provider" means a qualified entity as defined in the
22 State's Home and Community-Based Services Waiver for Persons
23 with Developmental Disabilities that is funded by the
24 Department to provide a Medicaid-reimbursed service.

25 "Revenue maximization alternatives" do not include
26 increases in funds paid to the State as a result of growth in

1 spending through service expansion or rate increases.

2 (Source: P.A. 93-841, eff. 7-30-04.)

3 (20 ILCS 1705/57.5)

4 Sec. 57.5. Autism diagnosis education program.

5 (a) Subject to appropriations, the Department shall
6 contract to establish an autism diagnosis education program for
7 young children. The Department shall establish the program at 3
8 different sites in the State. The program shall have the
9 following goals:

10 (1) Providing, to medical professionals and others
11 statewide, a systems development initiative that promotes
12 best practice standards for the diagnosis and treatment
13 planning for young children who have autism spectrum
14 disorders, for the purpose of helping existing systems of
15 care to build solid circles of expertise within their
16 ranks.

17 (2) Educating medical practitioners, school personnel,
18 day care providers, parents, and community service
19 providers (including, but not limited to, early
20 intervention and developmental disabilities providers)
21 throughout the State on appropriate diagnosis and
22 treatment of autism.

23 (3) Supporting systems of care for young children with
24 autism spectrum disorders.

25 (4) Working together with universities and

1 developmental disabilities providers to identify unmet
2 needs and resources.

3 (5) Encouraging and supporting research on optional
4 services for young children with autism spectrum
5 disorders.

6 In addition to the aforementioned items, on January 1,
7 2008, The Autism Program shall expand training and direct
8 services by deploying additional regional centers, outreach
9 centers, and community planning and network development
10 initiatives. The expanded Autism Program Service Network shall
11 consist of a comprehensive program of outreach and center
12 development utilizing model programs developed by The Autism
13 Program. This expansion shall span Illinois and support
14 consensus building, outreach, and service provision for
15 children with autism spectrums disorders and their families.

16 (b) Before January 1, 2006, the Department shall report to
17 the Governor and the General Assembly concerning the progress
18 of the autism diagnosis education program established under
19 this Section.

20 (Source: P.A. 93-395, eff. 7-29-03.)

21 Section 5-7. The Hospital Basic Services Preservation Act
22 is amended by changing Sections 5 and 20 as follows:

23 (20 ILCS 4050/5)

24 Sec. 5. Definitions. As used in this Act:

1 "Basic services" means emergency room and obstetrical
2 services provided within a hospital. "Basic services" is
3 limited to the emergency and obstetric units and services
4 provided by those units.

5 "Eligible expenses" means expenses for expanding
6 obstetrical or emergency units, updating equipment, repairing
7 essential equipment, and purchasing new equipment that will
8 increase the quality of basic services provided. "Eligible
9 expenses" does not include expenses related to cosmetic
10 upgrades, staff expansion or salary, or structural expansion of
11 any unit or department of a hospital other than obstetrical or
12 emergency units.

13 "Essential community hospital provider" means a facility
14 meeting criteria established by rule by the State Treasurer.

15 (Source: P.A. 94-648, eff. 1-1-06.)

16 (20 ILCS 4050/20)

17 Sec. 20. Responsibility of hospitals. Each hospital that
18 receives a loan collateralized under this Act shall take the
19 necessary measures, as defined by the State Treasurer by rule,
20 to account for all moneys and to ensure that they are spent on
21 the basic services for which the loan was approved. ~~Any~~
22 ~~hospital receiving a loan collateralized under this Act is not~~
23 ~~eligible for collateralization of another basic services loan~~
24 ~~under this Act within 10 years after the deposit of funds~~
25 ~~awarded under the first collateralized loan.~~

1 (Source: P.A. 94-648, eff. 1-1-06.)

2 Section 5-10. The State Finance Act is amended by changing
3 Sections 6z-65.5, 6z-66, 6z-67, 8.3, 8.27, 8g, 13.2, and 14.1
4 and by adding Sections 5.675, 5.676, 5.677, 5.678, 6z-69,
5 6z-70, and 25.5 as follows:

6 (30 ILCS 105/5.675 new)

7 Sec. 5.675. The Human Services Priority Capital Program
8 Fund.

9 (30 ILCS 105/5.676 new)

10 Sec. 5.676. The Predatory Lending Database Program Fund.

11 (30 ILCS 105/5.677 new)

12 Sec. 5.677. The Secretary of State Identification Security
13 and Theft Prevention Fund.

14 (30 ILCS 105/5.678 new)

15 Sec. 5.678. The Franchise Tax and License Fee Amnesty
16 Administration Fund.

17 (30 ILCS 105/6z-65.5)

18 Sec. 6z-65.5. SBE Federal Department of Education Fund. The
19 SBE Federal Department of Education Fund is created as a
20 federal trust fund in the State treasury. This fund is

1 established to receive funds from the federal Department of
2 Education, including non-indirect cost administrative funds
3 recovered from federal programs, for the specific purposes
4 established by the terms and conditions of federal awards.
5 Moneys in the SBE Federal Department of Education Fund shall be
6 used, subject to appropriation by the General Assembly, for
7 grants and contracts to local education agencies, colleges and
8 universities, and other State agencies and for administrative
9 expenses of the State Board of Education. However,
10 non-appropriated spending is allowed for the refund of
11 unexpended grant moneys to the federal government. The SBE
12 Federal Department of Education Fund shall serve as the
13 successor fund to the National Center for Education Statistics
14 Fund, and any balance remaining in the National Center for
15 Education Statistics Fund on the effective date of this
16 amendatory Act of the 94th General Assembly must be transferred
17 to the SBE Federal Department of Education Fund by the State
18 Treasurer. Any future deposits that would otherwise be made
19 into the National Center for Education Statistics Fund must
20 instead be made into the SBE Federal Department of Education
21 Fund.

22 On or after July 1, 2007, the State Board of Education
23 shall notify the State Comptroller of the amount of indirect
24 federal funds in the SBE Federal Department of Education Fund
25 to be transferred to the State Board of Education Special
26 Purpose Trust Fund. The State Comptroller shall direct and the

1 State Treasurer shall transfer this amount to the State Board
2 of Education Special Purpose Trust Fund as soon as practical
3 thereafter.

4 (Source: P.A. 93-838, eff. 7-30-04; 94-69, eff. 7-1-05.)

5 (30 ILCS 105/6z-66)

6 Sec. 6z-66. SBE Federal Agency Services Fund. The SBE
7 Federal Agency Services Fund is created as a federal trust fund
8 in the State treasury. This fund is established to receive
9 funds from all federal departments and agencies except the
10 Departments of Education and Agriculture (including among
11 others the Departments of Health and Human Services, Defense,
12 and Labor and the Corporation for National and Community
13 Service), including non-indirect cost administrative funds
14 recovered from federal programs, for the specific purposes
15 established by the terms and conditions of federal awards.
16 Moneys in the SBE Federal Agency Services Fund shall be used,
17 subject to appropriation by the General Assembly, for grants
18 and contracts to local education agencies, colleges and
19 universities, and other State agencies and for administrative
20 expenses of the State Board of Education. However,
21 non-appropriated spending is allowed for the refund of
22 unexpended grant moneys to the federal government. The SBE
23 Federal Agency Services Fund shall serve as the successor fund
24 to the SBE Department of Health and Human Services Fund, the
25 SBE Federal Department of Labor Federal Trust Fund, and the SBE

1 Federal National Community Service Fund; and any balance
2 remaining in the SBE Department of Health and Human Services
3 Fund, the SBE Federal Department of Labor Federal Trust Fund,
4 or the SBE Federal National Community Service Fund on the
5 effective date of this amendatory Act of the 94th General
6 Assembly must be transferred to the SBE Federal Agency Services
7 Fund by the State Treasurer. Any future deposits that would
8 otherwise be made into the SBE Department of Health and Human
9 Services Fund, the SBE Federal Department of Labor Federal
10 Trust Fund, or the SBE Federal National Community Service Fund
11 must instead be made into the SBE Federal Agency Services Fund.

12 On or after July 1, 2007, the State Board of Education
13 shall notify the State Comptroller of the amount of indirect
14 federal funds in the SBE Federal Agency Services Fund to be
15 transferred to the State Board of Education Special Purpose
16 Trust Fund. The State Comptroller shall direct and the State
17 Treasurer shall transfer this amount to the State Board of
18 Education Special Purpose Trust Fund as soon as practical
19 thereafter.

20 (Source: P.A. 93-838, eff. 7-30-04; 94-69, eff. 7-1-05.)

21 (30 ILCS 105/6z-67)

22 Sec. 6z-67. SBE Federal Department of Agriculture Fund. The
23 SBE Federal Department of Agriculture Fund is created as a
24 federal trust fund in the State treasury. This fund is
25 established to receive funds from the federal Department of

1 Agriculture, including non-indirect cost administrative funds
2 recovered from federal programs, for the specific purposes
3 established by the terms and conditions of federal awards.
4 Moneys in the SBE Federal Department of Agriculture Fund shall
5 be used, subject to appropriation by the General Assembly, for
6 grants and contracts to local education agencies, colleges and
7 universities, and other State agencies and for administrative
8 expenses of the State Board of Education. However,
9 non-appropriated spending is allowed for the refund of
10 unexpended grant moneys to the federal government.

11 On or after July 1, 2007, the State Board of Education
12 shall notify the State Comptroller of the amount of indirect
13 federal funds in the SBE Federal Department of Agriculture Fund
14 to be transferred to the State Board of Education Special
15 Purpose Trust Fund. The State Comptroller shall direct and the
16 State Treasurer shall transfer this amount to the State Board
17 of Education Special Purpose Trust Fund as soon as practical
18 thereafter.

19 (Source: P.A. 93-838, eff. 7-30-04; 94-69, eff. 7-1-05; 94-835,
20 eff. 6-6-06.)

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

22 Sec. 6z-69. Human Services Priority Capital Program Fund.
23 The Human Services Priority Capital Program Fund is created as
24 a special fund in the State treasury. Subject to appropriation,
25 the Department of Human Services shall use moneys in the Human

1 Services Priority Capital Program Fund to make grants to the
2 Illinois Facilities Fund, a not-for-profit corporation, to
3 make long term below market rate loans to nonprofit human
4 service providers working under contract to the State of
5 Illinois to assist those providers in meeting their capital
6 needs. The loans shall be for the purpose of such capital
7 needs, including but not limited to special use facilities,
8 requirements for serving the disabled, mentally ill, or
9 substance abusers, and medical and technology equipment. Loan
10 repayments shall be deposited into the Human Services Priority
11 Capital Program Fund. Interest income may be used to cover
12 expenses of the program. The Illinois Facilities Fund shall
13 report to the Department of Human Services and the General
14 Assembly by April 1, 2008 as to the use and earnings of the
15 program.

16 (30 ILCS 105/6z-70 new)

17 Sec. 6z-70. The Secretary of State Identification Security
18 and Theft Prevention Fund.

19 (a) The Secretary of State Identification Security and
20 Theft Prevention Fund is created as a special fund in the State
21 treasury. The Fund shall consist of any fund transfers, grants,
22 fees, or moneys from other sources received for the purpose of
23 funding identification security and theft prevention measures.

24 (b) All moneys in the Secretary of State Identification
25 Security and Theft Prevention Fund shall be used, subject to

1 appropriation, for any costs related to implementing
2 identification security and theft prevention measures.

3 (c) Notwithstanding any other provision of State law to the
4 contrary, on or after July 1, 2007, and until June 30, 2008, in
5 addition to any other transfers that may be provided for by
6 law, at the direction of and upon notification of the Secretary
7 of State, the State Comptroller shall direct and the State
8 Treasurer shall transfer amounts into the Secretary of State
9 Identification Security and Theft Prevention Fund from the
10 designated funds not exceeding the following totals:

11	<u>Lobbyist Registration Administration Fund</u>	<u>\$100,000</u>
12	<u>Registered Limited Liability Partnership Fund</u>	<u>\$75,000</u>
13	<u>Securities Investors Education Fund</u>	<u>\$500,000</u>
14	<u>Securities Audit and Enforcement Fund</u>	<u>\$5,725,000</u>
15	<u>Department of Business Services</u>	
16	<u>Special Operations Fund</u>	<u>\$3,000,000</u>
17	<u>Corporate Franchise Tax Refund Fund</u>	<u>\$3,000,000.</u>

18 (30 ILCS 105/8.3) (from Ch. 127, par. 144.3)
19 Sec. 8.3. Money in the Road Fund shall, if and when the
20 State of Illinois incurs any bonded indebtedness for the
21 construction of permanent highways, be set aside and used for
22 the purpose of paying and discharging annually the principal
23 and interest on that bonded indebtedness then due and payable,
24 and for no other purpose. The surplus, if any, in the Road Fund
25 after the payment of principal and interest on that bonded

1 indebtedness then annually due shall be used as follows:

2 first -- to pay the cost of administration of Chapters
3 2 through 10 of the Illinois Vehicle Code, except the cost
4 of administration of Articles I and II of Chapter 3 of that
5 Code; and

6 secondly -- for expenses of the Department of
7 Transportation for construction, reconstruction,
8 improvement, repair, maintenance, operation, and
9 administration of highways in accordance with the
10 provisions of laws relating thereto, or for any purpose
11 related or incident to and connected therewith, including
12 the separation of grades of those highways with railroads
13 and with highways and including the payment of awards made
14 by the Illinois Workers' Compensation Commission under the
15 terms of the Workers' Compensation Act or Workers'
16 Occupational Diseases Act for injury or death of an
17 employee of the Division of Highways in the Department of
18 Transportation; or for the acquisition of land and the
19 erection of buildings for highway purposes, including the
20 acquisition of highway right-of-way or for investigations
21 to determine the reasonably anticipated future highway
22 needs; or for making of surveys, plans, specifications and
23 estimates for and in the construction and maintenance of
24 flight strips and of highways necessary to provide access
25 to military and naval reservations, to defense industries
26 and defense-industry sites, and to the sources of raw

1 materials and for replacing existing highways and highway
2 connections shut off from general public use at military
3 and naval reservations and defense-industry sites, or for
4 the purchase of right-of-way, except that the State shall
5 be reimbursed in full for any expense incurred in building
6 the flight strips; or for the operating and maintaining of
7 highway garages; or for patrolling and policing the public
8 highways and conserving the peace; or for the operating
9 expenses of the Department relating to the administration
10 of public transportation programs; or for any of those
11 purposes or any other purpose that may be provided by law.

12 Appropriations for any of those purposes are payable from
13 the Road Fund. Appropriations may also be made from the Road
14 Fund for the administrative expenses of any State agency that
15 are related to motor vehicles or arise from the use of motor
16 vehicles.

17 Beginning with fiscal year 1980 and thereafter, no Road
18 Fund monies shall be appropriated to the following Departments
19 or agencies of State government for administration, grants, or
20 operations; but this limitation is not a restriction upon
21 appropriating for those purposes any Road Fund monies that are
22 eligible for federal reimbursement;

23 1. Department of Public Health;

24 2. Department of Transportation, only with respect to
25 subsidies for one-half fare Student Transportation and
26 Reduced Fare for Elderly;

1 3. Department of Central Management Services, except
2 for expenditures incurred for group insurance premiums of
3 appropriate personnel;

4 4. Judicial Systems and Agencies.

5 Beginning with fiscal year 1981 and thereafter, no Road
6 Fund monies shall be appropriated to the following Departments
7 or agencies of State government for administration, grants, or
8 operations; but this limitation is not a restriction upon
9 appropriating for those purposes any Road Fund monies that are
10 eligible for federal reimbursement:

11 1. Department of State Police, except for expenditures
12 with respect to the Division of Operations;

13 2. Department of Transportation, only with respect to
14 Intercity Rail Subsidies and Rail Freight Services.

15 Beginning with fiscal year 1982 and thereafter, no Road
16 Fund monies shall be appropriated to the following Departments
17 or agencies of State government for administration, grants, or
18 operations; but this limitation is not a restriction upon
19 appropriating for those purposes any Road Fund monies that are
20 eligible for federal reimbursement: Department of Central
21 Management Services, except for awards made by the Illinois
22 Workers' Compensation Commission under the terms of the
23 Workers' Compensation Act or Workers' Occupational Diseases
24 Act for injury or death of an employee of the Division of
25 Highways in the Department of Transportation.

26 Beginning with fiscal year 1984 and thereafter, no Road

1 Fund monies shall be appropriated to the following Departments
2 or agencies of State government for administration, grants, or
3 operations; but this limitation is not a restriction upon
4 appropriating for those purposes any Road Fund monies that are
5 eligible for federal reimbursement:

6 1. Department of State Police, except not more than 40%
7 of the funds appropriated for the Division of Operations;

8 2. State Officers.

9 Beginning with fiscal year 1984 and thereafter, no Road
10 Fund monies shall be appropriated to any Department or agency
11 of State government for administration, grants, or operations
12 except as provided hereafter; but this limitation is not a
13 restriction upon appropriating for those purposes any Road Fund
14 monies that are eligible for federal reimbursement. It shall
15 not be lawful to circumvent the above appropriation limitations
16 by governmental reorganization or other methods.
17 Appropriations shall be made from the Road Fund only in
18 accordance with the provisions of this Section.

19 Money in the Road Fund shall, if and when the State of
20 Illinois incurs any bonded indebtedness for the construction of
21 permanent highways, be set aside and used for the purpose of
22 paying and discharging during each fiscal year the principal
23 and interest on that bonded indebtedness as it becomes due and
24 payable as provided in the Transportation Bond Act, and for no
25 other purpose. The surplus, if any, in the Road Fund after the
26 payment of principal and interest on that bonded indebtedness

1 then annually due shall be used as follows:

2 first -- to pay the cost of administration of Chapters
3 2 through 10 of the Illinois Vehicle Code; and

4 secondly -- no Road Fund monies derived from fees,
5 excises, or license taxes relating to registration,
6 operation and use of vehicles on public highways or to
7 fuels used for the propulsion of those vehicles, shall be
8 appropriated or expended other than for costs of
9 administering the laws imposing those fees, excises, and
10 license taxes, statutory refunds and adjustments allowed
11 thereunder, administrative costs of the Department of
12 Transportation, including, but not limited to, the
13 operating expenses of the Department relating to the
14 administration of public transportation programs, payment
15 of debts and liabilities incurred in construction and
16 reconstruction of public highways and bridges, acquisition
17 of rights-of-way for and the cost of construction,
18 reconstruction, maintenance, repair, and operation of
19 public highways and bridges under the direction and
20 supervision of the State, political subdivision, or
21 municipality collecting those monies, and the costs for
22 patrolling and policing the public highways (by State,
23 political subdivision, or municipality collecting that
24 money) for enforcement of traffic laws. The separation of
25 grades of such highways with railroads and costs associated
26 with protection of at-grade highway and railroad crossing

1 shall also be permissible.

2 Appropriations for any of such purposes are payable from
3 the Road Fund or the Grade Crossing Protection Fund as provided
4 in Section 8 of the Motor Fuel Tax Law.

5 Except as provided in this paragraph, beginning with fiscal
6 year 1991 and thereafter, no Road Fund monies shall be
7 appropriated to the Department of State Police for the purposes
8 of this Section in excess of its total fiscal year 1990 Road
9 Fund appropriations for those purposes unless otherwise
10 provided in Section 5g of this Act. For fiscal years 2003,
11 2004, 2005, 2006, ~~and~~ and 2007, and 2008 only, no Road Fund monies
12 shall be appropriated to the Department of State Police for the
13 purposes of this Section in excess of \$97,310,000. It shall not
14 be lawful to circumvent this limitation on appropriations by
15 governmental reorganization or other methods unless otherwise
16 provided in Section 5g of this Act.

17 In fiscal year 1994, no Road Fund monies shall be
18 appropriated to the Secretary of State for the purposes of this
19 Section in excess of the total fiscal year 1991 Road Fund
20 appropriations to the Secretary of State for those purposes,
21 plus \$9,800,000. It shall not be lawful to circumvent this
22 limitation on appropriations by governmental reorganization or
23 other method.

24 Beginning with fiscal year 1995 and thereafter, no Road
25 Fund monies shall be appropriated to the Secretary of State for
26 the purposes of this Section in excess of the total fiscal year

1 1994 Road Fund appropriations to the Secretary of State for
2 those purposes. It shall not be lawful to circumvent this
3 limitation on appropriations by governmental reorganization or
4 other methods.

5 Beginning with fiscal year 2000, total Road Fund
6 appropriations to the Secretary of State for the purposes of
7 this Section shall not exceed the amounts specified for the
8 following fiscal years:

9	Fiscal Year 2000	\$80,500,000;
10	Fiscal Year 2001	\$80,500,000;
11	Fiscal Year 2002	\$80,500,000;
12	Fiscal Year 2003	\$130,500,000;
13	Fiscal Year 2004	\$130,500,000;
14	Fiscal Year 2005	\$130,500,000;
15	Fiscal Year 2006	\$130,500,000;
16	Fiscal Year 2007	\$130,500,000;
17	Fiscal Year 2008 and	<u>\$130,500,000;</u>
18	<u>Fiscal Year 2009 and</u> each year thereafter	\$30,500,000.

19 It shall not be lawful to circumvent this limitation on
20 appropriations by governmental reorganization or other
21 methods.

22 No new program may be initiated in fiscal year 1991 and
23 thereafter that is not consistent with the limitations imposed
24 by this Section for fiscal year 1984 and thereafter, insofar as
25 appropriation of Road Fund monies is concerned.

26 Nothing in this Section prohibits transfers from the Road

1 Fund to the State Construction Account Fund under Section 5e of
2 this Act; nor to the General Revenue Fund, as authorized by
3 this amendatory Act of the 93rd General Assembly.

4 The additional amounts authorized for expenditure in this
5 Section by Public Acts 92-0600, 93-0025, 93-0839, and 94-91
6 shall be repaid to the Road Fund from the General Revenue Fund
7 in the next succeeding fiscal year that the General Revenue
8 Fund has a positive budgetary balance, as determined by
9 generally accepted accounting principles applicable to
10 government.

11 The additional amounts authorized for expenditure by the
12 Secretary of State and the Department of State Police in this
13 Section by this amendatory Act of the 94th General Assembly
14 shall be repaid to the Road Fund from the General Revenue Fund
15 in the next succeeding fiscal year that the General Revenue
16 Fund has a positive budgetary balance, as determined by
17 generally accepted accounting principles applicable to
18 government.

19 (Source: P.A. 93-25, eff. 6-20-03; 93-721, eff. 1-1-05; 93-839,
20 eff. 7-30-04; 94-91, eff. 7-1-05; 94-839, eff. 6-6-06.)

21 (30 ILCS 105/8.27) (from Ch. 127, par. 144.27)

22 Sec. 8.27. All receipts from federal financial
23 participation in the Foster Care and Adoption Services program
24 under Title IV-E of the federal Social Security Act, including
25 receipts for related indirect costs, shall be deposited in the

1 DCFS Children's Services Fund.

2 Eighty percent of the federal funds received by the
3 Illinois Department of Human Services under the Title IV-A
4 Emergency Assistance program as reimbursement for expenditures
5 made from the Illinois Department of Children and Family
6 Services appropriations for the costs of services in behalf of
7 Department of Children and Family Services clients shall be
8 deposited into the DCFS Children's Services Fund.

9 All receipts from federal financial participation in the
10 Child Welfare Services program under Title IV-B of the federal
11 Social Security Act, including receipts for related indirect
12 costs, shall be deposited into the DCFS Children's Services
13 Fund for those moneys received as reimbursement for services
14 provided on or after July 1, 1994.

15 In addition, as soon as may be practicable after the first
16 day of November, 1994, the Department of Children and Family
17 Services shall request the Comptroller to order transferred and
18 the Treasurer shall transfer the unexpended balance of the
19 Child Welfare Services Fund to the DCFS Children's Services
20 Fund. Upon completion of the transfer, the Child Welfare
21 Services Fund will be considered dissolved and any outstanding
22 obligations or liabilities of that fund will pass to the DCFS
23 Children's Services Fund.

24 For services provided on or after July 1, 2007, all federal
25 funds received pursuant to the John H. Chafee Foster Care
26 Independence Program shall be deposited into the DCFS

1 Children's Services Fund.

2 Monies in the Fund may be used by the Department, pursuant
3 to appropriation by the General Assembly, for the ordinary and
4 contingent expenses of the Department.

5 In fiscal year 1988 and in each fiscal year thereafter
6 through fiscal year 2000, the Comptroller shall order
7 transferred and the Treasurer shall transfer an amount of
8 \$16,100,000 from the DCFS Children's Services Fund to the
9 General Revenue Fund in the following manner: As soon as may be
10 practicable after the 15th day of September, December, March
11 and June, the Comptroller shall order transferred and the
12 Treasurer shall transfer, to the extent that funds are
13 available, 1/4 of \$16,100,000, plus any cumulative
14 deficiencies in such transfers for prior transfer dates during
15 such fiscal year. In no event shall any such transfer reduce
16 the available balance in the DCFS Children's Services Fund
17 below \$350,000.

18 In accordance with subsection (q) of Section 5 of the
19 Children and Family Services Act, disbursements from
20 individual children's accounts shall be deposited into the DCFS
21 Children's Services Fund.

22 Receipts from public and unsolicited private grants, fees
23 for training, and royalties earned from the publication of
24 materials owned by or licensed to the Department of Children
25 and Family Services shall be deposited into the DCFS Children's
26 Services Fund.

1 As soon as may be practical after September 1, 2005, upon
2 the request of the Department of Children and Family Services,
3 the Comptroller shall order transferred and the Treasurer shall
4 transfer the unexpended balance of the Department of Children
5 and Family Services Training Fund into the DCFS Children's
6 Services Fund. Upon completion of the transfer, the Department
7 of Children and Family Services Training Fund is dissolved and
8 any outstanding obligations or liabilities of that Fund pass to
9 the DCFS Children's Services Fund.

10 (Source: P.A. 94-91, eff. 7-1-05.)

11 (30 ILCS 105/8g)

12 Sec. 8g. Fund transfers.

13 (a) In addition to any other transfers that may be provided
14 for by law, as soon as may be practical after the effective
15 date of this amendatory Act of the 91st General Assembly, the
16 State Comptroller shall direct and the State Treasurer shall
17 transfer the sum of \$10,000,000 from the General Revenue Fund
18 to the Motor Vehicle License Plate Fund created by Senate Bill
19 1028 of the 91st General Assembly.

20 (b) In addition to any other transfers that may be provided
21 for by law, as soon as may be practical after the effective
22 date of this amendatory Act of the 91st General Assembly, the
23 State Comptroller shall direct and the State Treasurer shall
24 transfer the sum of \$25,000,000 from the General Revenue Fund
25 to the Fund for Illinois' Future created by Senate Bill 1066 of

1 the 91st General Assembly.

2 (c) In addition to any other transfers that may be provided
3 for by law, on August 30 of each fiscal year's license period,
4 the Illinois Liquor Control Commission shall direct and the
5 State Comptroller and State Treasurer shall transfer from the
6 General Revenue Fund to the Youth Alcoholism and Substance
7 Abuse Prevention Fund an amount equal to the number of retail
8 liquor licenses issued for that fiscal year multiplied by \$50.

9 (d) The payments to programs required under subsection (d)
10 of Section 28.1 of the Horse Racing Act of 1975 shall be made,
11 pursuant to appropriation, from the special funds referred to
12 in the statutes cited in that subsection, rather than directly
13 from the General Revenue Fund.

14 Beginning January 1, 2000, on the first day of each month,
15 or as soon as may be practical thereafter, the State
16 Comptroller shall direct and the State Treasurer shall transfer
17 from the General Revenue Fund to each of the special funds from
18 which payments are to be made under Section 28.1(d) of the
19 Horse Racing Act of 1975 an amount equal to 1/12 of the annual
20 amount required for those payments from that special fund,
21 which annual amount shall not exceed the annual amount for
22 those payments from that special fund for the calendar year
23 1998. The special funds to which transfers shall be made under
24 this subsection (d) include, but are not necessarily limited
25 to, the Agricultural Premium Fund; the Metropolitan Exposition
26 Auditorium and Office Building Fund; the Fair and Exposition

1 Fund; the Standardbred Breeders Fund; the Thoroughbred
2 Breeders Fund; and the Illinois Veterans' Rehabilitation Fund.

3 (e) In addition to any other transfers that may be provided
4 for by law, as soon as may be practical after the effective
5 date of this amendatory Act of the 91st General Assembly, but
6 in no event later than June 30, 2000, the State Comptroller
7 shall direct and the State Treasurer shall transfer the sum of
8 \$15,000,000 from the General Revenue Fund to the Fund for
9 Illinois' Future.

10 (f) In addition to any other transfers that may be provided
11 for by law, as soon as may be practical after the effective
12 date of this amendatory Act of the 91st General Assembly, but
13 in no event later than June 30, 2000, the State Comptroller
14 shall direct and the State Treasurer shall transfer the sum of
15 \$70,000,000 from the General Revenue Fund to the Long-Term Care
16 Provider Fund.

17 (f-1) In fiscal year 2002, in addition to any other
18 transfers that may be provided for by law, at the direction of
19 and upon notification from the Governor, the State Comptroller
20 shall direct and the State Treasurer shall transfer amounts not
21 exceeding a total of \$160,000,000 from the General Revenue Fund
22 to the Long-Term Care Provider Fund.

23 (g) In addition to any other transfers that may be provided
24 for by law, on July 1, 2001, or as soon thereafter as may be
25 practical, the State Comptroller shall direct and the State
26 Treasurer shall transfer the sum of \$1,200,000 from the General

1 Revenue Fund to the Violence Prevention Fund.

2 (h) In each of fiscal years 2002 through 2004, but not
3 thereafter, in addition to any other transfers that may be
4 provided for by law, the State Comptroller shall direct and the
5 State Treasurer shall transfer \$5,000,000 from the General
6 Revenue Fund to the Tourism Promotion Fund.

7 (i) On or after July 1, 2001 and until May 1, 2002, in
8 addition to any other transfers that may be provided for by
9 law, at the direction of and upon notification from the
10 Governor, the State Comptroller shall direct and the State
11 Treasurer shall transfer amounts not exceeding a total of
12 \$80,000,000 from the General Revenue Fund to the Tobacco
13 Settlement Recovery Fund. Any amounts so transferred shall be
14 re-transferred by the State Comptroller and the State Treasurer
15 from the Tobacco Settlement Recovery Fund to the General
16 Revenue Fund at the direction of and upon notification from the
17 Governor, but in any event on or before June 30, 2002.

18 (i-1) On or after July 1, 2002 and until May 1, 2003, in
19 addition to any other transfers that may be provided for by
20 law, at the direction of and upon notification from the
21 Governor, the State Comptroller shall direct and the State
22 Treasurer shall transfer amounts not exceeding a total of
23 \$80,000,000 from the General Revenue Fund to the Tobacco
24 Settlement Recovery Fund. Any amounts so transferred shall be
25 re-transferred by the State Comptroller and the State Treasurer
26 from the Tobacco Settlement Recovery Fund to the General

1 Revenue Fund at the direction of and upon notification from the
2 Governor, but in any event on or before June 30, 2003.

3 (j) On or after July 1, 2001 and no later than June 30,
4 2002, in addition to any other transfers that may be provided
5 for by law, at the direction of and upon notification from the
6 Governor, the State Comptroller shall direct and the State
7 Treasurer shall transfer amounts not to exceed the following
8 sums into the Statistical Services Revolving Fund:

9	From the General Revenue Fund	\$8,450,000
10	From the Public Utility Fund	1,700,000
11	From the Transportation Regulatory Fund	2,650,000
12	From the Title III Social Security and	
13	Employment Fund	3,700,000
14	From the Professions Indirect Cost Fund	4,050,000
15	From the Underground Storage Tank Fund	550,000
16	From the Agricultural Premium Fund	750,000
17	From the State Pensions Fund	200,000
18	From the Road Fund	2,000,000
19	From the Health Facilities	
20	Planning Fund	1,000,000
21	From the Savings and Residential Finance	
22	Regulatory Fund	130,800
23	From the Appraisal Administration Fund	28,600
24	From the Pawnbroker Regulation Fund	3,600
25	From the Auction Regulation	
26	Administration Fund	35,800

1	From the Bank and Trust Company Fund.....	634,800
2	From the Real Estate License	
3	Administration Fund	313,600

4 (k) In addition to any other transfers that may be provided
5 for by law, as soon as may be practical after the effective
6 date of this amendatory Act of the 92nd General Assembly, the
7 State Comptroller shall direct and the State Treasurer shall
8 transfer the sum of \$2,000,000 from the General Revenue Fund to
9 the Teachers Health Insurance Security Fund.

10 (k-1) In addition to any other transfers that may be
11 provided for by law, on July 1, 2002, or as soon as may be
12 practical thereafter, the State Comptroller shall direct and
13 the State Treasurer shall transfer the sum of \$2,000,000 from
14 the General Revenue Fund to the Teachers Health Insurance
15 Security Fund.

16 (k-2) In addition to any other transfers that may be
17 provided for by law, on July 1, 2003, or as soon as may be
18 practical thereafter, the State Comptroller shall direct and
19 the State Treasurer shall transfer the sum of \$2,000,000 from
20 the General Revenue Fund to the Teachers Health Insurance
21 Security Fund.

22 (k-3) On or after July 1, 2002 and no later than June 30,
23 2003, in addition to any other transfers that may be provided
24 for by law, at the direction of and upon notification from the
25 Governor, the State Comptroller shall direct and the State
26 Treasurer shall transfer amounts not to exceed the following

1 sums into the Statistical Services Revolving Fund:

2	Appraisal Administration Fund	\$150,000
3	General Revenue Fund	10,440,000
4	Savings and Residential Finance	
5	Regulatory Fund	200,000
6	State Pensions Fund	100,000
7	Bank and Trust Company Fund	100,000
8	Professions Indirect Cost Fund	3,400,000
9	Public Utility Fund	2,081,200
10	Real Estate License Administration Fund	150,000
11	Title III Social Security and	
12	Employment Fund	1,000,000
13	Transportation Regulatory Fund	3,052,100
14	Underground Storage Tank Fund	50,000

15 (l) In addition to any other transfers that may be provided
 16 for by law, on July 1, 2002, or as soon as may be practical
 17 thereafter, the State Comptroller shall direct and the State
 18 Treasurer shall transfer the sum of \$3,000,000 from the General
 19 Revenue Fund to the Presidential Library and Museum Operating
 20 Fund.

21 (m) In addition to any other transfers that may be provided
 22 for by law, on July 1, 2002 and on the effective date of this
 23 amendatory Act of the 93rd General Assembly, or as soon
 24 thereafter as may be practical, the State Comptroller shall
 25 direct and the State Treasurer shall transfer the sum of
 26 \$1,200,000 from the General Revenue Fund to the Violence

1 Prevention Fund.

2 (n) In addition to any other transfers that may be provided
3 for by law, on July 1, 2003, or as soon thereafter as may be
4 practical, the State Comptroller shall direct and the State
5 Treasurer shall transfer the sum of \$6,800,000 from the General
6 Revenue Fund to the DHS Recoveries Trust Fund.

7 (o) On or after July 1, 2003, and no later than June 30,
8 2004, in addition to any other transfers that may be provided
9 for by law, at the direction of and upon notification from the
10 Governor, the State Comptroller shall direct and the State
11 Treasurer shall transfer amounts not to exceed the following
12 sums into the Vehicle Inspection Fund:

13 From the Underground Storage Tank Fund \$35,000,000.

14 (p) On or after July 1, 2003 and until May 1, 2004, in
15 addition to any other transfers that may be provided for by
16 law, at the direction of and upon notification from the
17 Governor, the State Comptroller shall direct and the State
18 Treasurer shall transfer amounts not exceeding a total of
19 \$80,000,000 from the General Revenue Fund to the Tobacco
20 Settlement Recovery Fund. Any amounts so transferred shall be
21 re-transferred from the Tobacco Settlement Recovery Fund to the
22 General Revenue Fund at the direction of and upon notification
23 from the Governor, but in any event on or before June 30, 2004.

24 (q) In addition to any other transfers that may be provided
25 for by law, on July 1, 2003, or as soon as may be practical
26 thereafter, the State Comptroller shall direct and the State

1 Treasurer shall transfer the sum of \$5,000,000 from the General
2 Revenue Fund to the Illinois Military Family Relief Fund.

3 (r) In addition to any other transfers that may be provided
4 for by law, on July 1, 2003, or as soon as may be practical
5 thereafter, the State Comptroller shall direct and the State
6 Treasurer shall transfer the sum of \$1,922,000 from the General
7 Revenue Fund to the Presidential Library and Museum Operating
8 Fund.

9 (s) In addition to any other transfers that may be provided
10 for by law, on or after July 1, 2003, the State Comptroller
11 shall direct and the State Treasurer shall transfer the sum of
12 \$4,800,000 from the Statewide Economic Development Fund to the
13 General Revenue Fund.

14 (t) In addition to any other transfers that may be provided
15 for by law, on or after July 1, 2003, the State Comptroller
16 shall direct and the State Treasurer shall transfer the sum of
17 \$50,000,000 from the General Revenue Fund to the Budget
18 Stabilization Fund.

19 (u) On or after July 1, 2004 and until May 1, 2005, in
20 addition to any other transfers that may be provided for by
21 law, at the direction of and upon notification from the
22 Governor, the State Comptroller shall direct and the State
23 Treasurer shall transfer amounts not exceeding a total of
24 \$80,000,000 from the General Revenue Fund to the Tobacco
25 Settlement Recovery Fund. Any amounts so transferred shall be
26 retransferred by the State Comptroller and the State Treasurer

1 from the Tobacco Settlement Recovery Fund to the General
2 Revenue Fund at the direction of and upon notification from the
3 Governor, but in any event on or before June 30, 2005.

4 (v) In addition to any other transfers that may be provided
5 for by law, on July 1, 2004, or as soon thereafter as may be
6 practical, the State Comptroller shall direct and the State
7 Treasurer shall transfer the sum of \$1,200,000 from the General
8 Revenue Fund to the Violence Prevention Fund.

9 (w) In addition to any other transfers that may be provided
10 for by law, on July 1, 2004, or as soon thereafter as may be
11 practical, the State Comptroller shall direct and the State
12 Treasurer shall transfer the sum of \$6,445,000 from the General
13 Revenue Fund to the Presidential Library and Museum Operating
14 Fund.

15 (x) In addition to any other transfers that may be provided
16 for by law, on January 15, 2005, or as soon thereafter as may
17 be practical, the State Comptroller shall direct and the State
18 Treasurer shall transfer to the General Revenue Fund the
19 following sums:

20 From the State Crime Laboratory Fund, \$200,000;

21 From the State Police Wireless Service Emergency Fund,
22 \$200,000;

23 From the State Offender DNA Identification System
24 Fund, \$800,000; and

25 From the State Police Whistleblower Reward and
26 Protection Fund, \$500,000.

1 (y) Notwithstanding any other provision of law to the
2 contrary, in addition to any other transfers that may be
3 provided for by law on June 30, 2005, or as soon as may be
4 practical thereafter, the State Comptroller shall direct and
5 the State Treasurer shall transfer the remaining balance from
6 the designated funds into the General Revenue Fund and any
7 future deposits that would otherwise be made into these funds
8 must instead be made into the General Revenue Fund:

9 (1) the Keep Illinois Beautiful Fund;

10 (2) the Metropolitan Fair and Exposition Authority
11 Reconstruction Fund;

12 (3) the New Technology Recovery Fund;

13 (4) the Illinois Rural Bond Bank Trust Fund;

14 (5) the ISBE School Bus Driver Permit Fund;

15 (6) the Solid Waste Management Revolving Loan Fund;

16 (7) the State Postsecondary Review Program Fund;

17 (8) the Tourism Attraction Development Matching Grant
18 Fund;

19 (9) the Patent and Copyright Fund;

20 (10) the Credit Enhancement Development Fund;

21 (11) the Community Mental Health and Developmental
22 Disabilities Services Provider Participation Fee Trust
23 Fund;

24 (12) the Nursing Home Grant Assistance Fund;

25 (13) the By-product Material Safety Fund;

26 (14) the Illinois Student Assistance Commission Higher

1 EdNet Fund;

2 (15) the DORS State Project Fund;

3 (16) the School Technology Revolving Fund;

4 (17) the Energy Assistance Contribution Fund;

5 (18) the Illinois Building Commission Revolving Fund;

6 (19) the Illinois Aquaculture Development Fund;

7 (20) the Homelessness Prevention Fund;

8 (21) the DCFS Refugee Assistance Fund;

9 (22) the Illinois Century Network Special Purposes
10 Fund; and

11 (23) the Build Illinois Purposes Fund.

12 (z) In addition to any other transfers that may be provided
13 for by law, on July 1, 2005, or as soon as may be practical
14 thereafter, the State Comptroller shall direct and the State
15 Treasurer shall transfer the sum of \$1,200,000 from the General
16 Revenue Fund to the Violence Prevention Fund.

17 (aa) In addition to any other transfers that may be
18 provided for by law, on July 1, 2005, or as soon as may be
19 practical thereafter, the State Comptroller shall direct and
20 the State Treasurer shall transfer the sum of \$9,000,000 from
21 the General Revenue Fund to the Presidential Library and Museum
22 Operating Fund.

23 (bb) In addition to any other transfers that may be
24 provided for by law, on July 1, 2005, or as soon as may be
25 practical thereafter, the State Comptroller shall direct and
26 the State Treasurer shall transfer the sum of \$6,803,600 from

1 the General Revenue Fund to the Securities Audit and
2 Enforcement Fund.

3 (cc) In addition to any other transfers that may be
4 provided for by law, on or after July 1, 2005 and until May 1,
5 2006, at the direction of and upon notification from the
6 Governor, the State Comptroller shall direct and the State
7 Treasurer shall transfer amounts not exceeding a total of
8 \$80,000,000 from the General Revenue Fund to the Tobacco
9 Settlement Recovery Fund. Any amounts so transferred shall be
10 re-transferred by the State Comptroller and the State Treasurer
11 from the Tobacco Settlement Recovery Fund to the General
12 Revenue Fund at the direction of and upon notification from the
13 Governor, but in any event on or before June 30, 2006.

14 (dd) In addition to any other transfers that may be
15 provided for by law, on April 1, 2005, or as soon thereafter as
16 may be practical, at the direction of the Director of Public
17 Aid (now Director of Healthcare and Family Services), the State
18 Comptroller shall direct and the State Treasurer shall transfer
19 from the Public Aid Recoveries Trust Fund amounts not to exceed
20 \$14,000,000 to the Community Mental Health Medicaid Trust Fund.

21 (ee) Notwithstanding any other provision of law, on July 1,
22 2006, or as soon thereafter as practical, the State Comptroller
23 shall direct and the State Treasurer shall transfer the
24 remaining balance from the Illinois Civic Center Bond Fund to
25 the Illinois Civic Center Bond Retirement and Interest Fund.

26 (ff) In addition to any other transfers that may be

1 provided for by law, on and after July 1, 2006 and until June
 2 30, 2007, at the direction of and upon notification from the
 3 Director of the Governor's Office of Management and Budget, the
 4 State Comptroller shall direct and the State Treasurer shall
 5 transfer amounts not exceeding a total of \$1,900,000 from the
 6 General Revenue Fund to the Illinois Capital Revolving Loan
 7 Fund.

8 (gg) In addition to any other transfers that may be
 9 provided for by law, on and after July 1, 2006 and until May 1,
 10 2007, at the direction of and upon notification from the
 11 Governor, the State Comptroller shall direct and the State
 12 Treasurer shall transfer amounts not exceeding a total of
 13 \$80,000,000 from the General Revenue Fund to the Tobacco
 14 Settlement Recovery Fund. Any amounts so transferred shall be
 15 retransferred by the State Comptroller and the State Treasurer
 16 from the Tobacco Settlement Recovery Fund to the General
 17 Revenue Fund at the direction of and upon notification from the
 18 Governor, but in any event on or before June 30, 2007.

19 (hh) In addition to any other transfers that may be
 20 provided for by law, on and after July 1, 2006 and until June
 21 30, 2007, at the direction of and upon notification from the
 22 Governor, the State Comptroller shall direct and the State
 23 Treasurer shall transfer amounts from the Illinois Affordable
 24 Housing Trust Fund to the designated funds not exceeding the
 25 following amounts:

26 DCFS Children's Services Fund \$2,200,000

1 Department of Corrections Reimbursement
 2 and Education Fund \$1,500,000
 3 Supplemental Low-Income Energy
 4 Assistance Fund..... \$75,000

5 (ii) In addition to any other transfers that may be
 6 provided for by law, on or before August 31, 2006, the Governor
 7 and the State Comptroller may agree to transfer the surplus
 8 cash balance from the General Revenue Fund to the Budget
 9 Stabilization Fund and the Pension Stabilization Fund in equal
 10 proportions. The determination of the amount of the surplus
 11 cash balance shall be made by the Governor, with the
 12 concurrence of the State Comptroller, after taking into account
 13 the June 30, 2006 balances in the general funds and the actual
 14 or estimated spending from the general funds during the lapse
 15 period. Notwithstanding the foregoing, the maximum amount that
 16 may be transferred under this subsection (ii) is \$50,000,000.

17 (jj) In addition to any other transfers that may be
 18 provided for by law, on July 1, 2006, or as soon thereafter as
 19 practical, the State Comptroller shall direct and the State
 20 Treasurer shall transfer the sum of \$8,250,000 from the General
 21 Revenue Fund to the Presidential Library and Museum Operating
 22 Fund.

23 (kk) In addition to any other transfers that may be
 24 provided for by law, on July 1, 2006, or as soon thereafter as
 25 practical, the State Comptroller shall direct and the State
 26 Treasurer shall transfer the sum of \$1,400,000 from the General

1 Revenue Fund to the Violence Prevention Fund.

2 (ll) In addition to any other transfers that may be
3 provided for by law, on the first day of each calendar quarter
4 of the fiscal year beginning July 1, 2006, or as soon
5 thereafter as practical, the State Comptroller shall direct and
6 the State Treasurer shall transfer from the General Revenue
7 Fund amounts equal to one-fourth of \$20,000,000 to the
8 Renewable Energy Resources Trust Fund.

9 (mm) In addition to any other transfers that may be
10 provided for by law, on July 1, 2006, or as soon thereafter as
11 practical, the State Comptroller shall direct and the State
12 Treasurer shall transfer the sum of \$1,320,000 from the General
13 Revenue Fund to the I-FLY Fund.

14 (nn) In addition to any other transfers that may be
15 provided for by law, on July 1, 2006, or as soon thereafter as
16 practical, the State Comptroller shall direct and the State
17 Treasurer shall transfer the sum of \$3,000,000 from the General
18 Revenue Fund to the African-American HIV/AIDS Response Fund.

19 (oo) In addition to any other transfers that may be
20 provided for by law, on and after July 1, 2006 and until June
21 30, 2007, at the direction of and upon notification from the
22 Governor, the State Comptroller shall direct and the State
23 Treasurer shall transfer amounts identified as net receipts
24 from the sale of all or part of the Illinois Student Assistance
25 Commission loan portfolio from the Student Loan Operating Fund
26 to the General Revenue Fund. The maximum amount that may be

1 transferred pursuant to this Section is \$38,800,000. In
2 addition, no transfer may be made pursuant to this Section that
3 would have the effect of reducing the available balance in the
4 Student Loan Operating Fund to an amount less than the amount
5 remaining unexpended and unreserved from the total
6 appropriations from the Fund estimated to be expended for the
7 fiscal year. The State Treasurer and Comptroller shall transfer
8 the amounts designated under this Section as soon as may be
9 practical after receiving the direction to transfer from the
10 Governor.

11 (pp) ~~(ee)~~ In addition to any other transfers that may be
12 provided for by law, on July 1, 2006, or as soon thereafter as
13 practical, the State Comptroller shall direct and the State
14 Treasurer shall transfer the sum of \$2,000,000 from the General
15 Revenue Fund to the Illinois Veterans Assistance Fund.

16 (qq) In addition to any other transfers that may be
17 provided for by law, on and after July 1, 2007 and until May 1,
18 2008, at the direction of and upon notification from the
19 Governor, the State Comptroller shall direct and the State
20 Treasurer shall transfer amounts not exceeding a total of
21 \$80,000,000 from the General Revenue Fund to the Tobacco
22 Settlement Recovery Fund. Any amounts so transferred shall be
23 retransferred by the State Comptroller and the State Treasurer
24 from the Tobacco Settlement Recovery Fund to the General
25 Revenue Fund at the direction of and upon notification from the
26 Governor, but in any event on or before June 30, 2008.

1 (rr) In addition to any other transfers that may be
 2 provided for by law, on and after July 1, 2007 and until June
 3 30, 2008, at the direction of and upon notification from the
 4 Governor, the State Comptroller shall direct and the State
 5 Treasurer shall transfer amounts from the Illinois Affordable
 6 Housing Trust Fund to the designated funds not exceeding the
 7 following amounts:

8 DCFS Children's Services Fund \$2,200,000
 9 Department of Corrections Reimbursement
 10 and Education Fund \$1,500,000
 11 Supplemental Low-Income Energy
 12 Assistance Fund \$75,000

13 (ss) In addition to any other transfers that may be
 14 provided for by law, on July 1, 2007, or as soon thereafter as
 15 practical, the State Comptroller shall direct and the State
 16 Treasurer shall transfer the sum of \$8,250,000 from the General
 17 Revenue Fund to the Presidential Library and Museum Operating
 18 Fund.

19 (tt) In addition to any other transfers that may be
 20 provided for by law, on July 1, 2007, or as soon thereafter as
 21 practical, the State Comptroller shall direct and the State
 22 Treasurer shall transfer the sum of \$1,400,000 from the General
 23 Revenue Fund to the Violence Prevention Fund.

24 (uu) In addition to any other transfers that may be
 25 provided for by law, on July 1, 2007, or as soon thereafter as
 26 practical, the State Comptroller shall direct and the State

1 Treasurer shall transfer the sum of \$1,320,000 from the General
2 Revenue Fund to the I-FLY Fund.

3 (vv) In addition to any other transfers that may be
4 provided for by law, on July 1, 2007, or as soon thereafter as
5 practical, the State Comptroller shall direct and the State
6 Treasurer shall transfer the sum of \$3,000,000 from the General
7 Revenue Fund to the African-American HIV/AIDS Response Fund.

8 (ww) In addition to any other transfers that may be
9 provided for by law, on July 1, 2007, or as soon thereafter as
10 practical, the State Comptroller shall direct and the State
11 Treasurer shall transfer the sum of \$3,500,000 from the General
12 Revenue Fund to the Predatory Lending Database Program Fund.

13 (xx) In addition to any other transfers that may be
14 provided for by law, on July 1, 2007, or as soon thereafter as
15 practical, the State Comptroller shall direct and the State
16 Treasurer shall transfer the sum of \$5,000,000 from the General
17 Revenue Fund to the Digital Divide Elimination Fund.

18 (yy) In addition to any other transfers that may be
19 provided for by law, on July 1, 2007, or as soon thereafter as
20 practical, the State Comptroller shall direct and the State
21 Treasurer shall transfer the sum of \$4,000,000 from the General
22 Revenue Fund to the Digital Divide Elimination Infrastructure
23 Fund.

24 (Source: P.A. 93-32, eff. 6-20-03; 93-648, eff. 1-8-04; 93-839,
25 eff. 7-30-04; 93-1067, eff. 1-15-05; 94-58, eff. 6-17-05;
26 94-91, eff. 7-1-05; 94-816, eff. 5-30-06; 94-839, eff. 6-6-06;

1 revised 8-3-06.)

2 (30 ILCS 105/13.2) (from Ch. 127, par. 149.2)

3 Sec. 13.2. Transfers among line item appropriations.

4 (a) Transfers among line item appropriations from the same
5 treasury fund for the objects specified in this Section may be
6 made in the manner provided in this Section when the balance
7 remaining in one or more such line item appropriations is
8 insufficient for the purpose for which the appropriation was
9 made.

10 (a-1) No transfers may be made from one agency to another
11 agency, nor may transfers be made from one institution of
12 higher education to another institution of higher education.

13 (a-2) Except as otherwise provided in this Section,
14 transfers may be made only among the objects of expenditure
15 enumerated in this Section, except that no funds may be
16 transferred from any appropriation for personal services, from
17 any appropriation for State contributions to the State
18 Employees' Retirement System, from any separate appropriation
19 for employee retirement contributions paid by the employer, nor
20 from any appropriation for State contribution for employee
21 group insurance. During State fiscal year 2005, an agency may
22 transfer amounts among its appropriations within the same
23 treasury fund for personal services, employee retirement
24 contributions paid by employer, and State Contributions to
25 retirement systems; notwithstanding and in addition to the

1 transfers authorized in subsection (c) of this Section, the
2 fiscal year 2005 transfers authorized in this sentence may be
3 made in an amount not to exceed 2% of the aggregate amount
4 appropriated to an agency within the same treasury fund. During
5 State fiscal year 2007, the Departments of Children and Family
6 Services, Corrections, Human Services, and Juvenile Justice
7 may transfer amounts among their respective appropriations
8 within the same treasury fund for personal services, employee
9 retirement contributions paid by employer, and State
10 contributions to retirement systems. Notwithstanding, and in
11 addition to, the transfers authorized in subsection (c) of this
12 Section, these transfers may be made in an amount not to exceed
13 2% of the aggregate amount appropriated to an agency within the
14 same treasury fund.

15 (a-3) Further, if an agency receives a separate
16 appropriation for employee retirement contributions paid by
17 the employer, any transfer by that agency into an appropriation
18 for personal services must be accompanied by a corresponding
19 transfer into the appropriation for employee retirement
20 contributions paid by the employer, in an amount sufficient to
21 meet the employer share of the employee contributions required
22 to be remitted to the retirement system.

23 (b) In addition to the general transfer authority provided
24 under subsection (c), the following agencies have the specific
25 transfer authority granted in this subsection:

26 The Department of Healthcare and Family Services is

1 authorized to make transfers representing savings attributable
2 to not increasing grants due to the births of additional
3 children from line items for payments of cash grants to line
4 items for payments for employment and social services for the
5 purposes outlined in subsection (f) of Section 4-2 of the
6 Illinois Public Aid Code.

7 The Department of Children and Family Services is
8 authorized to make transfers not exceeding 2% of the aggregate
9 amount appropriated to it within the same treasury fund for the
10 following line items among these same line items: Foster Home
11 and Specialized Foster Care and Prevention, Institutions and
12 Group Homes and Prevention, and Purchase of Adoption and
13 Guardianship Services.

14 The Department on Aging is authorized to make transfers not
15 exceeding 2% of the aggregate amount appropriated to it within
16 the same treasury fund for the following Community Care Program
17 line items among these same line items: Homemaker and Senior
18 Companion Services, Alternative Senior Services, Case
19 Coordination Units, and Adult Day Care Services.

20 The State Treasurer is authorized to make transfers among
21 line item appropriations from the Capital Litigation Trust
22 Fund, with respect to costs incurred in fiscal years 2002 and
23 2003 only, when the balance remaining in one or more such line
24 item appropriations is insufficient for the purpose for which
25 the appropriation was made, provided that no such transfer may
26 be made unless the amount transferred is no longer required for

1 the purpose for which that appropriation was made.

2 The State Board of Education is authorized to make
3 transfers from line item appropriations within the same
4 treasury fund for General State Aid and General State Aid -
5 Hold Harmless, provided that no such transfer may be made
6 unless the amount transferred is no longer required for the
7 purpose for which that appropriation was made, to the line item
8 appropriation for Transitional Assistance when the balance
9 remaining in such line item appropriation is insufficient for
10 the purpose for which the appropriation was made.

11 The State Board of Education is authorized to make
12 transfers between the following line item appropriations
13 within the same treasury fund: Disabled Student
14 Services/Materials (Section 14-13.01 of the School Code),
15 Disabled Student Transportation Reimbursement (Section
16 14-13.01 of the School Code), Disabled Student Tuition -
17 Private Tuition (Section 14-7.02 of the School Code),
18 Extraordinary Special Education (Section 14-7.02b of the
19 School Code), Reimbursement for Free Lunch/Breakfast Program,
20 Summer School Payments (Section 18-4.3 of the School Code), and
21 Transportation - Regular/Vocational Reimbursement (Section
22 29-5 of the School Code). Such transfers shall be made only
23 when the balance remaining in one or more such line item
24 appropriations is insufficient for the purpose for which the
25 appropriation was made and provided that no such transfer may
26 be made unless the amount transferred is no longer required for

1 the purpose for which that appropriation was made.

2 (c) The sum of such transfers for an agency in a fiscal
3 year shall not exceed 2% of the aggregate amount appropriated
4 to it within the same treasury fund for the following objects:
5 Personal Services; Extra Help; Student and Inmate
6 Compensation; State Contributions to Retirement Systems; State
7 Contributions to Social Security; State Contribution for
8 Employee Group Insurance; Contractual Services; Travel;
9 Commodities; Printing; Equipment; Electronic Data Processing;
10 Operation of Automotive Equipment; Telecommunications
11 Services; Travel and Allowance for Committed, Paroled and
12 Discharged Prisoners; Library Books; Federal Matching Grants
13 for Student Loans; Refunds; Workers' Compensation,
14 Occupational Disease, and Tort Claims; and, in appropriations
15 to institutions of higher education, Awards and Grants.
16 Notwithstanding the above, any amounts appropriated for
17 payment of workers' compensation claims to an agency to which
18 the authority to evaluate, administer and pay such claims has
19 been delegated by the Department of Central Management Services
20 may be transferred to any other expenditure object where such
21 amounts exceed the amount necessary for the payment of such
22 claims.

23 (c-1) Special provisions for State fiscal year 2003.
24 Notwithstanding any other provision of this Section to the
25 contrary, for State fiscal year 2003 only, transfers among line
26 item appropriations to an agency from the same treasury fund

1 may be made provided that the sum of such transfers for an
2 agency in State fiscal year 2003 shall not exceed 3% of the
3 aggregate amount appropriated to that State agency for State
4 fiscal year 2003 for the following objects: personal services,
5 except that no transfer may be approved which reduces the
6 aggregate appropriations for personal services within an
7 agency; extra help; student and inmate compensation; State
8 contributions to retirement systems; State contributions to
9 social security; State contributions for employee group
10 insurance; contractual services; travel; commodities;
11 printing; equipment; electronic data processing; operation of
12 automotive equipment; telecommunications services; travel and
13 allowance for committed, paroled, and discharged prisoners;
14 library books; federal matching grants for student loans;
15 refunds; workers' compensation, occupational disease, and tort
16 claims; and, in appropriations to institutions of higher
17 education, awards and grants.

18 (c-2) Special provisions for State fiscal year 2005.
19 Notwithstanding subsections (a), (a-2), and (c), for State
20 fiscal year 2005 only, transfers may be made among any line
21 item appropriations from the same or any other treasury fund
22 for any objects or purposes, without limitation, when the
23 balance remaining in one or more such line item appropriations
24 is insufficient for the purpose for which the appropriation was
25 made, provided that the sum of those transfers by a State
26 agency shall not exceed 4% of the aggregate amount appropriated

1 to that State agency for fiscal year 2005.

2 (d) Transfers among appropriations made to agencies of the
3 Legislative and Judicial departments and to the
4 constitutionally elected officers in the Executive branch
5 require the approval of the officer authorized in Section 10 of
6 this Act to approve and certify vouchers. Transfers among
7 appropriations made to the University of Illinois, Southern
8 Illinois University, Chicago State University, Eastern
9 Illinois University, Governors State University, Illinois
10 State University, Northeastern Illinois University, Northern
11 Illinois University, Western Illinois University, the Illinois
12 Mathematics and Science Academy and the Board of Higher
13 Education require the approval of the Board of Higher Education
14 and the Governor. Transfers among appropriations to all other
15 agencies require the approval of the Governor.

16 The officer responsible for approval shall certify that the
17 transfer is necessary to carry out the programs and purposes
18 for which the appropriations were made by the General Assembly
19 and shall transmit to the State Comptroller a certified copy of
20 the approval which shall set forth the specific amounts
21 transferred so that the Comptroller may change his records
22 accordingly. The Comptroller shall furnish the Governor with
23 information copies of all transfers approved for agencies of
24 the Legislative and Judicial departments and transfers
25 approved by the constitutionally elected officials of the
26 Executive branch other than the Governor, showing the amounts

1 transferred and indicating the dates such changes were entered
2 on the Comptroller's records.

3 (e) The State Board of Education, in consultation with the
4 State Comptroller, may transfer line item appropriations for
5 General State Aid from the Common School Fund to the Education
6 Assistance Fund.

7 (Source: P.A. 93-680, eff. 7-1-04; 93-839, eff. 7-30-04;
8 94-839, eff. 6-6-06.)

9 (30 ILCS 105/14.1) (from Ch. 127, par. 150.1)

10 Sec. 14.1. Appropriations for State contributions to the
11 State Employees' Retirement System; payroll requirements.

12 (a) Appropriations for State contributions to the State
13 Employees' Retirement System of Illinois shall be expended in
14 the manner provided in this Section. Except as otherwise
15 provided in subsection (a-1), at the time of each payment of
16 salary to an employee under the personal services line item,
17 payment shall be made to the State Employees' Retirement
18 System, from the amount appropriated for State contributions to
19 the State Employees' Retirement System, of an amount calculated
20 at the rate certified for the applicable fiscal year by the
21 Board of Trustees of the State Employees' Retirement System
22 under Section 14-135.08 of the Illinois Pension Code. If a line
23 item appropriation to an employer for this purpose is exhausted
24 or is unavailable due to any limitation on appropriations that
25 may apply, (including, but not limited to, limitations on

1 appropriations from the Road Fund under Section 8.3 of the
2 State Finance Act), the amounts shall be paid under the
3 continuing appropriation for this purpose contained in the
4 State Pension Funds Continuing Appropriation Act.

5 (a-1) Beginning on the effective date of this amendatory
6 Act of the 93rd General Assembly through the payment of the
7 final payroll from fiscal year 2004 appropriations,
8 appropriations for State contributions to the State Employees'
9 Retirement System of Illinois shall be expended in the manner
10 provided in this subsection (a-1). At the time of each payment
11 of salary to an employee under the personal services line item
12 from a fund other than the General Revenue Fund, payment shall
13 be made for deposit into the General Revenue Fund from the
14 amount appropriated for State contributions to the State
15 Employees' Retirement System of an amount calculated at the
16 rate certified for fiscal year 2004 by the Board of Trustees of
17 the State Employees' Retirement System under Section 14-135.08
18 of the Illinois Pension Code. This payment shall be made to the
19 extent that a line item appropriation to an employer for this
20 purpose is available or unexhausted. No payment from
21 appropriations for State contributions shall be made in
22 conjunction with payment of salary to an employee under the
23 personal services line item from the General Revenue Fund.

24 (b) Except during the period beginning on the effective
25 date of this amendatory Act of the 93rd General Assembly and
26 ending at the time of the payment of the final payroll from

1 fiscal year 2004 appropriations, the State Comptroller shall
2 not approve for payment any payroll voucher that (1) includes
3 payments of salary to eligible employees in the State
4 Employees' Retirement System of Illinois and (2) does not
5 include the corresponding payment of State contributions to
6 that retirement system at the full rate certified under Section
7 14-135.08 for that fiscal year for eligible employees, unless
8 the balance in the fund on which the payroll voucher is drawn
9 is insufficient to pay the total payroll voucher, or
10 unavailable due to any limitation on appropriations that may
11 apply, including, but not limited to, limitations on
12 appropriations from the Road Fund under Section 8.3 of the
13 State Finance Act. If the State Comptroller approves a payroll
14 voucher under this Section for which the fund balance is
15 insufficient to pay the full amount of the required State
16 contribution to the State Employees' Retirement System, the
17 Comptroller shall promptly so notify the Retirement System.

18 (c) Notwithstanding any other provisions of law, beginning
19 July 1, 2007, required State and employee contributions to the
20 State Employees' Retirement System of Illinois relating to
21 affected legislative staff employees shall be paid out of
22 moneys appropriated for that purpose to the Commission on
23 Government Forecasting and Accountability, rather than out of
24 the lump-sum appropriations otherwise made for the payroll and
25 other costs of those employees.

26 These payments must be made pursuant to payroll vouchers

1 submitted by the employing entity as part of the regular
2 payroll voucher process.

3 For the purpose of this subsection, "affected legislative
4 staff employees" means legislative staff employees paid out of
5 lump-sum appropriations made to the General Assembly, an
6 Officer of the General Assembly, or the Senate Operations
7 Commission, but does not include district-office staff or
8 employees of legislative support services agencies.

9 (Source: P.A. 93-665, eff. 3-5-04; 93-1067, eff. 1-15-05.)

10 (30 ILCS 105/25.5 new)

11 Sec. 25.5. FY2008 payment validation. All expenses
12 lawfully incurred during July of 2007 under an appropriation or
13 reappropriation included in Public Act 95-11 shall be paid by
14 the State Comptroller and State Treasurer at the time and in
15 the manner normally provided by law, notwithstanding that the
16 appropriation under that Public Act may have expired prior to
17 the actual date of payment due to the repeal of that Public
18 Act. Any otherwise lawful action of the State Comptroller, the
19 State Treasurer, or any public employee in the course of making
20 payment in accordance with this Section is hereby validated.

21 Section 5-13. The Budget Stabilization Act is amended by
22 changing Section 10 as follows:

23 (30 ILCS 122/10)

1 Sec. 10. Budget limitations.

2 (a) Except as provided in subsection (b-5), in ~~in~~ addition
3 to Section 50-5 of the State Budget Law of the Civil
4 Administrative Code of Illinois, the General Assembly's
5 appropriations and transfers or diversions as required by law
6 from general funds shall not exceed 99% of the estimated
7 general funds revenues for the fiscal year when revenue
8 estimates of the State's general funds revenues exceed the
9 prior fiscal year's estimated general funds revenues by more
10 than 4%.

11 (b) Except as provided in subsection (b-5), the ~~The~~ General
12 Assembly's appropriations and transfers or diversions as
13 required by law from general funds shall not exceed 98% of the
14 estimated general funds revenues for the fiscal year when
15 revenue estimates of the State's general funds revenues exceed
16 the prior fiscal year's estimated general funds revenues by
17 more than 4% for 2 or more consecutive fiscal years.

18 (b-5) The limitations on appropriations and transfers or
19 diversions set forth under subsections (a) and (b) do not apply
20 for State fiscal year 2008.

21 (c) For the purpose of this Act, "estimated general funds
22 revenues" include, for each budget year, all taxes, fees, and
23 other revenues expected to be deposited into the State's
24 general funds, including recurring transfers from other State
25 funds into the general funds.

26 Year-over-year comparisons used to determine the

1 percentage growth factor of estimated general funds revenues
2 shall exclude the sum of the following: (i) expected revenues
3 resulting from new taxes or fees or from tax or fee increases
4 during the first year of the change, (ii) expected revenues
5 resulting from one-time receipts or non-recurring transfers
6 in, (iii) expected proceeds resulting from borrowing, and (iv)
7 increases in federal grants that must be completely
8 appropriated based on the terms of the grants.

9 (Source: P.A. 93-660, eff. 7-1-04; 94-839, eff. 6-6-06.)

10 Section 5-15. The Illinois Income Tax Act is amended by
11 changing Sections 203, 304, 704A, 709.5, 901, 1001, 1007,
12 1405.5, 1405.6 and 1501 as follows:

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

14 Sec. 203. Base income defined.

15 (a) Individuals.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

1 the unitary group for the same taxable year and
2 received by the taxpayer or by a member of the
3 taxpayer's unitary business group (including amounts
4 included in gross income under Sections 951 through 964
5 of the Internal Revenue Code and amounts included in
6 gross income under Section 78 of the Internal Revenue
7 Code) with respect to the stock of the same person to
8 whom the interest was paid, accrued, or incurred.

9 This paragraph shall not apply to the following:

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

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

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

25 (b) the transaction giving rise to the
26 interest expense between the taxpayer and the

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

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

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

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

1 by which the Department will utilize its authority
2 under Section 404 of this Act;

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

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

22 This paragraph shall not apply to the following:

23 (i) any item of intangible expenses or costs
24 paid, accrued, or incurred, directly or
25 indirectly, from a transaction with a ~~foreign~~
26 person who is subject in a foreign country or

1 state, other than a state which requires mandatory
2 unitary reporting, to a tax on or measured by net
3 income with respect to such item; or

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

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

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

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

1 alternative method of apportionment under Section
2 304(f);

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

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

1 member of the taxpayer's unitary business group
2 (including amounts included in gross income under
3 Sections 951 through 964 of the Internal Revenue Code
4 and amounts included in gross income under Section 78
5 of the Internal Revenue Code) with respect to the stock
6 of the same person to whom the premiums ~~intangible~~
7 ~~expenses~~ and costs were directly or indirectly paid,
8 incurred, or accrued. The preceding sentence does not
9 apply to the extent that the same dividends caused a
10 reduction to the addition modification required under
11 Section 203(a)(2)(D-17) or Section 203(a)(2)(D-18) of
12 this Act.

13 (D-20) For taxable years beginning on or after
14 January 1, 2002 and ending on or before December 31,
15 2006, in the case of a distribution from a qualified
16 tuition program under Section 529 of the Internal
17 Revenue Code, other than (i) a distribution from a
18 College Savings Pool created under Section 16.5 of the
19 State Treasurer Act or (ii) a distribution from the
20 Illinois Prepaid Tuition Trust Fund, an amount equal to
21 the amount excluded from gross income under Section
22 529(c)(3)(B). For taxable years beginning on or after
23 January 1, 2007, in the case of a distribution from a
24 qualified tuition program under Section 529 of the
25 Internal Revenue Code, other than (i) a distribution
26 from a College Savings Pool created under Section 16.5

1 of the State Treasurer Act, (ii) a distribution from
2 the Illinois Prepaid Tuition Trust Fund, or (iii) a
3 distribution from a qualified tuition program under
4 Section 529 of the Internal Revenue Code that (I)
5 adopts and determines that its offering materials
6 comply with the College Savings Plans Network's
7 disclosure principles and (II) has made reasonable
8 efforts to inform in-state residents of the existence
9 of in-state qualified tuition programs by informing
10 Illinois residents directly and, where applicable, to
11 inform financial intermediaries distributing the
12 program to inform in-state residents of the existence
13 of in-state qualified tuition programs at least
14 annually, an amount equal to the amount excluded from
15 gross income under Section 529(c)(3)(B).

16 For the purposes of this subparagraph (D-20), a
17 qualified tuition program has made reasonable efforts
18 if it makes disclosures (which may use the term
19 "in-state program" or "in-state plan" and need not
20 specifically refer to Illinois or its qualified
21 programs by name) (i) directly to prospective
22 participants in its offering materials or makes a
23 public disclosure, such as a website posting; and (ii)
24 where applicable, to intermediaries selling the
25 out-of-state program in the same manner that the
26 out-of-state program distributes its offering

1 materials;

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

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

11 (E) For taxable years ending before December 31,
12 2001, any amount included in such total in respect of
13 any compensation (including but not limited to any
14 compensation paid or accrued to a serviceman while a
15 prisoner of war or missing in action) paid to a
16 resident by reason of being on active duty in the Armed
17 Forces of the United States and in respect of any
18 compensation paid or accrued to a resident who as a
19 governmental employee was a prisoner of war or missing
20 in action, and in respect of any compensation paid to a
21 resident in 1971 or thereafter for annual training
22 performed pursuant to Sections 502 and 503, Title 32,
23 United States Code as a member of the Illinois National
24 Guard or, beginning with taxable years ending on or
25 after December 31, 2007, the National Guard of any
26 other state. For taxable years ending on or after

1 December 31, 2001, any amount included in such total in
2 respect of any compensation (including but not limited
3 to any compensation paid or accrued to a serviceman
4 while a prisoner of war or missing in action) paid to a
5 resident by reason of being a member of any component
6 of the Armed Forces of the United States and in respect
7 of any compensation paid or accrued to a resident who
8 as a governmental employee was a prisoner of war or
9 missing in action, and in respect of any compensation
10 paid to a resident in 2001 or thereafter by reason of
11 being a member of the Illinois National Guard or,
12 beginning with taxable years ending on or after
13 December 31, 2007, the National Guard of any other
14 state. The provisions of this amendatory Act of the
15 92nd General Assembly are exempt from the provisions of
16 Section 250;

17 (F) An amount equal to all amounts included in such
18 total pursuant to the provisions of Sections 402(a),
19 402(c), 403(a), 403(b), 406(a), 407(a), and 408 of the
20 Internal Revenue Code, or included in such total as
21 distributions under the provisions of any retirement
22 or disability plan for employees of any governmental
23 agency or unit, or retirement payments to retired
24 partners, which payments are excluded in computing net
25 earnings from self employment by Section 1402 of the
26 Internal Revenue Code and regulations adopted pursuant

1 thereto;

2 (G) The valuation limitation amount;

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

6 (I) An amount equal to all amounts included in such
7 total pursuant to the provisions of Section 111 of the
8 Internal Revenue Code as a recovery of items previously
9 deducted from adjusted gross income in the computation
10 of taxable income;

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

21 (K) An amount equal to those dividends included in
22 such total that were paid by a corporation that
23 conducts business operations in a federally designated
24 Foreign Trade Zone or Sub-Zone and that is designated a
25 High Impact Business located in Illinois; provided
26 that dividends eligible for the deduction provided in

1 subparagraph (J) of paragraph (2) of this subsection
2 shall not be eligible for the deduction provided under
3 this subparagraph (K);

4 (L) For taxable years ending after December 31,
5 1983, an amount equal to all social security benefits
6 and railroad retirement benefits included in such
7 total pursuant to Sections 72(r) and 86 of the Internal
8 Revenue Code;

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

22 (N) An amount equal to all amounts included in such
23 total which are exempt from taxation by this State
24 either by reason of its statutes or Constitution or by
25 reason of the Constitution, treaties or statutes of the
26 United States; provided that, in the case of any

1 statute of this State ~~or, for taxable years ending on~~
2 ~~or after December 31, 2008, of the United States, any~~
3 ~~treaty of the United States, the Illinois~~
4 ~~Constitution, or the United States Constitution~~ that
5 exempts income derived from bonds or other obligations
6 from the tax imposed under this Act, the amount
7 exempted shall be the interest ~~income~~ net of bond
8 premium amortization, ~~and, for taxable years ending on~~
9 ~~or after December 31, 2008, interest expense incurred~~
10 ~~on indebtedness to carry the bond or other obligation,~~
11 ~~expenses incurred in producing the income to be~~
12 ~~deducted, and all other related expenses. The amount of~~
13 ~~expenses to be taken into account under this provision~~
14 ~~may not exceed the amount of income that is exempted;~~

15 (O) An amount equal to any contribution made to a
16 job training project established pursuant to the Tax
17 Increment Allocation Redevelopment Act;

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

23 (Q) An amount equal to any amounts included in such
24 total, received by the taxpayer as an acceleration in
25 the payment of life, endowment or annuity benefits in
26 advance of the time they would otherwise be payable as

1 an indemnity for a terminal illness;

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

4 (S) An amount, to the extent included in adjusted
5 gross income, equal to the amount of a contribution
6 made in the taxable year on behalf of the taxpayer to a
7 medical care savings account established under the
8 Medical Care Savings Account Act or the Medical Care
9 Savings Account Act of 2000 to the extent the
10 contribution is accepted by the account administrator
11 as provided in that Act;

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

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

25 (V) Beginning with tax years ending on or after
26 December 31, 1995 and ending with tax years ending on

1 or before December 31, 2004, an amount equal to the
2 amount paid by a taxpayer who is a self-employed
3 taxpayer, a partner of a partnership, or a shareholder
4 in a Subchapter S corporation for health insurance or
5 long-term care insurance for that taxpayer or that
6 taxpayer's spouse or dependents, to the extent that the
7 amount paid for that health insurance or long-term care
8 insurance may be deducted under Section 213 of the
9 Internal Revenue Code of 1986, has not been deducted on
10 the federal income tax return of the taxpayer, and does
11 not exceed the taxable income attributable to that
12 taxpayer's income, self-employment income, or
13 Subchapter S corporation income; except that no
14 deduction shall be allowed under this item (V) if the
15 taxpayer is eligible to participate in any health
16 insurance or long-term care insurance plan of an
17 employer of the taxpayer or the taxpayer's spouse. The
18 amount of the health insurance and long-term care
19 insurance subtracted under this item (V) shall be
20 determined by multiplying total health insurance and
21 long-term care insurance premiums paid by the taxpayer
22 times a number that represents the fractional
23 percentage of eligible medical expenses under Section
24 213 of the Internal Revenue Code of 1986 not actually
25 deducted on the taxpayer's federal income tax return;

26 (W) For taxable years beginning on or after January

1 1, 1998, all amounts included in the taxpayer's federal
2 gross income in the taxable year from amounts converted
3 from a regular IRA to a Roth IRA. This paragraph is
4 exempt from the provisions of Section 250;

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

1 such assets; provided, further, this paragraph shall
2 only apply to a taxpayer who was the first recipient of
3 such assets after their recovery and who is a victim of
4 persecution for racial or religious reasons by Nazi
5 Germany or any other Axis regime or as an heir of the
6 victim. The amount of and the eligibility for any
7 public assistance, benefit, or similar entitlement is
8 not affected by the inclusion of items (i) and (ii) of
9 this paragraph in gross income for federal income tax
10 purposes. This paragraph is exempt from the provisions
11 of Section 250;

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

1 contributed under this subparagraph (Y). This
2 subparagraph (Y) is exempt from the provisions of
3 Section 250;

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

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

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

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

23 (i) for property on which a bonus
24 depreciation deduction of 30% of the adjusted
25 basis was taken, "x" equals "y" multiplied by
26 30 and then divided by 70 (or "y" multiplied by

1 0.429); and

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

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

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

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

26 The taxpayer is allowed to take the deduction under

1 this subparagraph only once with respect to any one
2 piece of property.

3 This subparagraph (AA) is exempt from the
4 provisions of Section 250;

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

8 (CC) The amount of (i) any interest income (net of
9 the deductions allocable thereto) taken into account
10 for the taxable year with respect to a transaction with
11 a taxpayer that is required to make an addition
12 modification with respect to such transaction under
13 Section 203(a)(2)(D-17), 203(b)(2)(E-12),
14 203(c)(2)(G-12), or 203(d)(2)(D-7), but not to exceed
15 the amount of that addition modification, and (ii) any
16 income from intangible property (net of the deductions
17 allocable thereto) taken into account for the taxable
18 year with respect to a transaction with a taxpayer that
19 is required to make an addition modification with
20 respect to such transaction under Section
21 203(a)(2)(D-18), 203(b)(2)(E-13), 203(c)(2)(G-13), or
22 203(d)(2)(D-8), but not to exceed the amount of that
23 addition modification. This subparagraph (CC) is
24 exempt from the provisions of Section 250;

25 (DD) An amount equal to the interest income taken
26 into account for the taxable year (net of the

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

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

1 years ending on or after December 31, 2008, to a person
2 who would be a member of the same unitary business
3 group but for the fact that the person is prohibited
4 under Section 1501(a)(27) from being included in the
5 unitary business group because he or she is ordinarily
6 required to apportion business income under different
7 subsections of Section 304, but not to exceed the
8 addition modification required to be made for the same
9 taxable year under Section 203(a)(2)(D-18) for
10 intangible expenses and costs paid, accrued, or
11 incurred, directly or indirectly, to the same foreign
12 person. This subparagraph (EE) is exempt from the
13 provisions of Section 250.; and

14 ~~(FF) An amount equal to the income from insurance~~
15 ~~premiums taken into account for the taxable year (net~~
16 ~~of the deductions allocable thereto) with respect to~~
17 ~~transactions with a person who would be a member of the~~
18 ~~same unitary business group but for the fact that the~~
19 ~~person is prohibited under Section 1501(a)(27) from~~
20 ~~being included in the unitary business group because he~~
21 ~~or she is ordinarily required to apportion business~~
22 ~~income under different subsections of Section 304, but~~
23 ~~not to exceed the addition modification required to be~~
24 ~~made for the same taxable year under Section~~
25 ~~203(a)(2)(D-18) for intangible expenses and costs~~
26 ~~paid, accrued, or incurred, directly or indirectly, to~~

1 ~~the same person.~~

2 (b) Corporations.

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

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

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

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

17 (C) In the case of a regulated investment company,
18 an amount equal to the excess of (i) the net long-term
19 capital gain for the taxable year, over (ii) the amount
20 of the capital gain dividends designated as such in
21 accordance with Section 852(b)(3)(C) of the Internal
22 Revenue Code and any amount designated under Section
23 852(b)(3)(D) of the Internal Revenue Code,
24 attributable to the taxable year (this amendatory Act
25 of 1995 (Public Act 89-89) is declarative of existing

1 law and is not a new enactment);

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

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

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

24 (ii) the addition modification relating to the
25 net operating loss carried back or forward to the
26 taxable year from any taxable year ending prior to

1 December 31, 1986 shall not exceed the amount of
2 such carryback or carryforward;

3 For taxable years in which there is a net operating
4 loss carryback or carryforward from more than one other
5 taxable year ending prior to December 31, 1986, the
6 addition modification provided in this subparagraph
7 (E) shall be the sum of the amounts computed
8 independently under the preceding provisions of this
9 subparagraph (E) for each such taxable year;

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

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

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

1 If the taxpayer continues to own property through
2 the last day of the last tax year for which the
3 taxpayer may claim a depreciation deduction for
4 federal income tax purposes and for which the taxpayer
5 was allowed in any taxable year to make a subtraction
6 modification under subparagraph (T), then an amount
7 equal to that subtraction modification.

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

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

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

12 This paragraph shall not apply to the following:

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

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

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

1 member, and

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

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

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

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

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

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

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

25 This paragraph shall not apply to the following:

- 26 (i) any item of intangible expenses or costs

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

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

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

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

23 (iii) any item of intangible expense or cost
24 paid, accrued, or incurred, directly or
25 indirectly, from a transaction with a ~~foreign~~
26 person if the taxpayer establishes by clear and

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

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

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

1 shall be reduced to the extent that dividends were
2 included in base income of the unitary group for the
3 same taxable year and received by the taxpayer or by a
4 member of the taxpayer's unitary business group
5 (including amounts included in gross income under
6 Sections 951 through 964 of the Internal Revenue Code
7 and amounts included in gross income under Section 78
8 of the Internal Revenue Code) with respect to the stock
9 of the same person to whom the premiums ~~intangible~~
10 ~~expenses~~ and costs were directly or indirectly paid,
11 incurred, or accrued. The preceding sentence does not
12 apply to the extent that the same dividends caused a
13 reduction to the addition modification required under
14 Section 203(b)(2)(E-12) or Section 203(b)(2)(E-13)
15 ~~203(a)(2)(D-17)~~ of this Act;

16 (E-15) For taxable years beginning after December
17 31, 2008, any deduction for dividends paid ~~to a~~
18 ~~corporation~~ by a captive real estate investment trust
19 that is allowed to a real estate investment trust under
20 Section 857(b)(2)(B) of the Internal Revenue Code for
21 dividends paid;

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

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

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

3 (H) In the case of a regulated investment company,
4 an amount equal to the amount of exempt interest
5 dividends as defined in subsection (b) (5) of Section
6 852 of the Internal Revenue Code, paid to shareholders
7 for the taxable year;

8 (I) With the exception of any amounts subtracted
9 under subparagraph (J), an amount equal to the sum of
10 all amounts disallowed as deductions by (i) Sections
11 171(a) (2), and 265(a)(2) and amounts disallowed as
12 interest expense by Section 291(a)(3) of the Internal
13 Revenue Code, as now or hereafter amended, and all
14 amounts of expenses allocable to interest and
15 disallowed as deductions by Section 265(a)(1) of the
16 Internal Revenue Code, as now or hereafter amended; and
17 (ii) for taxable years ending on or after August 13,
18 1999, Sections 171(a)(2), 265, 280C, 291(a)(3), and
19 832(b)(5)(B)(i) of the Internal Revenue Code; the
20 provisions of this subparagraph are exempt from the
21 provisions of Section 250;

22 (J) An amount equal to all amounts included in such
23 total which are exempt from taxation by this State
24 either by reason of its statutes or Constitution or by
25 reason of the Constitution, treaties or statutes of the
26 United States; provided that, in the case of any

1 statute of this State ~~or, for taxable years ending on~~
2 ~~or after December 31, 2008, of the United States, any~~
3 ~~treaty of the United States, the Illinois~~
4 ~~Constitution, or the United States Constitution~~ that
5 exempts income derived from bonds or other obligations
6 from the tax imposed under this Act, the amount
7 exempted shall be the interest ~~income~~ net of bond
8 premium amortization, ~~and, for taxable years ending on~~
9 ~~or after December 31, 2008, interest expense incurred~~
10 ~~on indebtedness to carry the bond or other obligation,~~
11 ~~expenses incurred in producing the income to be~~
12 ~~deducted, and all other related expenses. The amount of~~
13 ~~expenses to be taken into account under this provision~~
14 ~~may not exceed the amount of income that is exempted;~~

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

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

1 conducts business operations in a federally designated
2 Foreign Trade Zone or Sub-Zone and that is designated a
3 High Impact Business located in Illinois; provided
4 that dividends eligible for the deduction provided in
5 subparagraph (K) of paragraph 2 of this subsection
6 shall not be eligible for the deduction provided under
7 this subparagraph (L);

8 (M) For any taxpayer that is a financial
9 organization within the meaning of Section 304(c) of
10 this Act, an amount included in such total as interest
11 income from a loan or loans made by such taxpayer to a
12 borrower, to the extent that such a loan is secured by
13 property which is eligible for the Enterprise Zone
14 Investment Credit or the River Edge Redevelopment Zone
15 Investment Credit. To determine the portion of a loan
16 or loans that is secured by property eligible for a
17 Section 201(f) investment credit to the borrower, the
18 entire principal amount of the loan or loans between
19 the taxpayer and the borrower should be divided into
20 the basis of the Section 201(f) investment credit
21 property which secures the loan or loans, using for
22 this purpose the original basis of such property on the
23 date that it was placed in service in the Enterprise
24 Zone or the River Edge Redevelopment Zone. The
25 subtraction modification available to taxpayer in any
26 year under this subsection shall be that portion of the

1 total interest paid by the borrower with respect to
2 such loan attributable to the eligible property as
3 calculated under the previous sentence. This
4 subparagraph (M) is exempt from the provisions of
5 Section 250;

6 (M-1) For any taxpayer that is a financial
7 organization within the meaning of Section 304(c) of
8 this Act, an amount included in such total as interest
9 income from a loan or loans made by such taxpayer to a
10 borrower, to the extent that such a loan is secured by
11 property which is eligible for the High Impact Business
12 Investment Credit. To determine the portion of a loan
13 or loans that is secured by property eligible for a
14 Section 201(h) investment credit to the borrower, the
15 entire principal amount of the loan or loans between
16 the taxpayer and the borrower should be divided into
17 the basis of the Section 201(h) investment credit
18 property which secures the loan or loans, using for
19 this purpose the original basis of such property on the
20 date that it was placed in service in a federally
21 designated Foreign Trade Zone or Sub-Zone located in
22 Illinois. No taxpayer that is eligible for the
23 deduction provided in subparagraph (M) of paragraph
24 (2) of this subsection shall be eligible for the
25 deduction provided under this subparagraph (M-1). The
26 subtraction modification available to taxpayers in any

1 year under this subsection shall be that portion of the
2 total interest paid by the borrower with respect to
3 such loan attributable to the eligible property as
4 calculated under the previous sentence;

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

16 (O) An amount equal to: (i) 85% for taxable years
17 ending on or before December 31, 1992, or, a percentage
18 equal to the percentage allowable under Section
19 243(a)(1) of the Internal Revenue Code of 1986 for
20 taxable years ending after December 31, 1992, of the
21 amount by which dividends included in taxable income
22 and received from a corporation that is not created or
23 organized under the laws of the United States or any
24 state or political subdivision thereof, including, for
25 taxable years ending on or after December 31, 1988,
26 dividends received or deemed received or paid or deemed

1 paid under Sections 951 through 964 of the Internal
2 Revenue Code, exceed the amount of the modification
3 provided under subparagraph (G) of paragraph (2) of
4 this subsection (b) which is related to such dividends,
5 and including, for taxable years ending on or after
6 December 31, 2008, dividends received from a captive
7 real estate investment trust; plus (ii) 100% of the
8 amount by which dividends, included in taxable income
9 and received, including, for taxable years ending on or
10 after December 31, 1988, dividends received or deemed
11 received or paid or deemed paid under Sections 951
12 through 964 of the Internal Revenue Code and including,
13 for taxable years ending on or after December 31, 2008,
14 dividends received from a captive real estate
15 investment trust, from any such corporation specified
16 in clause (i) that would but for the provisions of
17 Section 1504 (b) (3) of the Internal Revenue Code be
18 treated as a member of the affiliated group which
19 includes the dividend recipient, exceed the amount of
20 the modification provided under subparagraph (G) of
21 paragraph (2) of this subsection (b) which is related
22 to such dividends. This subparagraph (O) is exempt from
23 the provisions of Section 250 of this Act;

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

1 (Q) An amount equal to the amount of the deduction
2 used to compute the federal income tax credit for
3 restoration of substantial amounts held under claim of
4 right for the taxable year pursuant to Section 1341 of
5 the Internal Revenue Code of 1986;

6 (R) On and after July 20, 1999, in the case of an
7 attorney-in-fact with respect to whom an interinsurer
8 or a reciprocal insurer has made the election under
9 Section 835 of the Internal Revenue Code, 26 U.S.C.
10 835, an amount equal to the excess, if any, of the
11 amounts paid or incurred by that interinsurer or
12 reciprocal insurer in the taxable year to the
13 attorney-in-fact over the deduction allowed to that
14 interinsurer or reciprocal insurer with respect to the
15 attorney-in-fact under Section 835(b) of the Internal
16 Revenue Code for the taxable year; the provisions of
17 this subparagraph are exempt from the provisions of
18 Section 250;

19 (S) For taxable years ending on or after December
20 31, 1997, in the case of a Subchapter S corporation, an
21 amount equal to all amounts of income allocable to a
22 shareholder subject to the Personal Property Tax
23 Replacement Income Tax imposed by subsections (c) and
24 (d) of Section 201 of this Act, including amounts
25 allocable to organizations exempt from federal income
26 tax by reason of Section 501(a) of the Internal Revenue

1 Code. This subparagraph (S) is exempt from the
2 provisions of Section 250;

3 (T) For taxable years 2001 and thereafter, for the
4 taxable year in which the bonus depreciation deduction
5 is taken on the taxpayer's federal income tax return
6 under subsection (k) of Section 168 of the Internal
7 Revenue Code and for each applicable taxable year
8 thereafter, an amount equal to "x", where:

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

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

20 (3) for taxable years ending after December
21 31, 2005:

22 (i) for property on which a bonus
23 depreciation deduction of 30% of the adjusted
24 basis was taken, "x" equals "y" multiplied by
25 30 and then divided by 70 (or "y" multiplied by
26 0.429); and

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

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

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

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

25 The taxpayer is allowed to take the deduction under
26 this subparagraph only once with respect to any one

1 piece of property.

2 This subparagraph (U) is exempt from the
3 provisions of Section 250;

4 (V) The amount of: (i) any interest income (net of
5 the deductions allocable thereto) taken into account
6 for the taxable year with respect to a transaction with
7 a taxpayer that is required to make an addition
8 modification with respect to such transaction under
9 Section 203(a)(2)(D-17), 203(b)(2)(E-12),
10 203(c)(2)(G-12), or 203(d)(2)(D-7), but not to exceed
11 the amount of such addition modification, ~~and~~ (ii) any
12 income from intangible property (net of the deductions
13 allocable thereto) taken into account for the taxable
14 year with respect to a transaction with a taxpayer that
15 is required to make an addition modification with
16 respect to such transaction under Section
17 203(a)(2)(D-18), 203(b)(2)(E-13), 203(c)(2)(G-13), or
18 203(d)(2)(D-8), but not to exceed the amount of such
19 addition modification, and (iii) any insurance premium
20 income (net of deductions allocable thereto) taken
21 into account for the taxable year with respect to a
22 transaction with a taxpayer that is required to make an
23 addition modification with respect to such transaction
24 under Section 203(a)(2)(D-19), Section
25 203(b)(2)(E-14), Section 203(c)(2)(G-14), or Section
26 203(d)(2)(D-9), but not to exceed the amount of that

1 addition modification. This subparagraph (V) is exempt
2 from the provisions of Section 250;

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

23 (X) An amount equal to the income from intangible
24 property taken into account for the taxable year (net
25 of the deductions allocable thereto) with respect to
26 transactions with (i) a foreign person who would be a

1 member of the taxpayer's unitary business group but for
2 the fact that the foreign person's business activity
3 outside the United States is 80% or more of that
4 person's total business activity and (ii) for taxable
5 years ending on or after December 31, 2008, to a person
6 who would be a member of the same unitary business
7 group but for the fact that the person is prohibited
8 under Section 1501(a)(27) from being included in the
9 unitary business group because he or she is ordinarily
10 required to apportion business income under different
11 subsections of Section 304, but not to exceed the
12 addition modification required to be made for the same
13 taxable year under Section 203(b)(2)(E-13) for
14 intangible expenses and costs paid, accrued, or
15 incurred, directly or indirectly, to the same foreign
16 person . This subparagraph (X) is exempt from the
17 provisions of Section 250. ~~and~~

18 ~~(FF) An amount equal to the income from insurance~~
19 ~~premiums taken into account for the taxable year (net~~
20 ~~of the deductions allocable thereto) with respect to~~
21 ~~transactions with a person who would be a member of the~~
22 ~~same unitary business group but for the fact that the~~
23 ~~person is prohibited under Section 1501(a)(27) from~~
24 ~~being included in the unitary business group because he~~
25 ~~or she is ordinarily required to apportion business~~
26 ~~income under different subsections of Section 304, but~~

1 ~~not to exceed the addition modification required to be~~
2 ~~made for the same taxable year under Section~~
3 ~~203(a)(2)(D-18) for intangible expenses and costs~~
4 ~~paid, accrued, or incurred, directly or indirectly, to~~
5 ~~the same person.~~

6 (3) Special rule. For purposes of paragraph (2) (A),
7 "gross income" in the case of a life insurance company, for
8 tax years ending on and after December 31, 1994, shall mean
9 the gross investment income for the taxable year.

10 (c) Trusts and estates.

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

14 (2) Modifications. Subject to the provisions of
15 paragraph (3), the taxable income referred to in paragraph
16 (1) shall be modified by adding thereto the sum of the
17 following amounts:

18 (A) An amount equal to all amounts paid or accrued
19 to the taxpayer as interest or dividends during the
20 taxable year to the extent excluded from gross income
21 in the computation of taxable income;

22 (B) In the case of (i) an estate, \$600; (ii) a
23 trust which, under its governing instrument, is
24 required to distribute all of its income currently,
25 \$300; and (iii) any other trust, \$100, but in each such

1 case, only to the extent such amount was deducted in
2 the computation of taxable income;

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

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

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

20 (i) the addition modification relating to the
21 net operating loss carried back or forward to the
22 taxable year from any taxable year ending prior to
23 December 31, 1986 shall be reduced by the amount of
24 addition modification under this subparagraph (E)
25 which related to that net operating loss and which
26 was taken into account in calculating the base

1 income of an earlier taxable year, and

2 (ii) the addition modification relating to the
3 net operating loss carried back or forward to the
4 taxable year from any taxable year ending prior to
5 December 31, 1986 shall not exceed the amount of
6 such carryback or carryforward;

7 For taxable years in which there is a net operating
8 loss carryback or carryforward from more than one other
9 taxable year ending prior to December 31, 1986, the
10 addition modification provided in this subparagraph
11 (E) shall be the sum of the amounts computed
12 independently under the preceding provisions of this
13 subparagraph (E) for each such taxable year;

14 (F) For taxable years ending on or after January 1,
15 1989, an amount equal to the tax deducted pursuant to
16 Section 164 of the Internal Revenue Code if the trust
17 or estate is claiming the same tax for purposes of the
18 Illinois foreign tax credit under Section 601 of this
19 Act;

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

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

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

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

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

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

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

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

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

26 This paragraph shall not apply to the following:

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

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

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

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

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

1 terms and the principal purpose for the payment is
2 not federal or Illinois tax avoidance; or

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

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

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

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

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

13 This paragraph shall not apply to the following:

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

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

26 (a) the ~~foreign~~ person during the same

1 taxable year paid, accrued, or incurred, the
2 intangible expense or cost to a person that is
3 not a related member, and

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

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

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

1 by which the Department will utilize its authority
2 under Section 404 of this Act;

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

1 reduction to the addition modification required under
2 Section 203(c)(2)(G-12) or Section 203(c)(2)(G-13)
3 ~~203(a)(2)(D-17)~~ of this Act.

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

6 (H) An amount equal to all amounts included in such
7 total pursuant to the provisions of Sections 402(a),
8 402(c), 403(a), 403(b), 406(a), 407(a) and 408 of the
9 Internal Revenue Code or included in such total as
10 distributions under the provisions of any retirement
11 or disability plan for employees of any governmental
12 agency or unit, or retirement payments to retired
13 partners, which payments are excluded in computing net
14 earnings from self employment by Section 1402 of the
15 Internal Revenue Code and regulations adopted pursuant
16 thereto;

17 (I) The valuation limitation amount;

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

21 (K) An amount equal to all amounts included in
22 taxable income as modified by subparagraphs (A), (B),
23 (C), (D), (E), (F) and (G) which are exempt from
24 taxation by this State either by reason of its statutes
25 or Constitution or by reason of the Constitution,
26 treaties or statutes of the United States; provided

1 that, in the case of any statute of this State ~~or, for~~
2 ~~taxable years ending on or after December 31, 2008, of~~
3 ~~the United States, any treaty of the United States, the~~
4 ~~Illinois Constitution, or the United States~~
5 ~~Constitution~~ that exempts income derived from bonds or
6 other obligations from the tax imposed under this Act,
7 the amount exempted shall be the interest income net of
8 bond premium amortization, ~~and, for taxable years~~
9 ~~ending on or after December 31, 2008, interest expense~~
10 ~~incurred on indebtedness to carry the bond or other~~
11 ~~obligation, expenses incurred in producing the income~~
12 ~~to be deducted, and all other related expenses. The~~
13 ~~amount of expenses to be taken into account under this~~
14 ~~provision may not exceed the amount of income that is~~
15 ~~exempted;~~

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

1 subparagraph are exempt from the provisions of Section
2 250;

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

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

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

25 (P) An amount equal to the amount of the deduction
26 used to compute the federal income tax credit for

1 restoration of substantial amounts held under claim of
2 right for the taxable year pursuant to Section 1341 of
3 the Internal Revenue Code of 1986;

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

1 only apply to a taxpayer who was the first recipient of
2 such assets after their recovery and who is a victim of
3 persecution for racial or religious reasons by Nazi
4 Germany or any other Axis regime or as an heir of the
5 victim. The amount of and the eligibility for any
6 public assistance, benefit, or similar entitlement is
7 not affected by the inclusion of items (i) and (ii) of
8 this paragraph in gross income for federal income tax
9 purposes. This paragraph is exempt from the provisions
10 of Section 250;

11 (R) For taxable years 2001 and thereafter, for the
12 taxable year in which the bonus depreciation deduction
13 is taken on the taxpayer's federal income tax return
14 under subsection (k) of Section 168 of the Internal
15 Revenue Code and for each applicable taxable year
16 thereafter, an amount equal to "x", where:

17 (1) "y" equals the amount of the depreciation
18 deduction taken for the taxable year on the
19 taxpayer's federal income tax return on property
20 for which the bonus depreciation deduction was
21 taken in any year under subsection (k) of Section
22 168 of the Internal Revenue Code, but not including
23 the bonus depreciation deduction;

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

1 0.429); and

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

4 (i) for property on which a bonus
5 depreciation deduction of 30% of the adjusted
6 basis was taken, "x" equals "y" multiplied by
7 30 and then divided by 70 (or "y" multiplied by
8 0.429); and

9 (ii) for property on which a bonus
10 depreciation deduction of 50% of the adjusted
11 basis was taken, "x" equals "y" multiplied by
12 1.0.

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

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

26 If the taxpayer continues to own property through

1 the last day of the last tax year for which the
2 taxpayer may claim a depreciation deduction for
3 federal income tax purposes and for which the taxpayer
4 was required in any taxable year to make an addition
5 modification under subparagraph (G-10), then an amount
6 equal to that addition modification.

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

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

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

1 addition modification. This subparagraph (T) is exempt
2 from the provisions of Section 250;

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

23 (V) An amount equal to the income from intangible
24 property taken into account for the taxable year (net
25 of the deductions allocable thereto) with respect to
26 transactions with (i) a foreign person who would be a

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

18 ~~(FF) An amount equal to the income from insurance~~
19 ~~premiums taken into account for the taxable year (net~~
20 ~~of the deductions allocable thereto) with respect to~~
21 ~~transactions with a person who would be a member of the~~
22 ~~same unitary business group but for the fact that the~~
23 ~~person is prohibited under Section 1501(a)(27) from~~
24 ~~being included in the unitary business group because he~~
25 ~~or she is ordinarily required to apportion business~~
26 ~~income under different subsections of Section 304, but~~

1 ~~not to exceed the addition modification required to be~~
2 ~~made for the same taxable year under Section~~
3 ~~203(a)(2)(D-18) for intangible expenses and costs~~
4 ~~paid, accrued, or incurred, directly or indirectly, to~~
5 ~~the same person.~~

6 (3) Limitation. The amount of any modification
7 otherwise required under this subsection shall, under
8 regulations prescribed by the Department, be adjusted by
9 any amounts included therein which were properly paid,
10 credited, or required to be distributed, or permanently set
11 aside for charitable purposes pursuant to Internal Revenue
12 Code Section 642(c) during the taxable year.

13 (d) Partnerships.

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

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

20 (A) An amount equal to all amounts paid or accrued
21 to the taxpayer as interest or dividends during the
22 taxable year to the extent excluded from gross income
23 in the computation of taxable income;

24 (B) An amount equal to the amount of tax imposed by
25 this Act to the extent deducted from gross income for

1 the taxable year;

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

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

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

14 (D-6) If the taxpayer sells, transfers, abandons,
15 or otherwise disposes of property for which the
16 taxpayer was required in any taxable year to make an
17 addition modification under subparagraph (D-5), then
18 an amount equal to the aggregate amount of the
19 deductions taken in all taxable years under
20 subparagraph (O) with respect to that property.

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

1 equal to that subtraction modification.

2 The taxpayer is required to make the addition
3 modification under this subparagraph only once with
4 respect to any one piece of property;

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

1 through 964 of the Internal Revenue Code and amounts
2 included in gross income under Section 78 of the
3 Internal Revenue Code) with respect to the stock of the
4 same person to whom the interest was paid, accrued, or
5 incurred.

6 This paragraph shall not apply to the following:

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

13 (ii) an item of interest paid, accrued, or
14 incurred, directly or indirectly, to a ~~foreign~~
15 person if the taxpayer can establish, based on a
16 preponderance of the evidence, both of the
17 following:

18 (a) the ~~foreign~~ person, during the same
19 taxable year, paid, accrued, or incurred, the
20 interest to a person that is not a related
21 member, and

22 (b) the transaction giving rise to the
23 interest expense between the taxpayer and the
24 ~~foreign~~ person did not have as a principal
25 purpose the avoidance of Illinois income tax,
26 and is paid pursuant to a contract or agreement

1 that reflects an arm's-length interest rate
2 and terms; or

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

9 (iv) an item of interest paid, accrued, or
10 incurred, directly or indirectly, to a ~~foreign~~
11 person if the taxpayer establishes by clear and
12 convincing evidence that the adjustments are
13 unreasonable; or if the taxpayer and the Director
14 agree in writing to the application or use of an
15 alternative method of apportionment under Section
16 304(f).

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

26 (D-8) An amount equal to the amount of intangible

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

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

19 This paragraph shall not apply to the following:

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

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

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

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

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

26 Nothing in this subsection shall preclude the

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

9 (D-9) For taxable years ending on or after December
10 31, 2008, an amount equal to the amount of insurance
11 premium expenses and costs otherwise allowed as a
12 deduction in computing base income, and that were paid,
13 accrued, or incurred, directly or indirectly, to a
14 person who would be a member of the same unitary
15 business group but for the fact that the person is
16 prohibited under Section 1501(a)(27) from being
17 included in the unitary business group because he or
18 she is ordinarily required to apportion business
19 income under different subsections of Section 304. The
20 addition modification required by this subparagraph
21 shall be reduced to the extent that dividends were
22 included in base income of the unitary group for the
23 same taxable year and received by the taxpayer or by a
24 member of the taxpayer's unitary business group
25 (including amounts included in gross income under
26 Sections 951 through 964 of the Internal Revenue Code

1 and amounts included in gross income under Section 78
2 of the Internal Revenue Code) with respect to the stock
3 of the same person to whom the premiums ~~intangible~~
4 ~~expenses~~ and costs were directly or indirectly paid,
5 incurred, or accrued. The preceding sentence does not
6 apply to the extent that the same dividends caused a
7 reduction to the addition modification required under
8 Section 203(d)(2)(D-7) or Section 203(d)(2)(D-8)
9 ~~203(a)(2)(D-17)~~ of this Act.

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

12 (E) The valuation limitation amount;

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

16 (G) An amount equal to all amounts included in
17 taxable income as modified by subparagraphs (A), (B),
18 (C) and (D) which are exempt from taxation by this
19 State either by reason of its statutes or Constitution
20 or by reason of the Constitution, treaties or statutes
21 of the United States; provided that, in the case of any
22 statute of this State ~~or, for taxable years ending on~~
23 ~~or after December 31, 2008, of the United States, any~~
24 ~~treaty of the United States, the Illinois~~
25 ~~Constitution, or the United States Constitution~~ that
26 exempts income derived from bonds or other obligations

1 from the tax imposed under this Act, the amount
2 exempted shall be the interest income net of bond
3 premium amortization, ~~and, for taxable years ending on~~
4 ~~or after December 31, 2008, interest expense incurred~~
5 ~~on indebtedness to carry the bond or other obligation,~~
6 ~~expenses incurred in producing the income to be~~
7 ~~deducted, and all other related expenses. The amount of~~
8 ~~expenses to be taken into account under this provision~~
9 ~~may not exceed the amount of income that is exempted;~~

10 (H) Any income of the partnership which
11 constitutes personal service income as defined in
12 Section 1348 (b) (1) of the Internal Revenue Code (as
13 in effect December 31, 1981) or a reasonable allowance
14 for compensation paid or accrued for services rendered
15 by partners to the partnership, whichever is greater;

16 (I) An amount equal to all amounts of income
17 distributable to an entity subject to the Personal
18 Property Tax Replacement Income Tax imposed by
19 subsections (c) and (d) of Section 201 of this Act
20 including amounts distributable to organizations
21 exempt from federal income tax by reason of Section
22 501(a) of the Internal Revenue Code;

23 (J) With the exception of any amounts subtracted
24 under subparagraph (G), an amount equal to the sum of
25 all amounts disallowed as deductions by (i) Sections
26 171(a) (2), and 265(2) of the Internal Revenue Code of

1 1954, as now or hereafter amended, and all amounts of
2 expenses allocable to interest and disallowed as
3 deductions by Section 265(1) of the Internal Revenue
4 Code, as now or hereafter amended; and (ii) for taxable
5 years ending on or after August 13, 1999, Sections
6 171(a)(2), 265, 280C, and 832(b)(5)(B)(i) of the
7 Internal Revenue Code; the provisions of this
8 subparagraph are exempt from the provisions of Section
9 250;

10 (K) An amount equal to those dividends included in
11 such total which were paid by a corporation which
12 conducts business operations in an Enterprise Zone or
13 zones created under the Illinois Enterprise Zone Act,
14 enacted by the 82nd General Assembly, or a River Edge
15 Redevelopment Zone or zones created under the River
16 Edge Redevelopment Zone Act and conducts substantially
17 all of its operations in an Enterprise Zone or Zones or
18 from a River Edge Redevelopment Zone or zones. This
19 subparagraph (K) is exempt from the provisions of
20 Section 250;

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

24 (M) An amount equal to those dividends included in
25 such total that were paid by a corporation that
26 conducts business operations in a federally designated

1 Foreign Trade Zone or Sub-Zone and that is designated a
2 High Impact Business located in Illinois; provided
3 that dividends eligible for the deduction provided in
4 subparagraph (K) of paragraph (2) of this subsection
5 shall not be eligible for the deduction provided under
6 this subparagraph (M);

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

12 (O) For taxable years 2001 and thereafter, for the
13 taxable year in which the bonus depreciation deduction
14 is taken on the taxpayer's federal income tax return
15 under subsection (k) of Section 168 of the Internal
16 Revenue Code and for each applicable taxable year
17 thereafter, an amount equal to "x", where:

18 (1) "y" equals the amount of the depreciation
19 deduction taken for the taxable year on the
20 taxpayer's federal income tax return on property
21 for which the bonus depreciation deduction was
22 taken in any year under subsection (k) of Section
23 168 of the Internal Revenue Code, but not including
24 the bonus depreciation deduction;

25 (2) for taxable years ending on or before
26 December 31, 2005, "x" equals "y" multiplied by 30

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

3 (3) for taxable years ending after December
4 31, 2005:

5 (i) for property on which a bonus
6 depreciation deduction of 30% of the adjusted
7 basis was taken, "x" equals "y" multiplied by
8 30 and then divided by 70 (or "y" multiplied by
9 0.429); and

10 (ii) for property on which a bonus
11 depreciation deduction of 50% of the adjusted
12 basis was taken, "x" equals "y" multiplied by
13 1.0.

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

22 (P) If the taxpayer sells, transfers, abandons, or
23 otherwise disposes of property for which the taxpayer
24 was required in any taxable year to make an addition
25 modification under subparagraph (D-5), then an amount
26 equal to that addition modification.

1 If the taxpayer continues to own property through
2 the last day of the last tax year for which the
3 taxpayer may claim a depreciation deduction for
4 federal income tax purposes and for which the taxpayer
5 was required in any taxable year to make an addition
6 modification under subparagraph (D-5), then an amount
7 equal to that addition modification.

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

11 This subparagraph (P) is exempt from the
12 provisions of Section 250;

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

1 203(d)(2)(D-8), but not to exceed the amount of such
2 addition modification. This subparagraph (Q) is exempt
3 from Section 250;

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

24 (S) An amount equal to the income from intangible
25 property taken into account for the taxable year (net
26 of the deductions allocable thereto) with respect to

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

19 ~~(FF) An amount equal to the income from insurance~~
20 ~~premiums taken into account for the taxable year (net~~
21 ~~of the deductions allocable thereto) with respect to~~
22 ~~transactions with a person who would be a member of the~~
23 ~~same unitary business group but for the fact that the~~
24 ~~person is prohibited under Section 1501(a)(27) from~~
25 ~~being included in the unitary business group because he~~
26 ~~or she is ordinarily required to apportion business~~

1 ~~income under different subsections of Section 304, but~~
2 ~~not to exceed the addition modification required to be~~
3 ~~made for the same taxable year under Section~~
4 ~~203(a)(2)(D-18) for intangible expenses and costs~~
5 ~~paid, accrued, or incurred, directly or indirectly, to~~
6 ~~the same person.~~

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

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

1 Internal Revenue Code, provided that when taxable income of
2 a corporation (other than a Subchapter S corporation),
3 trust, or estate is less than zero and addition
4 modifications, other than those provided by subparagraph
5 (E) of paragraph (2) of subsection (b) for corporations or
6 subparagraph (E) of paragraph (2) of subsection (c) for
7 trusts and estates, exceed subtraction modifications, an
8 addition modification must be made under those
9 subparagraphs for any other taxable year to which the
10 taxable income less than zero (net operating loss) is
11 applied under Section 172 of the Internal Revenue Code or
12 under subparagraph (E) of paragraph (2) of this subsection
13 (e) applied in conjunction with Section 172 of the Internal
14 Revenue Code.

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

18 (A) Certain life insurance companies. In the case
19 of a life insurance company subject to the tax imposed
20 by Section 801 of the Internal Revenue Code, life
21 insurance company taxable income, plus the amount of
22 distribution from pre-1984 policyholder surplus
23 accounts as calculated under Section 815a of the
24 Internal Revenue Code;

25 (B) Certain other insurance companies. In the case
26 of mutual insurance companies subject to the tax

1 imposed by Section 831 of the Internal Revenue Code,
2 insurance company taxable income;

3 (C) Regulated investment companies. In the case of
4 a regulated investment company subject to the tax
5 imposed by Section 852 of the Internal Revenue Code,
6 investment company taxable income;

7 (D) Real estate investment trusts. In the case of a
8 real estate investment trust subject to the tax imposed
9 by Section 857 of the Internal Revenue Code, real
10 estate investment trust taxable income;

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

23 (F) Cooperatives. In the case of a cooperative
24 corporation or association, the taxable income of such
25 organization determined in accordance with the
26 provisions of Section 1381 through 1388 of the Internal

1 Revenue Code;

2 (G) Subchapter S corporations. In the case of: (i)
3 a Subchapter S corporation for which there is in effect
4 an election for the taxable year under Section 1362 of
5 the Internal Revenue Code, the taxable income of such
6 corporation determined in accordance with Section
7 1363(b) of the Internal Revenue Code, except that
8 taxable income shall take into account those items
9 which are required by Section 1363(b)(1) of the
10 Internal Revenue Code to be separately stated; and (ii)
11 a Subchapter S corporation for which there is in effect
12 a federal election to opt out of the provisions of the
13 Subchapter S Revision Act of 1982 and have applied
14 instead the prior federal Subchapter S rules as in
15 effect on July 1, 1982, the taxable income of such
16 corporation determined in accordance with the federal
17 Subchapter S rules as in effect on July 1, 1982; and

18 (H) Partnerships. In the case of a partnership,
19 taxable income determined in accordance with Section
20 703 of the Internal Revenue Code, except that taxable
21 income shall take into account those items which are
22 required by Section 703(a)(1) to be separately stated
23 but which would be taken into account by an individual
24 in calculating his taxable income.

25 (3) Recapture of business expenses on disposition of
26 asset or business. Notwithstanding any other law to the

1 contrary, if in prior years income from an asset or
2 business has been classified as business income and in a
3 later year is demonstrated to be non-business income, then
4 all expenses, without limitation, deducted in such later
5 year and in the 2 immediately preceding taxable years
6 related to that asset or business that generated the
7 non-business income shall be added back and recaptured as
8 business income in the year of the disposition of the asset
9 or business. Such amount shall be apportioned to Illinois
10 using the greater of the apportionment fraction computed
11 for the business under Section 304 of this Act for the
12 taxable year or the average of the apportionment fractions
13 computed for the business under Section 304 of this Act for
14 the taxable year and for the 2 immediately preceding
15 taxable years.

16 (f) Valuation limitation amount.

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

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

25 (B) The lesser of (i) the sum of the pre-August 1,
26 1969 appreciation amounts (to the extent consisting of

1 capital gain) for all property in respect of which such
2 gain was reported for federal income tax purposes for
3 the taxable year, or (ii) the net capital gain for the
4 taxable year, reduced in either case by any amount of
5 such gain included in the amount determined under
6 subsection (a) (2) (F) or (c) (2) (H).

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

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

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

1 property ending July 31, 1969 bears to the number of
2 full calendar months in the taxpayer's entire holding
3 period for the property.

4 (C) The Department shall prescribe such
5 regulations as may be necessary to carry out the
6 purposes of this paragraph.

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

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

19 (Source: P.A. 94-776, eff. 5-19-06; 94-789, eff. 5-19-06;
20 94-1021, eff. 7-12-06; 94-1074, eff. 12-26-06; 95-23, eff.
21 8-3-07; 95-233, eff. 8-16-07; 95-286, eff. 8-20-07; 95-331,
22 eff. 8-21-07; revised 10-31-07.)

23 (35 ILCS 5/304) (from Ch. 120, par. 3-304)

1 Sec. 304. Business income of persons other than residents.

2 (a) In general. The business income of a person other than
3 a resident shall be allocated to this State if such person's
4 business income is derived solely from this State. If a person
5 other than a resident derives business income from this State
6 and one or more other states, then, for tax years ending on or
7 before December 30, 1998, and except as otherwise provided by
8 this Section, such person's business income shall be
9 apportioned to this State by multiplying the income by a
10 fraction, the numerator of which is the sum of the property
11 factor (if any), the payroll factor (if any) and 200% of the
12 sales factor (if any), and the denominator of which is 4
13 reduced by the number of factors other than the sales factor
14 which have a denominator of zero and by an additional 2 if the
15 sales factor has a denominator of zero. For tax years ending on
16 or after December 31, 1998, and except as otherwise provided by
17 this Section, persons other than residents who derive business
18 income from this State and one or more other states shall
19 compute their apportionment factor by weighting their
20 property, payroll, and sales factors as provided in subsection
21 (h) of this Section.

22 (1) Property factor.

23 (A) The property factor is a fraction, the numerator of
24 which is the average value of the person's real and
25 tangible personal property owned or rented and used in the
26 trade or business in this State during the taxable year and

1 the denominator of which is the average value of all the
2 person's real and tangible personal property owned or
3 rented and used in the trade or business during the taxable
4 year.

5 (B) Property owned by the person is valued at its
6 original cost. Property rented by the person is valued at 8
7 times the net annual rental rate. Net annual rental rate is
8 the annual rental rate paid by the person less any annual
9 rental rate received by the person from sub-rentals.

10 (C) The average value of property shall be determined
11 by averaging the values at the beginning and ending of the
12 taxable year but the Director may require the averaging of
13 monthly values during the taxable year if reasonably
14 required to reflect properly the average value of the
15 person's property.

16 (2) Payroll factor.

17 (A) The payroll factor is a fraction, the numerator of
18 which is the total amount paid in this State during the
19 taxable year by the person for compensation, and the
20 denominator of which is the total compensation paid
21 everywhere during the taxable year.

22 (B) Compensation is paid in this State if:

23 (i) The individual's service is performed entirely
24 within this State;

25 (ii) The individual's service is performed both
26 within and without this State, but the service

1 performed without this State is incidental to the
2 individual's service performed within this State; or

3 (iii) Some of the service is performed within this
4 State and either the base of operations, or if there is
5 no base of operations, the place from which the service
6 is directed or controlled is within this State, or the
7 base of operations or the place from which the service
8 is directed or controlled is not in any state in which
9 some part of the service is performed, but the
10 individual's residence is in this State.

11 (iv) Compensation paid to nonresident professional
12 athletes.

13 (a) General. The Illinois source income of a
14 nonresident individual who is a member of a
15 professional athletic team includes the portion of the
16 individual's total compensation for services performed
17 as a member of a professional athletic team during the
18 taxable year which the number of duty days spent within
19 this State performing services for the team in any
20 manner during the taxable year bears to the total
21 number of duty days spent both within and without this
22 State during the taxable year.

23 (b) Travel days. Travel days that do not involve
24 either a game, practice, team meeting, or other similar
25 team event are not considered duty days spent in this
26 State. However, such travel days are considered in the

1 total duty days spent both within and without this
2 State.

3 (c) Definitions. For purposes of this subpart
4 (iv):

5 (1) The term "professional athletic team"
6 includes, but is not limited to, any professional
7 baseball, basketball, football, soccer, or hockey
8 team.

9 (2) The term "member of a professional
10 athletic team" includes those employees who are
11 active players, players on the disabled list, and
12 any other persons required to travel and who travel
13 with and perform services on behalf of a
14 professional athletic team on a regular basis.
15 This includes, but is not limited to, coaches,
16 managers, and trainers.

17 (3) Except as provided in items (C) and (D) of
18 this subpart (3), the term "duty days" means all
19 days during the taxable year from the beginning of
20 the professional athletic team's official
21 pre-season training period through the last game
22 in which the team competes or is scheduled to
23 compete. Duty days shall be counted for the year in
24 which they occur, including where a team's
25 official pre-season training period through the
26 last game in which the team competes or is

1 scheduled to compete, occurs during more than one
2 tax year.

3 (A) Duty days shall also include days on
4 which a member of a professional athletic team
5 performs service for a team on a date that does
6 not fall within the foregoing period (e.g.,
7 participation in instructional leagues, the
8 "All Star Game", or promotional "caravans").
9 Performing a service for a professional
10 athletic team includes conducting training and
11 rehabilitation activities, when such
12 activities are conducted at team facilities.

13 (B) Also included in duty days are game
14 days, practice days, days spent at team
15 meetings, promotional caravans, preseason
16 training camps, and days served with the team
17 through all post-season games in which the team
18 competes or is scheduled to compete.

19 (C) Duty days for any person who joins a
20 team during the period from the beginning of
21 the professional athletic team's official
22 pre-season training period through the last
23 game in which the team competes, or is
24 scheduled to compete, shall begin on the day
25 that person joins the team. Conversely, duty
26 days for any person who leaves a team during

1 this period shall end on the day that person
2 leaves the team. Where a person switches teams
3 during a taxable year, a separate duty-day
4 calculation shall be made for the period the
5 person was with each team.

6 (D) Days for which a member of a
7 professional athletic team is not compensated
8 and is not performing services for the team in
9 any manner, including days when such member of
10 a professional athletic team has been
11 suspended without pay and prohibited from
12 performing any services for the team, shall not
13 be treated as duty days.

14 (E) Days for which a member of a
15 professional athletic team is on the disabled
16 list and does not conduct rehabilitation
17 activities at facilities of the team, and is
18 not otherwise performing services for the team
19 in Illinois, shall not be considered duty days
20 spent in this State. All days on the disabled
21 list, however, are considered to be included in
22 total duty days spent both within and without
23 this State.

24 (4) The term "total compensation for services
25 performed as a member of a professional athletic
26 team" means the total compensation received during

1 the taxable year for services performed:

2 (A) from the beginning of the official
3 pre-season training period through the last
4 game in which the team competes or is scheduled
5 to compete during that taxable year; and

6 (B) during the taxable year on a date which
7 does not fall within the foregoing period
8 (e.g., participation in instructional leagues,
9 the "All Star Game", or promotional caravans).

10 This compensation shall include, but is not
11 limited to, salaries, wages, bonuses as described
12 in this subpart, and any other type of compensation
13 paid during the taxable year to a member of a
14 professional athletic team for services performed
15 in that year. This compensation does not include
16 strike benefits, severance pay, termination pay,
17 contract or option year buy-out payments,
18 expansion or relocation payments, or any other
19 payments not related to services performed for the
20 team.

21 For purposes of this subparagraph, "bonuses"
22 included in "total compensation for services
23 performed as a member of a professional athletic
24 team" subject to the allocation described in
25 Section 302(c)(1) are: bonuses earned as a result
26 of play (i.e., performance bonuses) during the

1 season, including bonuses paid for championship,
2 playoff or "bowl" games played by a team, or for
3 selection to all-star league or other honorary
4 positions; and bonuses paid for signing a
5 contract, unless the payment of the signing bonus
6 is not conditional upon the signee playing any
7 games for the team or performing any subsequent
8 services for the team or even making the team, the
9 signing bonus is payable separately from the
10 salary and any other compensation, and the signing
11 bonus is nonrefundable.

12 (3) Sales factor.

13 (A) The sales factor is a fraction, the numerator of
14 which is the total sales of the person in this State during
15 the taxable year, and the denominator of which is the total
16 sales of the person everywhere during the taxable year.

17 (B) Sales of tangible personal property are in this
18 State if:

19 (i) The property is delivered or shipped to a
20 purchaser, other than the United States government,
21 within this State regardless of the f. o. b. point or
22 other conditions of the sale; or

23 (ii) The property is shipped from an office, store,
24 warehouse, factory or other place of storage in this
25 State and either the purchaser is the United States
26 government or the person is not taxable in the state of

1 the purchaser; provided, however, that premises owned
2 or leased by a person who has independently contracted
3 with the seller for the printing of newspapers,
4 periodicals or books shall not be deemed to be an
5 office, store, warehouse, factory or other place of
6 storage for purposes of this Section. Sales of tangible
7 personal property are not in this State if the seller
8 and purchaser would be members of the same unitary
9 business group but for the fact that either the seller
10 or purchaser is a person with 80% or more of total
11 business activity outside of the United States and the
12 property is purchased for resale.

13 (B-1) Patents, copyrights, trademarks, and similar
14 items of intangible personal property.

15 (i) Gross receipts from the licensing, sale, or
16 other disposition of a patent, copyright, trademark,
17 or similar item of intangible personal property are in
18 this State to the extent the item is utilized in this
19 State during the year the gross receipts are included
20 in gross income.

21 (ii) Place of utilization.

22 (I) A patent is utilized in a state to the
23 extent that it is employed in production,
24 fabrication, manufacturing, or other processing in
25 the state or to the extent that a patented product
26 is produced in the state. If a patent is utilized

1 in more than one state, the extent to which it is
2 utilized in any one state shall be a fraction equal
3 to the gross receipts of the licensee or purchaser
4 from sales or leases of items produced,
5 fabricated, manufactured, or processed within that
6 state using the patent and of patented items
7 produced within that state, divided by the total of
8 such gross receipts for all states in which the
9 patent is utilized.

10 (II) A copyright is utilized in a state to the
11 extent that printing or other publication
12 originates in the state. If a copyright is utilized
13 in more than one state, the extent to which it is
14 utilized in any one state shall be a fraction equal
15 to the gross receipts from sales or licenses of
16 materials printed or published in that state
17 divided by the total of such gross receipts for all
18 states in which the copyright is utilized.

19 (III) Trademarks and other items of intangible
20 personal property governed by this paragraph (B-1)
21 are utilized in the state in which the commercial
22 domicile of the licensee or purchaser is located.

23 (iii) If the state of utilization of an item of
24 property governed by this paragraph (B-1) cannot be
25 determined from the taxpayer's books and records or
26 from the books and records of any person related to the

1 taxpayer within the meaning of Section 267(b) of the
2 Internal Revenue Code, 26 U.S.C. 267, the gross
3 receipts attributable to that item shall be excluded
4 from both the numerator and the denominator of the
5 sales factor.

6 (B-2) Gross receipts from the license, sale, or other
7 disposition of patents, copyrights, trademarks, and
8 similar items of intangible personal property may be
9 included in the numerator or denominator of the sales
10 factor only if gross receipts from licenses, sales, or
11 other disposition of such items comprise more than 50% of
12 the taxpayer's total gross receipts included in gross
13 income during the tax year and during each of the 2
14 immediately preceding tax years; provided that, when a
15 taxpayer is a member of a unitary business group, such
16 determination shall be made on the basis of the gross
17 receipts of the entire unitary business group.

18 (B-5) For taxable years ending on or after December 31,
19 2008, except as provided in subsections (ii) through (vii),
20 receipts from the sale of telecommunications service or
21 mobile telecommunications service are in this State if the
22 customer's service address is in this State.

23 (i) For purposes of this subparagraph (B-5), the
24 following terms have the following meanings:

25 "Ancillary services" means services that are
26 associated with or incidental to the provision of

1 "telecommunications services", including but not
2 limited to "detailed telecommunications billing",
3 "directory assistance", "vertical service", and "voice
4 mail services".

5 "Air-to-Ground Radiotelephone service" means a
6 radio service, as that term is defined in 47 CFR 22.99,
7 in which common carriers are authorized to offer and
8 provide radio telecommunications service for hire to
9 subscribers in aircraft.

10 "Call-by-call Basis" means any method of charging
11 for telecommunications services where the price is
12 measured by individual calls.

13 "Communications Channel" means a physical or
14 virtual path of communications over which signals are
15 transmitted between or among customer channel
16 termination points.

17 "Conference bridging service" means an "ancillary
18 service" that links two or more participants of an
19 audio or video conference call and may include the
20 provision of a telephone number. "Conference bridging
21 service" does not include the "telecommunications
22 services" used to reach the conference bridge.

23 "Customer Channel Termination Point" means the
24 location where the customer either inputs or receives
25 the communications.

26 "Detailed telecommunications billing service"

1 means an "ancillary service" of separately stating
2 information pertaining to individual calls on a
3 customer's billing statement.

4 "Directory assistance" means an "ancillary
5 service" of providing telephone number information,
6 and/or address information.

7 "Home service provider" means the facilities based
8 carrier or reseller with which the customer contracts
9 for the provision of mobile telecommunications
10 services.

11 "Mobile telecommunications service" means
12 commercial mobile radio service, as defined in Section
13 20.3 of Title 47 of the Code of Federal Regulations as
14 in effect on June 1, 1999.

15 "Place of primary use" means the street address
16 representative of where the customer's use of the
17 telecommunications service primarily occurs, which
18 must be the residential street address or the primary
19 business street address of the customer. In the case of
20 mobile telecommunications services, "place of primary
21 use" must be within the licensed service area of the
22 home service provider.

23 "Post-paid telecommunication service" means the
24 telecommunications service obtained by making a
25 payment on a call-by-call basis either through the use
26 of a credit card or payment mechanism such as a bank

1 card, travel card, credit card, or debit card, or by
2 charge made to a telephone number which is not
3 associated with the origination or termination of the
4 telecommunications service. A post-paid calling
5 service includes telecommunications service, except a
6 prepaid wireless calling service, that would be a
7 prepaid calling service except it is not exclusively a
8 telecommunication service.

9 "Prepaid telecommunication service" means the
10 right to access exclusively telecommunications
11 services, which must be paid for in advance and which
12 enables the origination of calls using an access number
13 or authorization code, whether manually or
14 electronically dialed, and that is sold in
15 predetermined units or dollars of which the number
16 declines with use in a known amount.

17 "Prepaid Mobile telecommunication service" means a
18 telecommunications service that provides the right to
19 utilize mobile wireless service as well as other
20 non-telecommunication services, including but not
21 limited to ancillary services, which must be paid for
22 in advance that is sold in predetermined units or
23 dollars of which the number declines with use in a
24 known amount.

25 "Private communication service" means a
26 telecommunication service that entitles the customer

1 to exclusive or priority use of a communications
2 channel or group of channels between or among
3 termination points, regardless of the manner in which
4 such channel or channels are connected, and includes
5 switching capacity, extension lines, stations, and any
6 other associated services that are provided in
7 connection with the use of such channel or channels.

8 "Service address" means:

9 (a) The location of the telecommunications
10 equipment to which a customer's call is charged and
11 from which the call originates or terminates,
12 regardless of where the call is billed or paid;

13 (b) If the location in line (a) is not known,
14 service address means the origination point of the
15 signal of the telecommunications services first
16 identified by either the seller's
17 telecommunications system or in information
18 received by the seller from its service provider
19 where the system used to transport such signals is
20 not that of the seller; and

21 (c) If the locations in line (a) and line (b)
22 are not known, the service address means the
23 location of the customer's place of primary use.

24 "Telecommunications service" means the electronic
25 transmission, conveyance, or routing of voice, data,
26 audio, video, or any other information or signals to a

1 point, or between or among points. The term
2 "telecommunications service" includes such
3 transmission, conveyance, or routing in which computer
4 processing applications are used to act on the form,
5 code or protocol of the content for purposes of
6 transmission, conveyance or routing without regard to
7 whether such service is referred to as voice over
8 Internet protocol services or is classified by the
9 Federal Communications Commission as enhanced or value
10 added. "Telecommunications service" does not include:

11 (a) Data processing and information services
12 that allow data to be generated, acquired, stored,
13 processed, or retrieved and delivered by an
14 electronic transmission to a purchaser when such
15 purchaser's primary purpose for the underlying
16 transaction is the processed data or information;

17 (b) Installation or maintenance of wiring or
18 equipment on a customer's premises;

19 (c) Tangible personal property;

20 (d) Advertising, including but not limited to
21 directory advertising.

22 (e) Billing and collection services provided
23 to third parties;

24 (f) Internet access service;

25 (g) Radio and television audio and video
26 programming services, regardless of the medium,

1 including the furnishing of transmission,
2 conveyance and routing of such services by the
3 programming service provider. Radio and television
4 audio and video programming services shall include
5 but not be limited to cable service as defined in
6 47 USC 522(6) and audio and video programming
7 services delivered by commercial mobile radio
8 service providers, as defined in 47 CFR 20.3;

9 (h) "Ancillary services"; or

10 (i) Digital products "delivered
11 electronically", including but not limited to
12 software, music, video, reading materials or ring
13 tones.

14 "Vertical service" means an "ancillary service"
15 that is offered in connection with one or more
16 "telecommunications services", which offers advanced
17 calling features that allow customers to identify
18 callers and to manage multiple calls and call
19 connections, including "conference bridging services".

20 "Voice mail service" means an "ancillary service"
21 that enables the customer to store, send or receive
22 recorded messages. "Voice mail service" does not
23 include any "vertical services" that the customer may
24 be required to have in order to utilize the "voice mail
25 service".

26 (ii) Receipts from the sale of telecommunications

1 service sold on an individual call-by-call basis are in
2 this State if either of the following applies:

3 (a) The call both originates and terminates in
4 this State.

5 (b) The call either originates or terminates
6 in this State and the service address is located in
7 this State.

8 (iii) Receipts from the sale of postpaid
9 telecommunications service at retail are in this State
10 if the origination point of the telecommunication
11 signal, as first identified by the service provider's
12 telecommunication system or as identified by
13 information received by the seller from its service
14 provider if the system used to transport
15 telecommunication signals is not the seller's, is
16 located in this State.

17 (iv) Receipts from the sale of prepaid
18 telecommunications service or prepaid mobile
19 telecommunications service at retail are in this State
20 if the purchaser obtains the prepaid card or similar
21 means of conveyance at a location in this State.
22 Receipts from recharging a prepaid telecommunications
23 service or mobile telecommunications service is in
24 this State if the purchaser's billing information
25 indicates a location in this State.

26 (v) Receipts from the sale of private

1 communication services are in this State as follows:

2 (a) 100% of receipts from charges imposed at
3 each channel termination point in this State.

4 (b) 100% of receipts from charges for the total
5 channel mileage between each channel termination
6 point in this State.

7 (c) 50% of the total receipts from charges for
8 service segments when those segments are between 2
9 customer channel termination points, 1 of which is
10 located in this State and the other is located
11 outside of this State, which segments are
12 separately charged.

13 (d) The receipts from charges for service
14 segments with a channel termination point located
15 in this State and in two or more other states, and
16 which segments are not separately billed, are in
17 this State based on a percentage determined by
18 dividing the number of customer channel
19 termination points in this State by the total
20 number of customer channel termination points.

21 (vi) Receipts from charges for ancillary services
22 for telecommunications service sold to customers at
23 retail are in this State if the customer's primary
24 place of use of telecommunications services associated
25 with those ancillary services is in this State. If the
26 seller of those ancillary services cannot determine

1 where the associated telecommunications are located,
2 then the ancillary services shall be based on the
3 location of the purchaser.

4 (vii) Receipts to access a carrier's network or
5 from the sale of telecommunication services or
6 ancillary services for resale are in this State as
7 follows:

8 (a) 100% of the receipts from access fees
9 attributable to intrastate telecommunications
10 service that both originates and terminates in
11 this State.

12 (b) 50% of the receipts from access fees
13 attributable to interstate telecommunications
14 service if the interstate call either originates
15 or terminates in this State.

16 (c) 100% of the receipts from interstate end
17 user access line charges, if the customer's
18 service address is in this State. As used in this
19 subdivision, "interstate end user access line
20 charges" includes, but is not limited to, the
21 surcharge approved by the federal communications
22 commission and levied pursuant to 47 CFR 69.

23 (d) Gross receipts from sales of
24 telecommunication services or from ancillary
25 services for telecommunications services sold to
26 other telecommunication service providers for

1 resale shall be sourced to this State using the
2 apportionment concepts used for non-resale
3 receipts of telecommunications services if the
4 information is readily available to make that
5 determination. If the information is not readily
6 available, then the taxpayer may use any other
7 reasonable and consistent method.

8 (C) For taxable years ending before December 31, 2008,
9 sales, other than sales governed by paragraphs (B), (B-1),
10 and (B-2), are in this State if:

11 (i) The income-producing activity is performed in
12 this State; or

13 (ii) The income-producing activity is performed
14 both within and without this State and a greater
15 proportion of the income-producing activity is
16 performed within this State than without this State,
17 based on performance costs.

18 (C-5) For taxable years ending on or after December 31,
19 2008, sales, other than sales governed by paragraphs (B),
20 (B-1), ~~and (B-2),~~ and (B-5), are in this State if any of
21 the following criteria are met ~~the purchaser is in this~~
22 ~~State or the sale is otherwise attributable to this State's~~
23 ~~marketplace. The following examples are illustrative:~~

24 (i) Sales from the sale or lease of real property
25 are in this State if the property is located in this
26 State.

1 (ii) Sales from the lease or rental of tangible
2 personal property are in this State if the property is
3 located in this State during the rental period. Sales
4 from the lease or rental of tangible personal property
5 that is characteristically moving property, including,
6 but not limited to, motor vehicles, rolling stock,
7 aircraft, vessels, or mobile equipment are in this
8 State to the extent that the property is used in this
9 State.

10 (iii) In the case of interest, net gains (but not
11 less than zero) and other items of income from
12 intangible personal property, the sale is in this State
13 if:

14 (a) in the case of a taxpayer who is a dealer
15 in the item of intangible personal property within
16 the meaning of Section 475 of the Internal Revenue
17 Code, the income or gain is received from a
18 customer in this State. For purposes of this
19 subparagraph, a customer is in this State if the
20 customer is an individual, trust or estate who is a
21 resident of this State and, for all other
22 customers, if the customer's commercial domicile
23 is in this State. Unless the dealer has actual
24 knowledge of the residence or commercial domicile
25 of a customer during a taxable year, the customer
26 shall be deemed to be a customer in this State if

1 the billing address of the customer, as shown in
2 the records of the dealer, is in this State; or

3 (b) in all other cases, if the
4 income-producing activity of the taxpayer is
5 performed in this State or, if the
6 income-producing activity of the taxpayer is
7 performed both within and without this State, if a
8 greater proportion of the income-producing
9 activity of the taxpayer is performed within this
10 State than in any other state, based on performance
11 costs. Sales of intangible personal property are
12 ~~in this State if the purchaser realizes benefit~~
13 ~~from the property in this State. If the purchaser~~
14 ~~realizes benefit from the property both within and~~
15 ~~without this State, the gross receipts from the~~
16 ~~sale shall be divided among those states in which~~
17 ~~the taxpayer is taxable in proportion to the~~
18 ~~benefit in each state. If the proportionate~~
19 ~~benefit in this State cannot be determined, the~~
20 ~~sale shall be excluded from both the numerator and~~
21 ~~the denominator of the sales factor.~~

22 (iv) Sales of services are in this State if the
23 services are received in this State. For the purposes
24 of this section, gross receipts from the performance of
25 services provided to a corporation, partnership, or
26 trust may only be attributed to a state where that

1 corporation, partnership, or trust has a fixed place of
2 business. If the state where the services are received
3 is not readily determinable or is a state where the
4 corporation, partnership, or trust receiving the
5 service does not have a fixed place of business, the
6 services shall be deemed to be received at the location
7 of the office of the customer from which the services
8 were ordered in the regular course of the customer's
9 trade or business. If the ordering office cannot be
10 determined, the services shall be deemed to be received
11 at the office of the customer to which the services are
12 billed. If the taxpayer is not taxable in the state in
13 which the services are received, the sale must be
14 excluded from both the numerator and the denominator of
15 the sales factor. ~~the benefit of the service is~~
16 ~~realized in this State. If the benefit of the service~~
17 ~~is realized both within and without this State, the~~
18 ~~gross receipts from the sale shall be divided among~~
19 ~~those states in which the taxpayer is taxable in~~
20 ~~proportion to the benefit of service realized in each~~
21 ~~state. If the proportionate benefit in this State~~
22 ~~cannot be determined, the sale shall be excluded from~~
23 ~~both the numerator and the denominator of the sales~~
24 ~~factor.~~ The Department shall ~~may~~ adopt rules
25 prescribing where ~~the benefit of~~ specific types of
26 service are received, including, but not limited to,

1 ~~telecommunications,~~ broadcast, cable, advertising,
2 publishing, and utility service,~~is realized.~~

3 (D) For taxable years ending on or after December 31,
4 1995, the following items of income shall not be included
5 in the numerator or denominator of the sales factor:
6 dividends; amounts included under Section 78 of the
7 Internal Revenue Code; and Subpart F income as defined in
8 Section 952 of the Internal Revenue Code. No inference
9 shall be drawn from the enactment of this paragraph (D) in
10 construing this Section for taxable years ending before
11 December 31, 1995.

12 (E) Paragraphs (B-1) and (B-2) shall apply to tax years
13 ending on or after December 31, 1999, provided that a
14 taxpayer may elect to apply the provisions of these
15 paragraphs to prior tax years. Such election shall be made
16 in the form and manner prescribed by the Department, shall
17 be irrevocable, and shall apply to all tax years; provided
18 that, if a taxpayer's Illinois income tax liability for any
19 tax year, as assessed under Section 903 prior to January 1,
20 1999, was computed in a manner contrary to the provisions
21 of paragraphs (B-1) or (B-2), no refund shall be payable to
22 the taxpayer for that tax year to the extent such refund is
23 the result of applying the provisions of paragraph (B-1) or
24 (B-2) retroactively. In the case of a unitary business
25 group, such election shall apply to all members of such
26 group for every tax year such group is in existence, but

1 shall not apply to any taxpayer for any period during which
2 that taxpayer is not a member of such group.

3 (b) Insurance companies.

4 (1) In general. Except as otherwise provided by
5 paragraph (2), business income of an insurance company for
6 a taxable year shall be apportioned to this State by
7 multiplying such income by a fraction, the numerator of
8 which is the direct premiums written for insurance upon
9 property or risk in this State, and the denominator of
10 which is the direct premiums written for insurance upon
11 property or risk everywhere. For purposes of this
12 subsection, the term "direct premiums written" means the
13 total amount of direct premiums written, assessments and
14 annuity considerations as reported for the taxable year on
15 the annual statement filed by the company with the Illinois
16 Director of Insurance in the form approved by the National
17 Convention of Insurance Commissioners or such other form as
18 may be prescribed in lieu thereof.

19 (2) Reinsurance. If the principal source of premiums
20 written by an insurance company consists of premiums for
21 reinsurance accepted by it, the business income of such
22 company shall be apportioned to this State by multiplying
23 such income by a fraction, the numerator of which is the
24 sum of (i) direct premiums written for insurance upon
25 property or risk in this State, plus (ii) premiums written
26 for reinsurance accepted in respect of property or risk in

1 this State, and the denominator of which is the sum of
2 (iii) direct premiums written for insurance upon property
3 or risk everywhere, plus (iv) premiums written for
4 reinsurance accepted in respect of property or risk
5 everywhere. For taxable years ending before December 31,
6 2008, for purposes of this paragraph, premiums written for
7 reinsurance accepted in respect of property or risk in this
8 State, whether or not otherwise determinable, may, at the
9 election of the company, be determined on the basis of the
10 proportion which premiums written for reinsurance accepted
11 from companies commercially domiciled in Illinois bears to
12 premiums written for reinsurance accepted from all
13 sources, or, alternatively, in the proportion which the sum
14 of the direct premiums written for insurance upon property
15 or risk in this State by each ceding company from which
16 reinsurance is accepted bears to the sum of the total
17 direct premiums written by each such ceding company for the
18 taxable year.

19 (c) Financial organizations.

20 (1) In general. For taxable years ending before
21 December 31, 2008, business income of a financial
22 organization shall be apportioned to this State by
23 multiplying such income by a fraction, the numerator of
24 which is its business income from sources within this
25 State, and the denominator of which is its business income
26 from all sources. For the purposes of this subsection, the

1 business income of a financial organization from sources
2 within this State is the sum of the amounts referred to in
3 subparagraphs (A) through (E) following, but excluding the
4 adjusted income of an international banking facility as
5 determined in paragraph (2):

6 (A) Fees, commissions or other compensation for
7 financial services rendered within this State;

8 (B) Gross profits from trading in stocks, bonds or
9 other securities managed within this State;

10 (C) Dividends, and interest from Illinois
11 customers, which are received within this State;

12 (D) Interest charged to customers at places of
13 business maintained within this State for carrying
14 debit balances of margin accounts, without deduction
15 of any costs incurred in carrying such accounts; and

16 (E) Any other gross income resulting from the
17 operation as a financial organization within this
18 State. In computing the amounts referred to in
19 paragraphs (A) through (E) of this subsection, any
20 amount received by a member of an affiliated group
21 (determined under Section 1504(a) of the Internal
22 Revenue Code but without reference to whether any such
23 corporation is an "includible corporation" under
24 Section 1504(b) of the Internal Revenue Code) from
25 another member of such group shall be included only to
26 the extent such amount exceeds expenses of the

1 recipient directly related thereto.

2 (2) International Banking Facility. For taxable years
3 ending before December 31, 2008:

4 (A) Adjusted Income. The adjusted income of an
5 international banking facility is its income reduced
6 by the amount of the floor amount.

7 (B) Floor Amount. The floor amount shall be the
8 amount, if any, determined by multiplying the income of
9 the international banking facility by a fraction, not
10 greater than one, which is determined as follows:

11 (i) The numerator shall be:

12 The average aggregate, determined on a
13 quarterly basis, of the financial organization's
14 loans to banks in foreign countries, to foreign
15 domiciled borrowers (except where secured
16 primarily by real estate) and to foreign
17 governments and other foreign official
18 institutions, as reported for its branches,
19 agencies and offices within the state on its
20 "Consolidated Report of Condition", Schedule A,
21 Lines 2.c., 5.b., and 7.a., which was filed with
22 the Federal Deposit Insurance Corporation and
23 other regulatory authorities, for the year 1980,
24 minus

25 The average aggregate, determined on a
26 quarterly basis, of such loans (other than loans of

1 an international banking facility), as reported by
2 the financial institution for its branches,
3 agencies and offices within the state, on the
4 corresponding Schedule and lines of the
5 Consolidated Report of Condition for the current
6 taxable year, provided, however, that in no case
7 shall the amount determined in this clause (the
8 subtrahend) exceed the amount determined in the
9 preceding clause (the minuend); and

10 (ii) the denominator shall be the average
11 aggregate, determined on a quarterly basis, of the
12 international banking facility's loans to banks in
13 foreign countries, to foreign domiciled borrowers
14 (except where secured primarily by real estate)
15 and to foreign governments and other foreign
16 official institutions, which were recorded in its
17 financial accounts for the current taxable year.

18 (C) Change to Consolidated Report of Condition and
19 in Qualification. In the event the Consolidated Report
20 of Condition which is filed with the Federal Deposit
21 Insurance Corporation and other regulatory authorities
22 is altered so that the information required for
23 determining the floor amount is not found on Schedule
24 A, lines 2.c., 5.b. and 7.a., the financial institution
25 shall notify the Department and the Department may, by
26 regulations or otherwise, prescribe or authorize the

1 use of an alternative source for such information. The
2 financial institution shall also notify the Department
3 should its international banking facility fail to
4 qualify as such, in whole or in part, or should there
5 be any amendment or change to the Consolidated Report
6 of Condition, as originally filed, to the extent such
7 amendment or change alters the information used in
8 determining the floor amount.

9 (3) For taxable years ending on or after December 31,
10 2008, the business income of a financial organization shall
11 be apportioned to this State by multiplying such income by
12 a fraction, the numerator of which is its gross receipts
13 from sources in this State or otherwise attributable to
14 this State's marketplace and the denominator of which is
15 its gross receipts everywhere during the taxable year.
16 "Gross receipts" for purposes of this subparagraph (3)
17 means gross income, including net taxable gain on
18 disposition of assets, including securities and money
19 market instruments, when derived from transactions and
20 activities in the regular course of the financial
21 organization's trade or business. ~~If a person derives
22 business income from activities in addition to the
23 provision of financial services, this subparagraph (3)
24 shall apply only to its business income from financial
25 services, and its other business income shall be
26 apportioned to this State under the applicable provisions~~

1 ~~of this Section.~~ The following examples are illustrative:

2 (i) Receipts from the lease or rental of real or
3 tangible personal property are in this State if the
4 property is located in this State during the rental
5 period. Receipts from the lease or rental of tangible
6 personal property that is characteristically moving
7 property, including, but not limited to, motor
8 vehicles, rolling stock, aircraft, vessels, or mobile
9 equipment are from sources in this State to the extent
10 that the property is used in this State.

11 (ii) Interest income, commissions, fees, gains on
12 disposition, and other receipts from assets in the
13 nature of loans that are secured primarily by real
14 estate or tangible personal property are from sources
15 in this State if the security is located in this State.

16 (iii) Interest income, commissions, fees, gains on
17 disposition, and other receipts from consumer loans
18 that are not secured by real or tangible personal
19 property are from sources in this State if the debtor
20 is a resident of this State.

21 (iv) Interest income, commissions, fees, gains on
22 disposition, and other receipts from commercial loans
23 and installment obligations that are not secured by
24 real or tangible personal property are from sources in
25 this State if the proceeds of the loan are to be
26 applied in this State. If it cannot be determined where

1 the funds are to be applied, the income and receipts
2 are from sources in this State if the office of the
3 borrower from which the loan was negotiated in the
4 regular course of business is located in this State. If
5 the location of this office cannot be determined, the
6 income and receipts shall be excluded from the
7 numerator and denominator of the sales factor.

8 (v) Interest income, fees, gains on disposition,
9 service charges, merchant discount income, and other
10 receipts from credit card receivables are from sources
11 in this State if the card charges are regularly billed
12 to a customer in this State.

13 (vi) Receipts from the performance of services,
14 including, but not limited to, fiduciary, advisory,
15 and brokerage services, are in this State if the
16 services are received in this State within the meaning
17 of subparagraph (a) (3) (C-5) (iv) of this Section. ~~the~~
18 ~~benefit of the service is realized in this State. If~~
19 ~~the benefit of the service is realized both within and~~
20 ~~without this State, the gross receipts from the sale~~
21 ~~shall be divided among those states in which the~~
22 ~~taxpayer is taxable in proportion to the benefit of~~
23 ~~service realized in each state. If the proportionate~~
24 ~~benefit in this State cannot be determined, the sale~~
25 ~~shall be excluded from both the numerator and the~~
26 ~~denominator of the gross receipts factor.~~

1 (vii) Receipts from the issuance of travelers
2 checks and money orders are from sources in this State
3 if the checks and money orders are issued from a
4 location within this State.

5 (viii) Receipts from investment assets and
6 activities and trading assets and activities are
7 included in the receipts factor as follows:

8 (1) Interest, dividends, net gains (but not
9 less than zero) and other income from investment
10 assets and activities from trading assets and
11 activities shall be included in the receipts
12 factor. Investment assets and activities and
13 trading assets and activities include but are not
14 limited to: investment securities; trading account
15 assets; federal funds; securities purchased and
16 sold under agreements to resell or repurchase;
17 options; futures contracts; forward contracts;
18 notional principal contracts such as swaps;
19 equities; and foreign currency transactions. With
20 respect to the investment and trading assets and
21 activities described in subparagraphs (A) and (B)
22 of this paragraph, the receipts factor shall
23 include the amounts described in such
24 subparagraphs.

25 (A) The receipts factor shall include the
26 amount by which interest from federal funds

1 sold and securities purchased under resale
2 agreements exceeds interest expense on federal
3 funds purchased and securities sold under
4 repurchase agreements.

5 (B) The receipts factor shall include the
6 amount by which interest, dividends, gains and
7 other income from trading assets and
8 activities, including but not limited to
9 assets and activities in the matched book, in
10 the arbitrage book, and foreign currency
11 transactions, exceed amounts paid in lieu of
12 interest, amounts paid in lieu of dividends,
13 and losses from such assets and activities.

14 (2) The numerator of the receipts factor
15 includes interest, dividends, net gains (but not
16 less than zero), and other income from investment
17 assets and activities and from trading assets and
18 activities described in paragraph (1) of this
19 subsection that are attributable to this State.

20 (A) The amount of interest, dividends, net
21 gains (but not less than zero), and other
22 income from investment assets and activities
23 in the investment account to be attributed to
24 this State and included in the numerator is
25 determined by multiplying all such income from
26 such assets and activities by a fraction, the

1 numerator of which is the gross income from
2 such assets and activities which are properly
3 assigned to a fixed place of business of the
4 taxpayer within this State and the denominator
5 of which is the gross income from all such
6 assets and activities.

7 (B) The amount of interest from federal
8 funds sold and purchased and from securities
9 purchased under resale agreements and
10 securities sold under repurchase agreements
11 attributable to this State and included in the
12 numerator is determined by multiplying the
13 amount described in subparagraph (A) of
14 paragraph (1) of this subsection from such
15 funds and such securities by a fraction, the
16 numerator of which is the gross income from
17 such funds and such securities which are
18 properly assigned to a fixed place of business
19 of the taxpayer within this State and the
20 denominator of which is the gross income from
21 all such funds and such securities.

22 (C) The amount of interest, dividends,
23 gains, and other income from trading assets and
24 activities, including but not limited to
25 assets and activities in the matched book, in
26 the arbitrage book and foreign currency

1 transactions (but excluding amounts described
2 in subparagraphs (A) or (B) of this paragraph),
3 attributable to this State and included in the
4 numerator is determined by multiplying the
5 amount described in subparagraph (B) of
6 paragraph (1) of this subsection by a fraction,
7 the numerator of which is the gross income from
8 such trading assets and activities which are
9 properly assigned to a fixed place of business
10 of the taxpayer within this State and the
11 denominator of which is the gross income from
12 all such assets and activities.

13 (D) Properly assigned, for purposes of
14 this paragraph (2) of this subsection, means
15 the investment or trading asset or activity is
16 assigned to the fixed place of business with
17 which it has a preponderance of substantive
18 contacts. An investment or trading asset or
19 activity assigned by the taxpayer to a fixed
20 place of business without the State shall be
21 presumed to have been properly assigned if:

22 (i) the taxpayer has assigned, in the
23 regular course of its business, such asset
24 or activity on its records to a fixed place
25 of business consistent with federal or
26 state regulatory requirements;

1 (ii) such assignment on its records is
2 based upon substantive contacts of the
3 asset or activity to such fixed place of
4 business; and

5 (iii) the taxpayer uses such records
6 reflecting assignment of such assets or
7 activities for the filing of all state and
8 local tax returns for which an assignment
9 of such assets or activities to a fixed
10 place of business is required.

11 (E) The presumption of proper assignment
12 of an investment or trading asset or activity
13 provided in subparagraph (D) of paragraph (2)
14 of this subsection may be rebutted upon a
15 showing by the Department, supported by a
16 preponderance of the evidence, that the
17 preponderance of substantive contacts
18 regarding such asset or activity did not occur
19 at the fixed place of business to which it was
20 assigned on the taxpayer's records. If the
21 fixed place of business that has a
22 preponderance of substantive contacts cannot
23 be determined for an investment or trading
24 asset or activity to which the presumption in
25 subparagraph (D) of paragraph (2) of this
26 subsection does not apply or with respect to

1 which that presumption has been rebutted, that
2 asset or activity is properly assigned to the
3 state in which the taxpayer's commercial
4 domicile is located. For purposes of this
5 subparagraph (E), it shall be presumed,
6 subject to rebuttal, that taxpayer's
7 commercial domicile is in the state of the
8 United States or the District of Columbia to
9 which the greatest number of employees are
10 regularly connected with the management of the
11 investment or trading income or out of which
12 they are working, irrespective of where the
13 services of such employees are performed, as of
14 the last day of the taxable year. In the case
15 ~~of a financial organization that accepts~~
16 ~~deposits, receipts from investments and from~~
17 ~~money market instruments are apportioned to~~
18 ~~this State based on the ratio that the total~~
19 ~~deposits of the financial organization~~
20 ~~(including all members of the financial~~
21 ~~organization's unitary group) from this State,~~
22 ~~its residents, (including businesses with an~~
23 ~~office or other place of business in this~~
24 ~~State), and its political subdivisions,~~
25 ~~agencies, and instrumentalities bear to total~~
26 ~~deposits everywhere. For purposes of this~~

1 ~~subdivision, deposits must be attributed to~~
2 ~~this State under the preceding sentence,~~
3 ~~whether or not the deposits are accepted or~~
4 ~~maintained by the financial organization at~~
5 ~~locations within this State. In the case of a~~
6 ~~financial organization that does not accept~~
7 ~~deposits, receipts from investments in~~
8 ~~securities and from money market instruments~~
9 ~~shall be excluded from the numerator and the~~
10 ~~denominator of the gross receipts factor.~~

11 (4) (Blank). ~~As used in subparagraph (3), "deposit"~~
12 ~~includes but is not limited to:~~

13 ~~(i) the unpaid balance of money or its equivalent~~
14 ~~received or held by a financial institution in the~~
15 ~~usual course of business and for which it has given or~~
16 ~~is obligated to give credit, either conditionally or~~
17 ~~unconditionally, to a commercial, checking, savings,~~
18 ~~time, or thrift account whether or not advance notice~~
19 ~~is required to withdraw the credited funds, or which is~~
20 ~~evidenced by its certificate of deposit, thrift~~
21 ~~certificate, investment certificate, or certificate of~~
22 ~~indebtedness, or other similar name, or a check or~~
23 ~~draft drawn against a deposit account and certified by~~
24 ~~the financial organization, or a letter of credit or a~~
25 ~~traveler's check on which the financial organization~~
26 ~~is primarily liable. However, without limiting the~~

1 ~~generality of the term "money or its equivalent", any~~
2 ~~such account or instrument must be regarded as~~
3 ~~evidencing the receipt of the equivalent of money when~~
4 ~~credited or issued in exchange for checks or drafts or~~
5 ~~for a promissory note upon which the person obtaining~~
6 ~~the credit or instrument is primarily or secondarily~~
7 ~~liable, or for a charge against a deposit account, or~~
8 ~~in settlement of checks, drafts, or other instruments~~
9 ~~forwarded to the bank for collection;~~

10 ~~(ii) trust funds received or held by the financial~~
11 ~~organization, whether held in the trust department or~~
12 ~~held or deposited in any other department of the~~
13 ~~financial organization;~~

14 ~~(iii) money received or held by a financial~~
15 ~~organization, or the credit given for money or its~~
16 ~~equivalent received or held by a financial~~
17 ~~organization, in the usual course of business for a~~
18 ~~special or specific purpose, regardless of the legal~~
19 ~~relationship so established. Under this paragraph,~~
20 ~~"deposit" includes, but is not limited to, escrow~~
21 ~~funds, funds held as security for an obligation due to~~
22 ~~the financial organization or others, including funds~~
23 ~~held as dealers reserves, or for securities loaned by~~
24 ~~the financial organization, funds deposited by a~~
25 ~~debtor to meet maturing obligations, funds deposited~~
26 ~~as advance payment on subscriptions to United States~~

1 ~~government securities, funds held for distribution or~~
2 ~~purchase of securities, funds held to meet its~~
3 ~~acceptances or letters of credit, and withheld taxes.~~
4 ~~It does not include funds received by the financial~~
5 ~~organization for immediate application to the~~
6 ~~reduction of an indebtedness to the receiving~~
7 ~~financial organization, or under condition that the~~
8 ~~receipt of the funds immediately reduces or~~
9 ~~extinguishes the indebtedness;~~

10 ~~(iv) outstanding drafts, including advice of~~
11 ~~another financial organization, cashier's checks,~~
12 ~~money orders, or other officer's checks issued in the~~
13 ~~usual course of business for any purpose, but not~~
14 ~~including those issued in payment for services,~~
15 ~~dividends, or purchases or other costs or expenses of~~
16 ~~the financial organization itself; and~~

17 ~~(v) money or its equivalent held as a credit~~
18 ~~balance by a financial organization on behalf of its~~
19 ~~customer if the entity is engaged in soliciting and~~
20 ~~holding such balances in the regular course of its~~
21 ~~business.~~

22 (5) (Blank). ~~As used in subparagraph (3), "money market~~
23 ~~instruments" includes but is not limited to:~~

24 ~~(i) Interest bearing deposits, federal funds sold~~
25 ~~and securities purchased under agreements to resell,~~
26 ~~commercial paper, banker's acceptances, and purchased~~

1 ~~certificates of deposit and similar instruments to the~~
2 ~~extent that the instruments are reflected as assets~~
3 ~~under generally accepted accounting principles.~~

4 ~~"Securities" means corporate stock, bonds, and~~
5 ~~other securities (including, for purposes of taxation~~
6 ~~of gains on securities and for purchases under~~
7 ~~agreements to resell, United States Treasury~~
8 ~~securities, obligations of United States government~~
9 ~~agencies and corporations, obligations of state and~~
10 ~~political subdivisions, the interest on which is~~
11 ~~exempt from Illinois income tax), participations in~~
12 ~~securities backed by mortgages held by United States or~~
13 ~~state government agencies, loan backed securities, and~~
14 ~~similar investments to the extent the investments are~~
15 ~~reflected as assets under generally accepted~~
16 ~~accounting principles.~~

17 ~~(ii) For purposes of subparagraph (3), "money~~
18 ~~market instruments" shall include investments in~~
19 ~~investment partnerships, trusts, pools, funds,~~
20 ~~investment companies, or any similar entity in~~
21 ~~proportion to the investment of the entity in money~~
22 ~~market instruments, and "securities" shall include~~
23 ~~investments in investment partnerships, trusts, pools,~~
24 ~~funds, investment companies, or any similar entity in~~
25 ~~proportion to the investment of the entity in~~
26 ~~securities.~~

1 (d) Transportation services. For taxable years ending
2 before December 31, 2008, business income derived from
3 furnishing transportation services shall be apportioned to
4 this State in accordance with paragraphs (1) and (2):

5 (1) Such business income (other than that derived from
6 transportation by pipeline) shall be apportioned to this
7 State by multiplying such income by a fraction, the
8 numerator of which is the revenue miles of the person in
9 this State, and the denominator of which is the revenue
10 miles of the person everywhere. For purposes of this
11 paragraph, a revenue mile is the transportation of 1
12 passenger or 1 net ton of freight the distance of 1 mile
13 for a consideration. Where a person is engaged in the
14 transportation of both passengers and freight, the
15 fraction above referred to shall be determined by means of
16 an average of the passenger revenue mile fraction and the
17 freight revenue mile fraction, weighted to reflect the
18 person's

19 (A) relative railway operating income from total
20 passenger and total freight service, as reported to the
21 Interstate Commerce Commission, in the case of
22 transportation by railroad, and

23 (B) relative gross receipts from passenger and
24 freight transportation, in case of transportation
25 other than by railroad.

26 (2) Such business income derived from transportation

1 by pipeline shall be apportioned to this State by
2 multiplying such income by a fraction, the numerator of
3 which is the revenue miles of the person in this State, and
4 the denominator of which is the revenue miles of the person
5 everywhere. For the purposes of this paragraph, a revenue
6 mile is the transportation by pipeline of 1 barrel of oil,
7 1,000 cubic feet of gas, or of any specified quantity of
8 any other substance, the distance of 1 mile for a
9 consideration.

10 (3) For taxable years ending on or after December 31,
11 2008, business income derived from providing
12 transportation services other than airline services shall
13 be apportioned to this State by using a fraction, (a) the
14 numerator of which shall be (i) all receipts from any
15 movement or shipment of people, goods, mail, oil, gas, or
16 any other substance (other than by airline) that both
17 originates and terminates in this State, plus (ii) that
18 portion of the person's gross receipts from movements or
19 shipments of people, goods, mail, oil, gas, or any other
20 substance (other than by airline) that originates in one
21 state or jurisdiction and terminates in another state or
22 jurisdiction ~~passing through, into, or out of this State,~~
23 that is determined by the ratio that the miles traveled in
24 this State bears to total miles everywhere ~~from point of~~
25 ~~origin to point of destination~~ and (b) the denominator of
26 which shall be all revenue derived from the movement or

1 shipment of people, goods, mail, oil, gas, or any other
2 substance (other than by airline). Where a taxpayer is
3 engaged in the transportation of both passengers and
4 freight, the fraction above referred to shall first be
5 determined separately for passenger miles and freight
6 miles. Then an average of the passenger miles fraction and
7 the freight miles fraction shall be weighted to reflect the
8 taxpayer's:

9 (A) relative railway operating income from total
10 passenger and total freight service, as reported to the
11 Surface Transportation Board, in the case of
12 transportation by railroad; and

13 (B) relative gross receipts from passenger and
14 freight transportation, in case of transportation
15 other than by railroad. ~~If a person derives business~~
16 ~~income from activities in addition to the provision of~~
17 ~~transportation services (other than by airline), this~~
18 ~~subsection shall apply only to its business income from~~
19 ~~transportation services and its other business income~~
20 ~~shall be apportioned to this State according to the~~
21 ~~applicable provisions of this Section.~~

22 (4) For taxable years ending on or after December 31,
23 2008, business income derived from furnishing airline
24 transportation services shall be apportioned to this State
25 by multiplying such income by a fraction, the numerator of
26 which is the revenue miles of the person in this State, and

1 the denominator of which is the revenue miles of the person
2 everywhere. For purposes of this paragraph, a revenue mile
3 is the transportation of one passenger or one net ton of
4 freight the distance of one mile for a consideration. If a
5 person is engaged in the transportation of both passengers
6 and freight, the fraction above referred to shall be
7 determined by means of an average of the passenger revenue
8 mile fraction and the freight revenue mile fraction,
9 weighted to reflect the person's relative gross receipts
10 from passenger and freight airline transportation. For
11 ~~taxable years ending on or after December 31, 2008,~~
12 ~~business income derived from providing airline services~~
13 ~~shall be apportioned to this State by using a fraction, (a)~~
14 ~~the numerator of which shall be arrivals of aircraft to and~~
15 ~~departures from this State weighted as to cost of aircraft~~
16 ~~by type and (b) the denominator of which shall be total~~
17 ~~arrivals and departures of aircraft weighted as to cost of~~
18 ~~aircraft by type. If a person derives business income from~~
19 ~~activities in addition to the provision of airline~~
20 ~~services, this subsection shall apply only to its business~~
21 ~~income from airline services and its other business income~~
22 ~~shall be apportioned to this State under the applicable~~
23 ~~provisions of this Section.~~

24 (e) Combined apportionment. Where 2 or more persons are
25 engaged in a unitary business as described in subsection
26 (a) (27) of Section 1501, a part of which is conducted in this

1 State by one or more members of the group, the business income
2 attributable to this State by any such member or members shall
3 be apportioned by means of the combined apportionment method.

4 (f) Alternative allocation. If the allocation and
5 apportionment provisions of subsections (a) through (e) and of
6 subsection (h) do not fairly represent the extent of a person's
7 business activity in this State, the person may petition for,
8 or the Director may, without a petition, permit or require, in
9 respect of all or any part of the person's business activity,
10 if reasonable:

11 (1) Separate accounting;

12 (2) The exclusion of any one or more factors;

13 (3) The inclusion of one or more additional factors
14 which will fairly represent the person's business
15 activities in this State; or

16 (4) The employment of any other method to effectuate an
17 equitable allocation and apportionment of the person's
18 business income.

19 (g) Cross reference. For allocation of business income by
20 residents, see Section 301(a).

21 (h) For tax years ending on or after December 31, 1998, the
22 apportionment factor of persons who apportion their business
23 income to this State under subsection (a) shall be equal to:

24 (1) for tax years ending on or after December 31, 1998
25 and before December 31, 1999, $16 \frac{2}{3}\%$ of the property
26 factor plus $16 \frac{2}{3}\%$ of the payroll factor plus $66 \frac{2}{3}\%$ of

1 the sales factor;

2 (2) for tax years ending on or after December 31, 1999
3 and before December 31, 2000, 8 1/3% of the property factor
4 plus 8 1/3% of the payroll factor plus 83 1/3% of the sales
5 factor;

6 (3) for tax years ending on or after December 31, 2000,
7 the sales factor.

8 If, in any tax year ending on or after December 31, 1998 and
9 before December 31, 2000, the denominator of the payroll,
10 property, or sales factor is zero, the apportionment factor
11 computed in paragraph (1) or (2) of this subsection for that
12 year shall be divided by an amount equal to 100% minus the
13 percentage weight given to each factor whose denominator is
14 equal to zero.

15 (Source: P.A. 94-247, eff. 1-1-06; 95-233, eff. 8-16-07.)

16 (35 ILCS 5/704A)

17 Sec. 704A. Employer's return and payment of tax withheld.

18 (a) In general, every employer who deducts and withholds or
19 is required to deduct and withhold tax under this Act on or
20 after January 1, 2008 shall make those payments and returns as
21 provided in this Section.

22 (b) Returns. Every employer shall, in the form and manner
23 required by the Department, make returns with respect to taxes
24 withheld or required to be withheld under this Article 7 for
25 each quarter beginning on or after January 1, 2008, on or

1 before the last day of the first month following the close of
2 that quarter.

3 (c) Payments. With respect to amounts withheld or required
4 to be withheld on or after January 1, 2008:

5 (1) Semi-weekly payments. For each calendar year, each
6 employer who withheld or was required to withhold more than
7 \$12,000 during the one-year period ending on June 30 of the
8 immediately preceding calendar year, payment must be made:

9 (A) on or before each Friday of the calendar year,
10 for taxes withheld or required to be withheld on the
11 immediately preceding Saturday, Sunday, Monday, or
12 Tuesday;

13 (B) on or before each Wednesday of the calendar
14 year, for taxes withheld or required to be withheld on
15 the immediately preceding Wednesday, Thursday, or
16 Friday.

17 (2) Semi-weekly payments. Any employer who withholds
18 or is required to withhold more than \$12,000 in any quarter
19 of a calendar year is required to make payments on the
20 dates set forth under item (1) of this subsection (c) for
21 each remaining quarter of that calendar year and for the
22 subsequent calendar year.

23 (3) Monthly payments. Each employer, other than an
24 employer described in items (1) or (2) of this subsection,
25 shall pay to the Department, on or before the 15th day of
26 each month the taxes withheld or required to be withheld

1 during the immediately preceding month.

2 (4) Payments with returns. Each employer shall pay to
3 the Department, on or before the due date for each return
4 required to be filed under this Section, any tax withheld
5 or required to be withheld during the period for which the
6 return is due and not previously paid to the Department.

7 (d) Regulatory authority. The Department may, by rule:

8 (1) If the aggregate amounts required to be withheld
9 under this Article 7 do not exceed \$1,000 for the calendar
10 year, permit employers, in lieu of the requirements of
11 subsections (b) and (c), to file annual returns due on or
12 before January 31 of the following year for taxes withheld
13 or required to be withheld during that calendar year and to
14 pay the taxes required to be shown on each such return no
15 later than the due date for such return.

16 (2) Provide that any payment required to be made under
17 subsection (c)(1) or (c)(2) is deemed to be timely to the
18 extent paid by electronic funds transfer on or before the
19 due date for deposit of federal income taxes withheld from,
20 or federal employment taxes due with respect to, the wages
21 from which the Illinois taxes were withheld.

22 (3) Designate one or more depositories to which payment
23 of taxes required to be withheld under this Article 7 must
24 be paid by some or all employers.

25 (4) Increase the threshold dollar amounts at which
26 employers are required to make semi-weekly payments under

1 subsection (c) (1) or (c) (2).

2 (e) Annual return and payment. Every employer who deducts
3 and withholds or is required to deduct and withhold tax from a
4 person engaged in domestic service employment, as that term is
5 defined in Section 3510 of the Internal Revenue Code, may
6 comply with the requirements of this Section with respect to
7 such employees by filing an annual return and paying the taxes
8 required to be deducted and withheld on or before the 15th day
9 of the fourth month following the close of the employer's
10 taxable year. The Department may allow the employer's return to
11 be submitted with the employer's individual income tax return
12 or to be submitted with a return due from the employer under
13 Section 1400.2 of the Unemployment Insurance Act.

14 (f) Magnetic media and electronic filing. Any W-2 Form
15 that, under the Internal Revenue Code and regulations
16 promulgated thereunder, is required to be submitted to the
17 Internal Revenue Service on magnetic media or electronically
18 must also be submitted to the Department on magnetic media or
19 electronically for Illinois purposes, if required by the
20 Department.

21 (Source: P.A. 95-8, eff. 6-29-07.)

22 (35 ILCS 5/709.5)

23 Sec. 709.5. Withholding by partnerships, Subchapter S
24 corporations, and trusts.

25 (a) In general. For each taxable year ending on or after

1 December 31, 2008, every partnership (other than a publicly
2 traded partnership under Section 7704 of the Internal Revenue
3 Code or investment partnership), Subchapter S corporation, and
4 trust must withhold from each nonresident partner,
5 shareholder, or beneficiary (other than a partner,
6 shareholder, or beneficiary who is exempt from tax under
7 Section 501(a) of the Internal Revenue Code or under Section
8 205 of this Act or who is included on a composite return filed
9 by the partnership or Subchapter S corporation for the taxable
10 year under subsection (f) of Section 502 of this Act) an amount
11 equal to the distributable share of the business income of the
12 partnership, Subchapter S corporation, or trust apportionable
13 to Illinois of that partner, shareholder, or beneficiary under
14 Sections 702 and 704 and Subchapter S of the Internal Revenue
15 Code, whether or not distributed, multiplied by the applicable
16 rates of tax for that partner or shareholder under subsections
17 (a) through (d) of Section 201 of this Act.

18 (b) Credit for taxes withheld. Any amount withheld under
19 subsection (a) of this Section and paid to the Department shall
20 be treated as a payment of the estimated tax liability or of
21 the liability for withholding under this Section of the
22 partner, shareholder, or beneficiary to whom the income is
23 distributable for the taxable year in which that person
24 incurred a liability under this Act with respect to that
25 income. The Department shall adopt rules pursuant to which a
26 partner, shareholder, or beneficiary may claim a credit against

1 its obligation for withholding under this Section for amounts
2 withheld under this Section with respect to income
3 distributable to it by a partnership, Subchapter S corporation,
4 or trust and allowing its partners, shareholders, or
5 beneficiaries to claim a credit under this subsection (b) for
6 those withheld amounts.

7 (c) Exemption from withholding.

8 (1) A partnership, Subchapter S corporation, or trust
9 shall not be required to withhold tax under subsection (a)
10 of this Section with respect to any nonresident partner,
11 shareholder, or beneficiary (other than an individual)
12 from whom the partnership, S corporation, or trust has
13 received a certificate, completed in the form and manner
14 prescribed by the Department, stating that such
15 nonresident partner, shareholder, or beneficiary shall:

16 (A) file all returns that the partner,
17 shareholder, or beneficiary is required to file under
18 Section 502 of this Act and make timely payment of all
19 taxes imposed under Section 201 of this Act or under
20 this Section on the partner, shareholder, or
21 beneficiary with respect to income of the partnership,
22 S corporation, or trust; and

23 (B) be subject to personal jurisdiction in this
24 State for purposes of the collection of income taxes,
25 together with related interest and penalties, imposed
26 on the partner, shareholder, or beneficiary with

1 respect to the income of the partnership, S
2 corporation, or trust.

3 (2) The Department may revoke the exemption provided by
4 this subsection (c) at any time that it determines that the
5 nonresident partner, shareholder, or beneficiary is not
6 abiding by the terms of the certificate. The Department
7 shall notify the partnership, S corporation, or trust that
8 it has revoked a certificate by notice left at the usual
9 place of business of the partnership, S corporation, or
10 trust or by mail to the last known address of the
11 partnership, S corporation, or trust.

12 (3) A partnership, S corporation, or trust that
13 receives a certificate under this subsection (c) properly
14 completed by a nonresident partner, shareholder, or
15 beneficiary shall not be required to withhold any amount
16 from that partner, shareholder, or beneficiary, the
17 payment of which would be due under Section 711(a-5) of
18 this Act after the receipt of the certificate and no
19 earlier than 60 days after the Department has notified the
20 partnership, S corporation, or trust that the certificate
21 has been revoked.

22 (4) Certificates received by a the partnership, S
23 corporation, or trust under this subsection (c) must be
24 retained by the partnership, S corporation, or trust and a
25 record of such certificates must be provided to the
26 Department, in a format in which the record is available

1 for review by the Department, upon request by the
2 Department. The Department may, by rule, require the record
3 of certificates to be maintained and provided to the
4 Department electronically.

5 (Source: P.A. 95-233, eff. 8-16-07.)

6 (35 ILCS 5/901) (from Ch. 120, par. 9-901)

7 Sec. 901. Collection Authority.

8 (a) In general.

9 The Department shall collect the taxes imposed by this Act.
10 The Department shall collect certified past due child support
11 amounts under Section 2505-650 of the Department of Revenue Law
12 (20 ILCS 2505/2505-650). Except as provided in subsections (c)
13 and (e) of this Section, money collected pursuant to
14 subsections (a) and (b) of Section 201 of this Act shall be
15 paid into the General Revenue Fund in the State treasury; money
16 collected pursuant to subsections (c) and (d) of Section 201 of
17 this Act shall be paid into the Personal Property Tax
18 Replacement Fund, a special fund in the State Treasury; and
19 money collected under Section 2505-650 of the Department of
20 Revenue Law (20 ILCS 2505/2505-650) shall be paid into the
21 Child Support Enforcement Trust Fund, a special fund outside
22 the State Treasury, or to the State Disbursement Unit
23 established under Section 10-26 of the Illinois Public Aid
24 Code, as directed by the Department of Healthcare and Family
25 Services.

1 (b) Local Governmental Distributive Fund.

2 Beginning August 1, 1969, and continuing through June 30,
3 1994, the Treasurer shall transfer each month from the General
4 Revenue Fund to a special fund in the State treasury, to be
5 known as the "Local Government Distributive Fund", an amount
6 equal to 1/12 of the net revenue realized from the tax imposed
7 by subsections (a) and (b) of Section 201 of this Act during
8 the preceding month. Beginning July 1, 1994, and continuing
9 through June 30, 1995, the Treasurer shall transfer each month
10 from the General Revenue Fund to the Local Government
11 Distributive Fund an amount equal to 1/11 of the net revenue
12 realized from the tax imposed by subsections (a) and (b) of
13 Section 201 of this Act during the preceding month. Beginning
14 July 1, 1995, the Treasurer shall transfer each month from the
15 General Revenue Fund to the Local Government Distributive Fund
16 an amount equal to the net of (i) 1/10 of the net revenue
17 realized from the tax imposed by subsections (a) and (b) of
18 Section 201 of the Illinois Income Tax Act during the preceding
19 month (ii) minus, beginning July 1, 2003 and ending June 30,
20 2004, \$6,666,666, and beginning July 1, 2004, zero. Net revenue
21 realized for a month shall be defined as the revenue from the
22 tax imposed by subsections (a) and (b) of Section 201 of this
23 Act which is deposited in the General Revenue Fund, the
24 Educational Assistance Fund and the Income Tax Surcharge Local
25 Government Distributive Fund during the month minus the amount
26 paid out of the General Revenue Fund in State warrants during

1 that same month as refunds to taxpayers for overpayment of
2 liability under the tax imposed by subsections (a) and (b) of
3 Section 201 of this Act.

4 (c) Deposits Into Income Tax Refund Fund.

5 (1) Beginning on January 1, 1989 and thereafter, the
6 Department shall deposit a percentage of the amounts
7 collected pursuant to subsections (a) and (b)(1), (2), and
8 (3), of Section 201 of this Act into a fund in the State
9 treasury known as the Income Tax Refund Fund. The
10 Department shall deposit 6% of such amounts during the
11 period beginning January 1, 1989 and ending on June 30,
12 1989. Beginning with State fiscal year 1990 and for each
13 fiscal year thereafter, the percentage deposited into the
14 Income Tax Refund Fund during a fiscal year shall be the
15 Annual Percentage. For fiscal years 1999 through 2001, the
16 Annual Percentage shall be 7.1%. For fiscal year 2003, the
17 Annual Percentage shall be 8%. For fiscal year 2004, the
18 Annual Percentage shall be 11.7%. Upon the effective date
19 of this amendatory Act of the 93rd General Assembly, the
20 Annual Percentage shall be 10% for fiscal year 2005. For
21 fiscal year 2006, the Annual Percentage shall be 9.75%. For
22 fiscal year 2007, the Annual Percentage shall be 9.75%. For
23 fiscal year 2008, the Annual Percentage shall be 7.75%. For
24 all other fiscal years, the Annual Percentage shall be
25 calculated as a fraction, the numerator of which shall be
26 the amount of refunds approved for payment by the

1 Department during the preceding fiscal year as a result of
2 overpayment of tax liability under subsections (a) and
3 (b) (1), (2), and (3) of Section 201 of this Act plus the
4 amount of such refunds remaining approved but unpaid at the
5 end of the preceding fiscal year, minus the amounts
6 transferred into the Income Tax Refund Fund from the
7 Tobacco Settlement Recovery Fund, and the denominator of
8 which shall be the amounts which will be collected pursuant
9 to subsections (a) and (b) (1), (2), and (3) of Section 201
10 of this Act during the preceding fiscal year; except that
11 in State fiscal year 2002, the Annual Percentage shall in
12 no event exceed 7.6%. The Director of Revenue shall certify
13 the Annual Percentage to the Comptroller on the last
14 business day of the fiscal year immediately preceding the
15 fiscal year for which it is to be effective.

16 (2) Beginning on January 1, 1989 and thereafter, the
17 Department shall deposit a percentage of the amounts
18 collected pursuant to subsections (a) and (b) (6), (7), and
19 (8), (c) and (d) of Section 201 of this Act into a fund in
20 the State treasury known as the Income Tax Refund Fund. The
21 Department shall deposit 18% of such amounts during the
22 period beginning January 1, 1989 and ending on June 30,
23 1989. Beginning with State fiscal year 1990 and for each
24 fiscal year thereafter, the percentage deposited into the
25 Income Tax Refund Fund during a fiscal year shall be the
26 Annual Percentage. For fiscal years 1999, 2000, and 2001,

1 the Annual Percentage shall be 19%. For fiscal year 2003,
2 the Annual Percentage shall be 27%. For fiscal year 2004,
3 the Annual Percentage shall be 32%. Upon the effective date
4 of this amendatory Act of the 93rd General Assembly, the
5 Annual Percentage shall be 24% for fiscal year 2005. For
6 fiscal year 2006, the Annual Percentage shall be 20%. For
7 fiscal year 2007, the Annual Percentage shall be 17.5%. For
8 fiscal year 2008, the Annual Percentage shall be 15.5%. For
9 all other fiscal years, the Annual Percentage shall be
10 calculated as a fraction, the numerator of which shall be
11 the amount of refunds approved for payment by the
12 Department during the preceding fiscal year as a result of
13 overpayment of tax liability under subsections (a) and
14 (b) (6), (7), and (8), (c) and (d) of Section 201 of this
15 Act plus the amount of such refunds remaining approved but
16 unpaid at the end of the preceding fiscal year, and the
17 denominator of which shall be the amounts which will be
18 collected pursuant to subsections (a) and (b) (6), (7), and
19 (8), (c) and (d) of Section 201 of this Act during the
20 preceding fiscal year; except that in State fiscal year
21 2002, the Annual Percentage shall in no event exceed 23%.
22 The Director of Revenue shall certify the Annual Percentage
23 to the Comptroller on the last business day of the fiscal
24 year immediately preceding the fiscal year for which it is
25 to be effective.

26 (3) The Comptroller shall order transferred and the

1 Treasurer shall transfer from the Tobacco Settlement
2 Recovery Fund to the Income Tax Refund Fund (i) \$35,000,000
3 in January, 2001, (ii) \$35,000,000 in January, 2002, and
4 (iii) \$35,000,000 in January, 2003.

5 (d) Expenditures from Income Tax Refund Fund.

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

14 (2) The Director shall order payment of refunds
15 resulting from overpayment of tax liability under Section
16 201 of this Act from the Income Tax Refund Fund only to the
17 extent that amounts collected pursuant to Section 201 of
18 this Act and transfers pursuant to this subsection (d) and
19 item (3) of subsection (c) have been deposited and retained
20 in the Fund.

21 (3) As soon as possible after the end of each fiscal
22 year, the Director shall order transferred and the State
23 Treasurer and State Comptroller shall transfer from the
24 Income Tax Refund Fund to the Personal Property Tax
25 Replacement Fund an amount, certified by the Director to
26 the Comptroller, equal to the excess of the amount

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

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

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

1 less refunds resulting from the earned income tax credit.

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

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

8 On July 1, 1991, and thereafter, of the amounts collected
9 pursuant to subsections (a) and (b) of Section 201 of this Act,
10 minus deposits into the Income Tax Refund Fund, the Department
11 shall deposit 7.3% into the Education Assistance Fund in the
12 State Treasury. Beginning July 1, 1991, and continuing through
13 January 31, 1993, of the amounts collected pursuant to
14 subsections (a) and (b) of Section 201 of the Illinois Income
15 Tax Act, minus deposits into the Income Tax Refund Fund, the
16 Department shall deposit 3.0% into the Income Tax Surcharge
17 Local Government Distributive Fund in the State Treasury.
18 Beginning February 1, 1993 and continuing through June 30,
19 1993, of the amounts collected pursuant to subsections (a) and
20 (b) of Section 201 of the Illinois Income Tax Act, minus
21 deposits into the Income Tax Refund Fund, the Department shall
22 deposit 4.4% into the Income Tax Surcharge Local Government
23 Distributive Fund in the State Treasury. Beginning July 1,
24 1993, and continuing through June 30, 1994, of the amounts
25 collected under subsections (a) and (b) of Section 201 of this
26 Act, minus deposits into the Income Tax Refund Fund, the

1 Department shall deposit 1.475% into the Income Tax Surcharge
2 Local Government Distributive Fund in the State Treasury.

3 (Source: P.A. 93-32, eff. 6-20-03; 93-839, eff. 7-30-04; 94-91,
4 eff. 7-1-05; 94-839, eff. 6-6-06.)

5 (35 ILCS 5/1001) (from Ch. 120, par. 10-1001)

6 Sec. 1001. Failure to File Tax Returns.

7 (a) Failure to file tax return. In case of failure to file
8 any tax return required under this Act on the date prescribed
9 therefor, (determined with regard to any extensions of time for
10 filing) there shall be added as a penalty the amount prescribed
11 by Section 3-3 of the Uniform Penalty and Interest Act.

12 (b) Failure to disclose reportable transaction. Any
13 taxpayer who fails to include on any return or statement any
14 information with respect to a reportable transaction that is
15 required under Section 501(b) of this Act to be included with
16 such return or statement shall pay a penalty in the amount
17 determined under this subsection ~~who fails to comply with the~~
18 ~~requirements of Section 501(b) of this Act shall pay a penalty~~
19 ~~in the amount determined under this subsection.~~ Such penalty
20 shall be deemed assessed upon the date of filing of the return
21 for the taxable year in which the taxpayer participates in the
22 reportable transaction. A taxpayer shall not be considered to
23 have complied with the requirements of Section 501(b) of this
24 Act unless the disclosure statement filed with the Department
25 includes all of the information required to be disclosed with

1 respect to a reportable transaction pursuant to Section 6011 of
2 the Internal Revenue Code, the regulations promulgated under
3 that statute, Treasury Regulations Section 1.6011-4 (26 CFR
4 1.6011-4) and regulations promulgated by the Department under
5 Section 501(b) of this Act.

6 (1) Amount of penalty. Except as provided in paragraph
7 (2), the amount of the penalty under this subsection shall
8 be \$15,000 for each failure to comply with the requirements
9 of Section 501(b).

10 (2) Increase in penalty for listed transactions. In the
11 case of a failure to comply with the requirements of
12 Section 501(b) with respect to a "listed transaction", the
13 penalty under this subsection shall be \$30,000 for each
14 failure.

15 (3) Authority to rescind penalty. The Department may
16 rescind all or any portion of any penalty imposed by this
17 subsection with respect to any violation, if ~~any of the~~
18 ~~following apply:~~

19 (A) the violation is with respect to a reportable
20 transaction other than a listed transaction, and

21 (B) rescinding the penalty would promote
22 compliance with the requirements of this Act and
23 effective tax administration.

24 ~~(A) It is determined that failure to comply did not~~
25 ~~jeopardize the best interests of the State and is not~~
26 ~~due to any willful neglect or any intent not to comply,~~

1 ~~(B) The person on whom the penalty is imposed has a~~
2 ~~history of complying with the requirements of this Act;~~

3 ~~(C) It is shown that the violation is due to an~~
4 ~~unintentional mistake of fact;~~

5 ~~(D) Imposing the penalty would be against equity~~
6 ~~and good conscience;~~

7 ~~(E) Rescinding the penalty would promote~~
8 ~~compliance with the requirements of this Act and~~
9 ~~effective tax administration; or~~

10 ~~(F) The taxpayer can show that there was a~~
11 ~~reasonable cause for the failure to disclose and that~~
12 ~~the taxpayer acted in good faith.~~

13 A determination made under this subparagraph (3) may be
14 reviewed in any administrative or judicial proceeding.

15 (4) Coordination with other penalties. The penalty
16 imposed by this subsection is in addition to any penalty
17 imposed by this Act or the Uniform Penalty and Interest
18 Act. The doubling of penalties and interest authorized by
19 the Illinois Tax Delinquency Amnesty Act (P.A. 93-26) are
20 not applicable to the reportable penalties under
21 subsection (b).

22 (c) The total penalty imposed under subsection (b) of this
23 Section with respect to any taxable year shall not exceed 10%
24 of the increase in net income (or reduction in Illinois net
25 loss under Section 207 of this Act) that would result had the
26 taxpayer not participated in any reportable transaction

1 affecting its net income for such taxable year.

2 (Source: P.A. 93-840, eff. 7-30-04.)

3 (35 ILCS 5/1007)

4 Sec. 1007. Failure to register tax shelter or maintain
5 list.

6 (a) Penalty Imposed. Any person that fails to comply with
7 the requirements of Section 1405.5 ~~or Section 1405.6~~ shall
8 incur a penalty as provided in subsection (b) ~~this Section~~. A
9 person shall not be in compliance with the requirements of
10 Section 1405.5 unless and until the required return
11 ~~registration~~ has been filed and that return contains all of the
12 information required to be included by the Secretary under
13 federal law. ~~with such registration under Section 6111 of the~~
14 ~~Internal Revenue Code or such Section 1405.5. A person shall~~
15 ~~not be in compliance with the requirements of Section 1405.6~~
16 ~~unless, at the time the required list is made available to the~~
17 ~~Department, such list contains all of the information required~~
18 ~~to be maintained under Section 6112 of the Internal Revenue~~
19 ~~Code or such Section 1405.6.~~

20 (b) Amount of Penalty. The following penalties apply:

21 (1) Except as provided in paragraph (2), the penalty
22 imposed under subsection (a) with respect to any failure is
23 \$15,000. ~~In the case of each failure to comply with the~~
24 ~~requirements of subsection (a), subsection (b), or~~
25 ~~subsection (c) of Section 1405.5, the penalty shall be~~

1 ~~\$15,000.~~

2 (2) If the failure is with respect to a listed
3 transaction under subsection (c) of Section 1405.5, the
4 penalty shall be \$100,000.

5 (3) In the case of each failure to comply with the
6 requirements of subsection (a) or subsection (b) of Section
7 1405.6, the penalty shall be \$15,000.

8 (4) If the failure is with respect to a listed
9 transaction under subsection (c) of Section 1405.6, the
10 penalty shall be \$100,000.

11 (c) Authority to rescind penalty. The Department may
12 rescind all or any portion of any penalty imposed by this
13 subsection with respect to any violation, if

14 (1) the violation is with respect to a reportable
15 transaction other than a listed transaction, and

16 (2) rescinding the penalty would promote compliance
17 with the requirements of this Act and effective tax
18 administration. ~~The Director of the Board of Appeals may~~
19 ~~rescind all or any portion of any penalty imposed by this~~
20 ~~Section with respect to any violation, if any of the~~
21 ~~following apply:~~

22 ~~(1) It is determined that failure to comply did not~~
23 ~~jeopardize the best interests of the State and is not due~~
24 ~~to any willful neglect or any intent not to comply;~~

25 ~~(2) The person on whom the penalty is imposed has a~~
26 ~~history of complying with the requirements of this Act;~~

1 ~~(3) It is shown that the violation is due to an~~
2 ~~unintentional mistake of fact;~~

3 ~~(4) Imposing the penalty would be against equity and~~
4 ~~good conscience;~~

5 ~~(5) Rescinding the penalty would promote compliance~~
6 ~~with the requirements of this Act and effective tax~~
7 ~~administration; or~~

8 ~~(6) The taxpayer can show that there was reasonable~~
9 ~~cause for the failure to disclose and that the taxpayer~~
10 ~~acted in good faith.~~

11 (d) Coordination with other penalties. The penalty imposed
12 by this Section is in addition to any penalty imposed by this
13 Act or the Uniform Penalty and Interest Act.

14 (Source: P.A. 93-840, eff. 7-30-04.)

15 (35 ILCS 5/1405.5)

16 Sec. 1405.5. Registration of tax shelters.

17 (a) Federal tax shelter. Any material advisor ~~tax shelter~~
18 ~~organizer~~ required to make a return ~~register a tax shelter~~
19 under Section 6111 of the Internal Revenue Code with respect to
20 a reportable transaction shall send a duplicate of the return
21 ~~federal registration information~~ to the Department not later
22 than the day on which the return ~~registration~~ is required to be
23 filed under federal law. ~~Any person required to register under~~
24 ~~Section 6111 of the Internal Revenue Code who receives a tax~~
25 ~~registration number from the Secretary of the Treasury shall,~~

1 ~~within 30 days after request by the Department, file a~~
2 ~~statement of that registration number.~~

3 (b) (Blank). ~~Additional requirements for listed~~
4 ~~transactions. In addition to the requirements of subsection~~
5 ~~(a), for any transactions entered into on or after February 28,~~
6 ~~2000 that become listed transactions (as defined under Treasury~~
7 ~~Regulations Section 1.6011-4) at any time, those transactions~~
8 ~~shall be registered with the Department (in the form and manner~~
9 ~~prescribed by the Department) by the later of (i) 60 days after~~
10 ~~entering into the transaction, (ii) 60 days after the~~
11 ~~transaction becomes a listed transaction, or (iii) December 31,~~
12 ~~2004.~~

13 (c) Transactions Tax shelters subject to this Section. The
14 provisions of this Section apply to any reportable transaction
15 having a nexus with this State. For returns that must be filed
16 under this Section on or after January 1, 2008, a reportable
17 transaction has nexus with this State if, at the time the
18 transaction is entered into, the transaction has one or more
19 investors that is an Illinois taxpayer. For returns that must
20 be filed under this Section prior to January 1, 2008, a tax
21 shelter has a nexus with this State if it ~~herein described that~~
22 ~~additionally~~ satisfies any of the following conditions: (1) is
23 organized in this State; (2) is doing business in this State;
24 or (3) is deriving income from sources in this State.

25 (d) (Blank). ~~Tax shelter identification number. Any person~~
26 ~~required to file a return under this Act and required to~~

1 ~~include on the person's federal tax return a tax shelter~~
2 ~~identification number pursuant to Section 6111 of the Internal~~
3 ~~Revenue Code shall furnish such number upon filing of the~~
4 ~~person's Illinois return.~~

5 (Source: P.A. 93-840, eff. 7-30-04.)

6 (35 ILCS 5/1405.6)

7 Sec. 1405.6. Investor lists.

8 (a) Federal abusive tax shelter. Any person required to
9 maintain a list under Section 6112 of the Internal Revenue Code
10 ~~and Treasury Regulations Section 301.6112-1 with respect to a~~
11 ~~potentially abusive tax shelter~~ shall furnish a duplicate of
12 such list to the Department not later than the earlier of the
13 time such list is required to be furnished to the Internal
14 Revenue Service for inspection under Section 6112 of the
15 Internal Revenue Code or the date of written request by the
16 Department under federal income tax law.

17 ~~The list required under this Section shall include the same~~
18 ~~information required with respect to a potentially abusive tax~~
19 ~~shelter under Treasury Regulations Section 301.6112-1 and any~~
20 ~~other information as the Department may require.~~

21 (b) (Blank). ~~Additional requirements for listed~~
22 ~~transactions. For transactions entered into on or after~~
23 ~~February 28, 2000 that become listed transactions (as defined~~
24 ~~under Treasury Regulations Section 1.6011-4) at any time, the~~
25 ~~list shall be furnished to the Department by the later of (i)~~

1 ~~60 days after entering into the transaction, (ii) 60 days after~~
2 ~~the transaction becomes a listed transaction, or (iii) December~~
3 ~~31, 2004.~~

4 (c) Transactions subject to this Section. The provisions of
5 this Section apply to any reportable transaction having a nexus
6 with this State. For lists that must be filed with the
7 Department on or after January 1, 2008, a reportable
8 transaction has nexus with this State if, at the time the
9 transaction is entered into, the transaction has one or more
10 investors that is an Illinois taxpayer. For lists that must be
11 filed with the Department prior to January 1, 2008, a
12 reportable transaction has nexus with this State if, at the
13 time the transaction is: ~~(d) Tax Shelters subject to this~~
14 ~~Section. The provisions of this Section apply to any tax~~
15 ~~shelter herein described that additionally satisfies any of the~~
16 ~~following conditions:~~

17 (1) Organized in this State;

18 (2) Doing Business in this State; or

19 (3) Deriving income from sources in this State.

20 (Source: P.A. 93-840, eff. 7-30-04.)

21 (35 ILCS 5/1501) (from Ch. 120, par. 15-1501)

22 Sec. 1501. Definitions.

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

1 (1) Business income. The term "business income" means
2 all income that may be treated as apportionable business
3 income under the Constitution of the United States.
4 Business income is net of the deductions allocable thereto.
5 Such term does not include compensation or the deductions
6 allocable thereto. For each taxable year beginning on or
7 after January 1, 2003, a taxpayer may elect to treat all
8 income other than compensation as business income. This
9 election shall be made in accordance with rules adopted by
10 the Department and, once made, shall be irrevocable.

11 (1.5) Captive real estate investment trust:

12 (A) The term "captive real estate investment trust"
13 means a corporation, trust, or association:

14 (i) that is considered a real estate investment
15 trust for the taxable year under Section 856 of the
16 Internal Revenue Code;

17 (ii) the certificates of beneficial interest or
18 shares of which are ~~that is~~ not regularly traded on an
19 established securities market; and

20 (iii) of which more than 50% of the voting power or
21 value of the beneficial interest or shares, at any time
22 during the last half of the taxable year, is owned or
23 controlled, directly, ~~or~~ indirectly, or
24 constructively, by a single person ~~entity that is~~
25 ~~subject to the provisions of Subchapter C of Chapter 1~~
26 ~~of the Internal Revenue Code.~~

1 (B) The term "captive real estate investment trust"
2 does not include:

3 (i) a real estate investment trust corporation,
4 ~~trust, or association~~ of which more than 50% of the
5 voting power or value of the beneficial interest or
6 shares is owned or controlled, directly, indirectly,
7 or constructively, ~~at any time during which the~~
8 ~~corporation, trust, or association satisfies item~~
9 ~~(A) (iii) of this subsection (1.5),~~ by:

10 (a) a real estate investment trust, other than
11 a captive real estate investment trust ~~described~~
12 ~~in item (A) of this subsection;~~

13 (b) a person who is exempt from taxation under
14 Section 501 of the Internal Revenue Code, and who
15 is not required to treat income received from the
16 real estate investment trust as unrelated business
17 taxable income under Section 512 of the Internal
18 Revenue Code;

19 (c) a listed Australian property trust, if no
20 more than 50% of the voting power or value of the
21 beneficial interest or shares of that trust, at any
22 time during the last half of the taxable year, is
23 owned or controlled, directly or indirectly, by a
24 single person; or

25 (d) an entity organized as a trust, provided a
26 listed Australian property trust described in

1 subparagraph (c) owns or controls, directly or
2 indirectly, or constructively, 75% or more of the
3 voting power or value of the beneficial interests
4 or shares of such entity; or

5 (ii) during its first taxable year for which it
6 elects to be treated as a real estate investment trust
7 under Section 856(c)(1) of the Internal Revenue Code, a
8 real estate investment trust the certificates of
9 beneficial interest or shares of which are not
10 regularly traded on an established securities market,
11 but only if the certificates of beneficial interest or
12 shares of the real estate investment trust are
13 regularly traded on an established securities market
14 prior to the earlier of the due date (including
15 extensions) for filing its return under this Act for
16 that first taxable year or the date it actually files
17 that return.

18 ~~(c) a listed Australian property trust; or~~

19 ~~(d) a real estate investment trust that,~~
20 ~~subject to rules of the Secretary of State, is~~
21 ~~intended to become regularly traded on an~~
22 ~~established securities market and that satisfies~~
23 ~~the requirements of Sections 856(A)(5) and~~
24 ~~856(A)(6) of the Internal Revenue Code by reason of~~
25 ~~Section 856(H)(2) of the Internal Revenue Code.~~

26 (C) For the purposes of this subsection (1.5), the

1 constructive ownership rules prescribed under Section
2 318(a) ~~318(A)~~ of the Internal Revenue Code, as modified by
3 Section 856(d)(5) ~~856(D)(5)~~ of the Internal Revenue Code,
4 apply in determining the ownership of stock, assets, or net
5 profits of any person.

6 (2) Commercial domicile. The term "commercial
7 domicile" means the principal place from which the trade or
8 business of the taxpayer is directed or managed.

9 (3) Compensation. The term "compensation" means wages,
10 salaries, commissions and any other form of remuneration
11 paid to employees for personal services.

12 (4) Corporation. The term "corporation" includes
13 associations, joint-stock companies, insurance companies
14 and cooperatives. Any entity, including a limited
15 liability company formed under the Illinois Limited
16 Liability Company Act, shall be treated as a corporation if
17 it is so classified for federal income tax purposes.

18 (5) Department. The term "Department" means the
19 Department of Revenue of this State.

20 (6) Director. The term "Director" means the Director of
21 Revenue of this State.

22 (7) Fiduciary. The term "fiduciary" means a guardian,
23 trustee, executor, administrator, receiver, or any person
24 acting in any fiduciary capacity for any person.

25 (8) Financial organization.

26 (A) The term "financial organization" means any

1 bank, bank holding company, trust company, savings
2 bank, industrial bank, land bank, safe deposit
3 company, private banker, savings and loan association,
4 building and loan association, credit union, currency
5 exchange, cooperative bank, small loan company, sales
6 finance company, investment company, or any person
7 which is owned by a bank or bank holding company. For
8 the purpose of this Section a "person" will include
9 only those persons which a bank holding company may
10 acquire and hold an interest in, directly or
11 indirectly, under the provisions of the Bank Holding
12 Company Act of 1956 (12 U.S.C. 1841, et seq.), except
13 where interests in any person must be disposed of
14 within certain required time limits under the Bank
15 Holding Company Act of 1956.

16 (B) For purposes of subparagraph (A) of this
17 paragraph, the term "bank" includes (i) any entity that
18 is regulated by the Comptroller of the Currency under
19 the National Bank Act, or by the Federal Reserve Board,
20 or by the Federal Deposit Insurance Corporation and
21 (ii) any federally or State chartered bank operating as
22 a credit card bank.

23 (C) For purposes of subparagraph (A) of this
24 paragraph, the term "sales finance company" has the
25 meaning provided in the following item (i) or (ii):

26 (i) A person primarily engaged in one or more

1 of the following businesses: the business of
2 purchasing customer receivables, the business of
3 making loans upon the security of customer
4 receivables, the business of making loans for the
5 express purpose of funding purchases of tangible
6 personal property or services by the borrower, or
7 the business of finance leasing. For purposes of
8 this item (i), "customer receivable" means:

9 (a) a retail installment contract or
10 retail charge agreement within the meaning of
11 the Sales Finance Agency Act, the Retail
12 Installment Sales Act, or the Motor Vehicle
13 Retail Installment Sales Act;

14 (b) an installment, charge, credit, or
15 similar contract or agreement arising from the
16 sale of tangible personal property or services
17 in a transaction involving a deferred payment
18 price payable in one or more installments
19 subsequent to the sale; or

20 (c) the outstanding balance of a contract
21 or agreement described in provisions (a) or (b)
22 of this item (i).

23 A customer receivable need not provide for
24 payment of interest on deferred payments. A sales
25 finance company may purchase a customer receivable
26 from, or make a loan secured by a customer

1 receivable to, the seller in the original
2 transaction or to a person who purchased the
3 customer receivable directly or indirectly from
4 that seller.

5 (ii) A corporation meeting each of the
6 following criteria:

7 (a) the corporation must be a member of an
8 "affiliated group" within the meaning of
9 Section 1504(a) of the Internal Revenue Code,
10 determined without regard to Section 1504(b)
11 of the Internal Revenue Code;

12 (b) more than 50% of the gross income of
13 the corporation for the taxable year must be
14 interest income derived from qualifying loans.
15 A "qualifying loan" is a loan made to a member
16 of the corporation's affiliated group that
17 originates customer receivables (within the
18 meaning of item (i)) or to whom customer
19 receivables originated by a member of the
20 affiliated group have been transferred, to the
21 extent the average outstanding balance of
22 loans from that corporation to members of its
23 affiliated group during the taxable year do not
24 exceed the limitation amount for that
25 corporation. The "limitation amount" for a
26 corporation is the average outstanding

1 balances during the taxable year of customer
2 receivables (within the meaning of item (i))
3 originated by all members of the affiliated
4 group. If the average outstanding balances of
5 the loans made by a corporation to members of
6 its affiliated group exceed the limitation
7 amount, the interest income of that
8 corporation from qualifying loans shall be
9 equal to its interest income from loans to
10 members of its affiliated groups times a
11 fraction equal to the limitation amount
12 divided by the average outstanding balances of
13 the loans made by that corporation to members
14 of its affiliated group;

15 (c) the total of all shareholder's equity
16 (including, without limitation, paid-in
17 capital on common and preferred stock and
18 retained earnings) of the corporation plus the
19 total of all of its loans, advances, and other
20 obligations payable or owed to members of its
21 affiliated group may not exceed 20% of the
22 total assets of the corporation at any time
23 during the tax year; and

24 (d) more than 50% of all interest-bearing
25 obligations of the affiliated group payable to
26 persons outside the group determined in

1 accordance with generally accepted accounting
2 principles must be obligations of the
3 corporation.

4 This amendatory Act of the 91st General Assembly is
5 declaratory of existing law.

6 (D) Subparagraphs (B) and (C) of this paragraph are
7 declaratory of existing law and apply retroactively,
8 for all tax years beginning on or before December 31,
9 1996, to all original returns, to all amended returns
10 filed no later than 30 days after the effective date of
11 this amendatory Act of 1996, and to all notices issued
12 on or before the effective date of this amendatory Act
13 of 1996 under subsection (a) of Section 903, subsection
14 (a) of Section 904, subsection (e) of Section 909, or
15 Section 912. A taxpayer that is a "financial
16 organization" that engages in any transaction with an
17 affiliate shall be a "financial organization" for all
18 purposes of this Act.

19 (E) For all tax years beginning on or before
20 December 31, 1996, a taxpayer that falls within the
21 definition of a "financial organization" under
22 subparagraphs (B) or (C) of this paragraph, but who
23 does not fall within the definition of a "financial
24 organization" under the Proposed Regulations issued by
25 the Department of Revenue on July 19, 1996, may
26 irrevocably elect to apply the Proposed Regulations

1 for all of those years as though the Proposed
2 Regulations had been lawfully promulgated, adopted,
3 and in effect for all of those years. For purposes of
4 applying subparagraphs (B) or (C) of this paragraph to
5 all of those years, the election allowed by this
6 subparagraph applies only to the taxpayer making the
7 election and to those members of the taxpayer's unitary
8 business group who are ordinarily required to
9 apportion business income under the same subsection of
10 Section 304 of this Act as the taxpayer making the
11 election. No election allowed by this subparagraph
12 shall be made under a claim filed under subsection (d)
13 of Section 909 more than 30 days after the effective
14 date of this amendatory Act of 1996.

15 (F) Finance Leases. For purposes of this
16 subsection, a finance lease shall be treated as a loan
17 or other extension of credit, rather than as a lease,
18 regardless of how the transaction is characterized for
19 any other purpose, including the purposes of any
20 regulatory agency to which the lessor is subject. A
21 finance lease is any transaction in the form of a lease
22 in which the lessee is treated as the owner of the
23 leased asset entitled to any deduction for
24 depreciation allowed under Section 167 of the Internal
25 Revenue Code.

26 (9) Fiscal year. The term "fiscal year" means an

1 accounting period of 12 months ending on the last day of
2 any month other than December.

3 (9.5) Fixed place of business. The term "fixed place of
4 business" has the same meaning as that term is given in
5 Section 864 of the Internal Revenue Code and the related
6 Treasury regulations.

7 (10) Includes and including. The terms "includes" and
8 "including" when used in a definition contained in this Act
9 shall not be deemed to exclude other things otherwise
10 within the meaning of the term defined.

11 (11) Internal Revenue Code. The term "Internal Revenue
12 Code" means the United States Internal Revenue Code of 1954
13 or any successor law or laws relating to federal income
14 taxes in effect for the taxable year.

15 (11.5) Investment partnership.

16 (A) The term "investment partnership" means any
17 entity that is treated as a partnership for federal
18 income tax purposes that meets the following
19 requirements:

20 (i) no less than 90% of the partnership's cost
21 of its total assets consists of qualifying
22 investment securities, deposits at banks or other
23 financial institutions, and office space and
24 equipment reasonably necessary to carry on its
25 activities as an investment partnership;

26 (ii) no less than 90% of its gross income

1 consists of interest, dividends, and gains from
2 the sale or exchange of qualifying investment
3 securities; and

4 (iii) the partnership is not a dealer in
5 qualifying investment securities.

6 (B) For purposes of this paragraph (11.5), the term
7 "qualifying investment securities" includes all of the
8 following:

9 (i) common stock, including preferred or debt
10 securities convertible into common stock, and
11 preferred stock;

12 (ii) bonds, debentures, and other debt
13 securities;

14 (iii) foreign and domestic currency deposits
15 secured by federal, state, or local governmental
16 agencies;

17 (iv) mortgage or asset-backed securities
18 secured by federal, state, or local governmental
19 agencies;

20 (v) repurchase agreements and loan
21 participations;

22 (vi) foreign currency exchange contracts and
23 forward and futures contracts on foreign
24 currencies;

25 (vii) stock and bond index securities and
26 futures contracts and other similar financial

1 securities and futures contracts on those
2 securities;

3 (viii) options for the purchase or sale of any
4 of the securities, currencies, contracts, or
5 financial instruments described in items (i) to
6 (vii), inclusive;

7 (ix) regulated futures contracts;

8 (x) commodities (not described in Section
9 1221(a)(1) of the Internal Revenue Code) or
10 futures, forwards, and options with respect to
11 such commodities, provided, however, that any item
12 of a physical commodity to which title is actually
13 acquired in the partnership's capacity as a dealer
14 in such commodity shall not be a qualifying
15 investment security;

16 (xi) derivatives; and

17 (xii) a partnership interest in another
18 partnership that is an investment partnership.

19 (12) Mathematical error. The term "mathematical error"
20 includes the following types of errors, omissions, or
21 defects in a return filed by a taxpayer which prevents
22 acceptance of the return as filed for processing:

23 (A) arithmetic errors or incorrect computations on
24 the return or supporting schedules;

25 (B) entries on the wrong lines;

26 (C) omission of required supporting forms or

1 schedules or the omission of the information in whole
2 or in part called for thereon; and

3 (D) an attempt to claim, exclude, deduct, or
4 improperly report, in a manner directly contrary to the
5 provisions of the Act and regulations thereunder any
6 item of income, exemption, deduction, or credit.

7 (13) Nonbusiness income. The term "nonbusiness income"
8 means all income other than business income or
9 compensation.

10 (14) Nonresident. The term "nonresident" means a
11 person who is not a resident.

12 (15) Paid, incurred and accrued. The terms "paid",
13 "incurred" and "accrued" shall be construed according to
14 the method of accounting upon the basis of which the
15 person's base income is computed under this Act.

16 (16) Partnership and partner. The term "partnership"
17 includes a syndicate, group, pool, joint venture or other
18 unincorporated organization, through or by means of which
19 any business, financial operation, or venture is carried
20 on, and which is not, within the meaning of this Act, a
21 trust or estate or a corporation; and the term "partner"
22 includes a member in such syndicate, group, pool, joint
23 venture or organization.

24 The term "partnership" includes any entity, including
25 a limited liability company formed under the Illinois
26 Limited Liability Company Act, classified as a partnership

1 for federal income tax purposes.

2 The term "partnership" does not include a syndicate,
3 group, pool, joint venture, or other unincorporated
4 organization established for the sole purpose of playing
5 the Illinois State Lottery.

6 (17) Part-year resident. The term "part-year resident"
7 means an individual who became a resident during the
8 taxable year or ceased to be a resident during the taxable
9 year. Under Section 1501(a)(20)(A)(i) residence commences
10 with presence in this State for other than a temporary or
11 transitory purpose and ceases with absence from this State
12 for other than a temporary or transitory purpose. Under
13 Section 1501(a)(20)(A)(ii) residence commences with the
14 establishment of domicile in this State and ceases with the
15 establishment of domicile in another State.

16 (18) Person. The term "person" shall be construed to
17 mean and include an individual, a trust, estate,
18 partnership, association, firm, company, corporation,
19 limited liability company, or fiduciary. For purposes of
20 Section 1301 and 1302 of this Act, a "person" means (i) an
21 individual, (ii) a corporation, (iii) an officer, agent, or
22 employee of a corporation, (iv) a member, agent or employee
23 of a partnership, or (v) a member, manager, employee,
24 officer, director, or agent of a limited liability company
25 who in such capacity commits an offense specified in
26 Section 1301 and 1302.

1 (18A) Records. The term "records" includes all data
2 maintained by the taxpayer, whether on paper, microfilm,
3 microfiche, or any type of machine-sensible data
4 compilation.

5 (19) Regulations. The term "regulations" includes
6 rules promulgated and forms prescribed by the Department.

7 (20) Resident. The term "resident" means:

8 (A) an individual (i) who is in this State for
9 other than a temporary or transitory purpose during the
10 taxable year; or (ii) who is domiciled in this State
11 but is absent from the State for a temporary or
12 transitory purpose during the taxable year;

13 (B) The estate of a decedent who at his or her
14 death was domiciled in this State;

15 (C) A trust created by a will of a decedent who at
16 his death was domiciled in this State; and

17 (D) An irrevocable trust, the grantor of which was
18 domiciled in this State at the time such trust became
19 irrevocable. For purpose of this subparagraph, a trust
20 shall be considered irrevocable to the extent that the
21 grantor is not treated as the owner thereof under
22 Sections 671 through 678 of the Internal Revenue Code.

23 (21) Sales. The term "sales" means all gross receipts
24 of the taxpayer not allocated under Sections 301, 302 and
25 303.

26 (22) State. The term "state" when applied to a

1 jurisdiction other than this State means any state of the
2 United States, the District of Columbia, the Commonwealth
3 of Puerto Rico, any Territory or Possession of the United
4 States, and any foreign country, or any political
5 subdivision of any of the foregoing. For purposes of the
6 foreign tax credit under Section 601, the term "state"
7 means any state of the United States, the District of
8 Columbia, the Commonwealth of Puerto Rico, and any
9 territory or possession of the United States, or any
10 political subdivision of any of the foregoing, effective
11 for tax years ending on or after December 31, 1989.

12 (23) Taxable year. The term "taxable year" means the
13 calendar year, or the fiscal year ending during such
14 calendar year, upon the basis of which the base income is
15 computed under this Act. "Taxable year" means, in the case
16 of a return made for a fractional part of a year under the
17 provisions of this Act, the period for which such return is
18 made.

19 (24) Taxpayer. The term "taxpayer" means any person
20 subject to the tax imposed by this Act.

21 (25) International banking facility. The term
22 international banking facility shall have the same meaning
23 as is set forth in the Illinois Banking Act or as is set
24 forth in the laws of the United States or regulations of
25 the Board of Governors of the Federal Reserve System.

26 (26) Income Tax Return Preparer.

1 (A) The term "income tax return preparer" means any
2 person who prepares for compensation, or who employs
3 one or more persons to prepare for compensation, any
4 return of tax imposed by this Act or any claim for
5 refund of tax imposed by this Act. The preparation of a
6 substantial portion of a return or claim for refund
7 shall be treated as the preparation of that return or
8 claim for refund.

9 (B) A person is not an income tax return preparer
10 if all he or she does is

11 (i) furnish typing, reproducing, or other
12 mechanical assistance;

13 (ii) prepare returns or claims for refunds for
14 the employer by whom he or she is regularly and
15 continuously employed;

16 (iii) prepare as a fiduciary returns or claims
17 for refunds for any person; or

18 (iv) prepare claims for refunds for a taxpayer
19 in response to any notice of deficiency issued to
20 that taxpayer or in response to any waiver of
21 restriction after the commencement of an audit of
22 that taxpayer or of another taxpayer if a
23 determination in the audit of the other taxpayer
24 directly or indirectly affects the tax liability
25 of the taxpayer whose claims he or she is
26 preparing.

1 (27) Unitary business group. The term "unitary
2 business group" means a group of persons related through
3 common ownership whose business activities are integrated
4 with, dependent upon and contribute to each other. The
5 group will not include those members whose business
6 activity outside the United States is 80% or more of any
7 such member's total business activity; for purposes of this
8 paragraph and clause (a)(3)(B)(ii) of Section 304,
9 business activity within the United States shall be
10 measured by means of the factors ordinarily applicable
11 under subsections (a), (b), (c), (d), or (h) of Section 304
12 except that, in the case of members ordinarily required to
13 apportion business income by means of the 3 factor formula
14 of property, payroll and sales specified in subsection (a)
15 of Section 304, including the formula as weighted in
16 subsection (h) of Section 304, such members shall not use
17 the sales factor in the computation and the results of the
18 property and payroll factor computations of subsection (a)
19 of Section 304 shall be divided by 2 (by one if either the
20 property or payroll factor has a denominator of zero). The
21 computation required by the preceding sentence shall, in
22 each case, involve the division of the member's property,
23 payroll, or revenue miles in the United States, insurance
24 premiums on property or risk in the United States, or
25 financial organization business income from sources within
26 the United States, as the case may be, by the respective

1 worldwide figures for such items. Common ownership in the
2 case of corporations is the direct or indirect control or
3 ownership of more than 50% of the outstanding voting stock
4 of the persons carrying on unitary business activity.
5 Unitary business activity can ordinarily be illustrated
6 where the activities of the members are: (1) in the same
7 general line (such as manufacturing, wholesaling,
8 retailing of tangible personal property, insurance,
9 transportation or finance); or (2) are steps in a
10 vertically structured enterprise or process (such as the
11 steps involved in the production of natural resources,
12 which might include exploration, mining, refining, and
13 marketing); and, in either instance, the members are
14 functionally integrated through the exercise of strong
15 centralized management (where, for example, authority over
16 such matters as purchasing, financing, tax compliance,
17 product line, personnel, marketing and capital investment
18 is not left to each member). In no event, however, will any
19 unitary business group include members which are
20 ordinarily required to apportion business income under
21 different subsections of Section 304 except that for tax
22 years ending on or after December 31, 1987 this prohibition
23 shall not apply to a unitary business group composed of one
24 or more taxpayers all of which apportion business income
25 pursuant to subsection (b) of Section 304, or all of which
26 apportion business income pursuant to subsection (d) of

1 Section 304, and a holding company of such single-factor
2 taxpayers (see definition of "financial organization" for
3 rule regarding holding companies of financial
4 organizations). If a unitary business group would, but for
5 the preceding sentence, include members that are
6 ordinarily required to apportion business income under
7 different subsections of Section 304, then for each
8 subsection of Section 304 for which there are two or more
9 members, there shall be a separate unitary business group
10 composed of such members. For purposes of the preceding two
11 sentences, a member is "ordinarily required to apportion
12 business income" under a particular subsection of Section
13 304 if it would be required to use the apportionment method
14 prescribed by such subsection except for the fact that it
15 derives business income solely from Illinois. As used in
16 this paragraph, the phrase "United States" means only the
17 50 states and the District of Columbia, but does not
18 include any territory or possession of the United States or
19 any area over which the United States has asserted
20 jurisdiction or claimed exclusive rights with respect to
21 the exploration for or exploitation of natural resources.

22 If the unitary business group members' accounting
23 periods differ, the common parent's accounting period or,
24 if there is no common parent, the accounting period of the
25 member that is expected to have, on a recurring basis, the
26 greatest Illinois income tax liability must be used to

1 determine whether to use the apportionment method provided
2 in subsection (a) or subsection (h) of Section 304. The
3 prohibition against membership in a unitary business group
4 for taxpayers ordinarily required to apportion income
5 under different subsections of Section 304 does not apply
6 to taxpayers required to apportion income under subsection
7 (a) and subsection (h) of Section 304. The provisions of
8 this amendatory Act of 1998 apply to tax years ending on or
9 after December 31, 1998.

10 (28) Subchapter S corporation. The term "Subchapter S
11 corporation" means a corporation for which there is in
12 effect an election under Section 1362 of the Internal
13 Revenue Code, or for which there is a federal election to
14 opt out of the provisions of the Subchapter S Revision Act
15 of 1982 and have applied instead the prior federal
16 Subchapter S rules as in effect on July 1, 1982.

17 (30) Foreign person. The term "foreign person" means
18 any person who is a nonresident alien individual and any
19 nonindividual entity, regardless of where created or
20 organized, whose business activity outside the United
21 States is 80% or more of the entity's total business
22 activity.

23 (b) Other definitions.

24 (1) Words denoting number, gender, and so forth, when
25 used in this Act, where not otherwise distinctly expressed

1 or manifestly incompatible with the intent thereof:

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

4 (B) Words importing the plural include the
5 singular; and

6 (C) Words importing the masculine gender include
7 the feminine as well.

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

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

18 (Source: P.A. 95-233, eff. 8-16-07.)

19 Section 5-16. The Use Tax Act is amended by changing
20 Section 3-50 as follows:

21 (35 ILCS 105/3-50) (from Ch. 120, par. 439.3-50)

22 Sec. 3-50. Manufacturing and assembly exemption. The
23 manufacturing and assembling machinery and equipment exemption
24 includes machinery and equipment that replaces machinery and

1 equipment in an existing manufacturing facility as well as
2 machinery and equipment that are for use in an expanded or new
3 manufacturing facility. The machinery and equipment exemption
4 also includes machinery and equipment used in the general
5 maintenance or repair of exempt machinery and equipment or for
6 in-house manufacture of exempt machinery and equipment. For the
7 purposes of this exemption, terms have the following meanings:

8 (1) "Manufacturing process" means the production of an
9 article of tangible personal property, whether the article
10 is a finished product or an article for use in the process
11 of manufacturing or assembling a different article of
12 tangible personal property, by a procedure commonly
13 regarded as manufacturing, processing, fabricating, or
14 refining that changes some existing material into a
15 material with a different form, use, or name. In relation
16 to a recognized integrated business composed of a series of
17 operations that collectively constitute manufacturing, or
18 individually constitute manufacturing operations, the
19 manufacturing process commences with the first operation
20 or stage of production in the series and does not end until
21 the completion of the final product in the last operation
22 or stage of production in the series. For purposes of this
23 exemption, photoprocessing is a manufacturing process of
24 tangible personal property for wholesale or retail sale.

25 (2) "Assembling process" means the production of an
26 article of tangible personal property, whether the article

1 is a finished product or an article for use in the process
2 of manufacturing or assembling a different article of
3 tangible personal property, by the combination of existing
4 materials in a manner commonly regarded as assembling that
5 results in an article or material of a different form, use,
6 or name.

7 (3) "Machinery" means major mechanical machines or
8 major components of those machines contributing to a
9 manufacturing or assembling process.

10 (4) "Equipment" includes an independent device or tool
11 separate from machinery but essential to an integrated
12 manufacturing or assembly process; including computers
13 used primarily in a manufacturer's computer assisted
14 design, computer assisted manufacturing (CAD/CAM) system;
15 any subunit or assembly comprising a component of any
16 machinery or auxiliary, adjunct, or attachment parts of
17 machinery, such as tools, dies, jigs, fixtures, patterns,
18 and molds; and any parts that require periodic replacement
19 in the course of normal operation; but does not include
20 hand tools. Equipment includes chemicals or chemicals
21 acting as catalysts but only if the chemicals or chemicals
22 acting as catalysts effect a direct and immediate change
23 upon a product being manufactured or assembled for
24 wholesale or retail sale or lease.

25 (5) "Production related tangible personal property"
26 means all tangible personal property that is used or

1 consumed by the purchaser in a manufacturing facility in
2 which a manufacturing process takes place and includes,
3 without limitation, tangible personal property that is
4 purchased for incorporation into real estate within a
5 manufacturing facility and tangible personal property that
6 is used or consumed in activities such as research and
7 development, preproduction material handling, receiving,
8 quality control, inventory control, storage, staging, and
9 packaging for shipping and transportation purposes.
10 "Production related tangible personal property" does not
11 include (i) tangible personal property that is used, within
12 or without a manufacturing facility, in sales, purchasing,
13 accounting, fiscal management, marketing, personnel
14 recruitment or selection, or landscaping or (ii) tangible
15 personal property that is required to be titled or
16 registered with a department, agency, or unit of federal,
17 State, or local government.

18 The manufacturing and assembling machinery and equipment
19 exemption includes production related tangible personal
20 property that is purchased on or after July 1, 2007 and on or
21 before June 30, 2008. The exemption for production related
22 tangible personal property is subject to both of the following
23 limitations:

24 (1) The maximum amount of the exemption for any one
25 taxpayer may not exceed 5% of the purchase price of
26 production related tangible personal property that is

1 purchased on or after July 1, 2007 and on or before June
2 30, 2008. A credit under Section 3-85 of this Act may not
3 be earned by the purchase of production related tangible
4 personal property for which an exemption is received under
5 this Section.

6 (2) The maximum aggregate amount of the exemptions for
7 production related tangible personal property awarded
8 under this Act and the Retailers' Occupation Tax Act to all
9 taxpayers may not exceed \$10,000,000. If the claims for the
10 exemption exceed \$10,000,000, then the Department shall
11 reduce the amount of the exemption to each taxpayer on a
12 pro rata basis.

13 The Department may adopt rules to implement and administer the
14 exemption for production related tangible personal property.

15 The manufacturing and assembling machinery and equipment
16 exemption includes the sale of materials to a purchaser who
17 produces exempted types of machinery, equipment, or tools and
18 who rents or leases that machinery, equipment, or tools to a
19 manufacturer of tangible personal property. This exemption
20 also includes the sale of materials to a purchaser who
21 manufactures those materials into an exempted type of
22 machinery, equipment, or tools that the purchaser uses himself
23 or herself in the manufacturing of tangible personal property.
24 This exemption includes the sale of exempted types of machinery
25 or equipment to a purchaser who is not the manufacturer, but
26 who rents or leases the use of the property to a manufacturer.

1 The purchaser of the machinery and equipment who has an active
2 resale registration number shall furnish that number to the
3 seller at the time of purchase. A user of the machinery,
4 equipment, or tools without an active resale registration
5 number shall prepare a certificate of exemption for each
6 transaction stating facts establishing the exemption for that
7 transaction, and that certificate shall be available to the
8 Department for inspection or audit. The Department shall
9 prescribe the form of the certificate. Informal rulings,
10 opinions, or letters issued by the Department in response to an
11 inquiry or request for an opinion from any person regarding the
12 coverage and applicability of this exemption to specific
13 devices shall be published, maintained as a public record, and
14 made available for public inspection and copying. If the
15 informal ruling, opinion, or letter contains trade secrets or
16 other confidential information, where possible, the Department
17 shall delete that information before publication. Whenever
18 informal rulings, opinions, or letters contain a policy of
19 general applicability, the Department shall formulate and
20 adopt that policy as a rule in accordance with the Illinois
21 Administrative Procedure Act.

22 (Source: P.A. 91-51, eff. 6-30-99; 92-484, eff. 8-23-01.)

23 Section 5-17. The Retailers' Occupation Tax Act is amended
24 by changing Sections 2-5 and 2-45 as follows:

1 (35 ILCS 120/2-5) (from Ch. 120, par. 441-5)

2 Sec. 2-5. Exemptions. Gross receipts from proceeds from the
3 sale of the following tangible personal property are exempt
4 from the tax imposed by this Act:

5 (1) Farm chemicals.

6 (2) Farm machinery and equipment, both new and used,
7 including that manufactured on special order, certified by the
8 purchaser to be used primarily for production agriculture or
9 State or federal agricultural programs, including individual
10 replacement parts for the machinery and equipment, including
11 machinery and equipment purchased for lease, and including
12 implements of husbandry defined in Section 1-130 of the
13 Illinois Vehicle Code, farm machinery and agricultural
14 chemical and fertilizer spreaders, and nurse wagons required to
15 be registered under Section 3-809 of the Illinois Vehicle Code,
16 but excluding other motor vehicles required to be registered
17 under the Illinois Vehicle Code. Horticultural polyhouses or
18 hoop houses used for propagating, growing, or overwintering
19 plants shall be considered farm machinery and equipment under
20 this item (2). Agricultural chemical tender tanks and dry boxes
21 shall include units sold separately from a motor vehicle
22 required to be licensed and units sold mounted on a motor
23 vehicle required to be licensed, if the selling price of the
24 tender is separately stated.

25 Farm machinery and equipment shall include precision
26 farming equipment that is installed or purchased to be

1 installed on farm machinery and equipment including, but not
2 limited to, tractors, harvesters, sprayers, planters, seeders,
3 or spreaders. Precision farming equipment includes, but is not
4 limited to, soil testing sensors, computers, monitors,
5 software, global positioning and mapping systems, and other
6 such equipment.

7 Farm machinery and equipment also includes computers,
8 sensors, software, and related equipment used primarily in the
9 computer-assisted operation of production agriculture
10 facilities, equipment, and activities such as, but not limited
11 to, the collection, monitoring, and correlation of animal and
12 crop data for the purpose of formulating animal diets and
13 agricultural chemicals. This item (7) is exempt from the
14 provisions of Section 2-70.

15 (3) Until July 1, 2003, distillation machinery and
16 equipment, sold as a unit or kit, assembled or installed by the
17 retailer, certified by the user to be used only for the
18 production of ethyl alcohol that will be used for consumption
19 as motor fuel or as a component of motor fuel for the personal
20 use of the user, and not subject to sale or resale.

21 (4) Until July 1, 2003 and beginning again September 1,
22 2004, graphic arts machinery and equipment, including repair
23 and replacement parts, both new and used, and including that
24 manufactured on special order or purchased for lease, certified
25 by the purchaser to be used primarily for graphic arts
26 production. Equipment includes chemicals or chemicals acting

1 as catalysts but only if the chemicals or chemicals acting as
2 catalysts effect a direct and immediate change upon a graphic
3 arts product.

4 (5) A motor vehicle of the first division, a motor vehicle
5 of the second division that is a self contained motor vehicle
6 designed or permanently converted to provide living quarters
7 for recreational, camping, or travel use, with direct walk
8 through access to the living quarters from the driver's seat,
9 or a motor vehicle of the second division that is of the van
10 configuration designed for the transportation of not less than
11 7 nor more than 16 passengers, as defined in Section 1-146 of
12 the Illinois Vehicle Code, that is used for automobile renting,
13 as defined in the Automobile Renting Occupation and Use Tax
14 Act. This paragraph is exempt from the provisions of Section
15 2-70. (Blank).

16 (6) Personal property sold by a teacher-sponsored student
17 organization affiliated with an elementary or secondary school
18 located in Illinois.

19 (7) Until July 1, 2003, proceeds of that portion of the
20 selling price of a passenger car the sale of which is subject
21 to the Replacement Vehicle Tax.

22 (8) Personal property sold to an Illinois county fair
23 association for use in conducting, operating, or promoting the
24 county fair.

25 (9) Personal property sold to a not-for-profit arts or
26 cultural organization that establishes, by proof required by

1 the Department by rule, that it has received an exemption under
2 Section 501(c)(3) of the Internal Revenue Code and that is
3 organized and operated primarily for the presentation or
4 support of arts or cultural programming, activities, or
5 services. These organizations include, but are not limited to,
6 music and dramatic arts organizations such as symphony
7 orchestras and theatrical groups, arts and cultural service
8 organizations, local arts councils, visual arts organizations,
9 and media arts organizations. On and after the effective date
10 of this amendatory Act of the 92nd General Assembly, however,
11 an entity otherwise eligible for this exemption shall not make
12 tax-free purchases unless it has an active identification
13 number issued by the Department.

14 (10) Personal property sold by a corporation, society,
15 association, foundation, institution, or organization, other
16 than a limited liability company, that is organized and
17 operated as a not-for-profit service enterprise for the benefit
18 of persons 65 years of age or older if the personal property
19 was not purchased by the enterprise for the purpose of resale
20 by the enterprise.

21 (11) Personal property sold to a governmental body, to a
22 corporation, society, association, foundation, or institution
23 organized and operated exclusively for charitable, religious,
24 or educational purposes, or to a not-for-profit corporation,
25 society, association, foundation, institution, or organization
26 that has no compensated officers or employees and that is

1 organized and operated primarily for the recreation of persons
2 55 years of age or older. A limited liability company may
3 qualify for the exemption under this paragraph only if the
4 limited liability company is organized and operated
5 exclusively for educational purposes. On and after July 1,
6 1987, however, no entity otherwise eligible for this exemption
7 shall make tax-free purchases unless it has an active
8 identification number issued by the Department.

9 (12) Tangible personal property sold to interstate
10 carriers for hire for use as rolling stock moving in interstate
11 commerce or to lessors under leases of one year or longer
12 executed or in effect at the time of purchase by interstate
13 carriers for hire for use as rolling stock moving in interstate
14 commerce and equipment operated by a telecommunications
15 provider, licensed as a common carrier by the Federal
16 Communications Commission, which is permanently installed in
17 or affixed to aircraft moving in interstate commerce.

18 (12-5) On and after July 1, 2003 and through June 30, 2004,
19 motor vehicles of the second division with a gross vehicle
20 weight in excess of 8,000 pounds that are subject to the
21 commercial distribution fee imposed under Section 3-815.1 of
22 the Illinois Vehicle Code. Beginning on July 1, 2004 and
23 through June 30, 2005, the use in this State of motor vehicles
24 of the second division: (i) with a gross vehicle weight rating
25 in excess of 8,000 pounds; (ii) that are subject to the
26 commercial distribution fee imposed under Section 3-815.1 of

1 the Illinois Vehicle Code; and (iii) that are primarily used
2 for commercial purposes. Through June 30, 2005, this exemption
3 applies to repair and replacement parts added after the initial
4 purchase of such a motor vehicle if that motor vehicle is used
5 in a manner that would qualify for the rolling stock exemption
6 otherwise provided for in this Act. For purposes of this
7 paragraph, "used for commercial purposes" means the
8 transportation of persons or property in furtherance of any
9 commercial or industrial enterprise whether for-hire or not.

10 (13) Proceeds from sales to owners, lessors, or shippers of
11 tangible personal property that is utilized by interstate
12 carriers for hire for use as rolling stock moving in interstate
13 commerce and equipment operated by a telecommunications
14 provider, licensed as a common carrier by the Federal
15 Communications Commission, which is permanently installed in
16 or affixed to aircraft moving in interstate commerce.

17 (14) Machinery and equipment that will be used by the
18 purchaser, or a lessee of the purchaser, primarily in the
19 process of manufacturing or assembling tangible personal
20 property for wholesale or retail sale or lease, whether the
21 sale or lease is made directly by the manufacturer or by some
22 other person, whether the materials used in the process are
23 owned by the manufacturer or some other person, or whether the
24 sale or lease is made apart from or as an incident to the
25 seller's engaging in the service occupation of producing
26 machines, tools, dies, jigs, patterns, gauges, or other similar

1 items of no commercial value on special order for a particular
2 purchaser.

3 (15) Proceeds of mandatory service charges separately
4 stated on customers' bills for purchase and consumption of food
5 and beverages, to the extent that the proceeds of the service
6 charge are in fact turned over as tips or as a substitute for
7 tips to the employees who participate directly in preparing,
8 serving, hosting or cleaning up the food or beverage function
9 with respect to which the service charge is imposed.

10 (16) Petroleum products sold to a purchaser if the seller
11 is prohibited by federal law from charging tax to the
12 purchaser.

13 (17) Tangible personal property sold to a common carrier by
14 rail or motor that receives the physical possession of the
15 property in Illinois and that transports the property, or
16 shares with another common carrier in the transportation of the
17 property, out of Illinois on a standard uniform bill of lading
18 showing the seller of the property as the shipper or consignor
19 of the property to a destination outside Illinois, for use
20 outside Illinois.

21 (18) Legal tender, currency, medallions, or gold or silver
22 coinage issued by the State of Illinois, the government of the
23 United States of America, or the government of any foreign
24 country, and bullion.

25 (19) Until July 1 2003, oil field exploration, drilling,
26 and production equipment, including (i) rigs and parts of rigs,

1 rotary rigs, cable tool rigs, and workover rigs, (ii) pipe and
2 tubular goods, including casing and drill strings, (iii) pumps
3 and pump-jack units, (iv) storage tanks and flow lines, (v) any
4 individual replacement part for oil field exploration,
5 drilling, and production equipment, and (vi) machinery and
6 equipment purchased for lease; but excluding motor vehicles
7 required to be registered under the Illinois Vehicle Code.

8 (20) Photoprocessing machinery and equipment, including
9 repair and replacement parts, both new and used, including that
10 manufactured on special order, certified by the purchaser to be
11 used primarily for photoprocessing, and including
12 photoprocessing machinery and equipment purchased for lease.

13 (21) Until July 1, 2003, coal exploration, mining,
14 offhighway hauling, processing, maintenance, and reclamation
15 equipment, including replacement parts and equipment, and
16 including equipment purchased for lease, but excluding motor
17 vehicles required to be registered under the Illinois Vehicle
18 Code.

19 (22) Fuel and petroleum products sold to or used by an air
20 carrier, certified by the carrier to be used for consumption,
21 shipment, or storage in the conduct of its business as an air
22 common carrier, for a flight destined for or returning from a
23 location or locations outside the United States without regard
24 to previous or subsequent domestic stopovers.

25 (23) A transaction in which the purchase order is received
26 by a florist who is located outside Illinois, but who has a

1 florist located in Illinois deliver the property to the
2 purchaser or the purchaser's donee in Illinois.

3 (24) Fuel consumed or used in the operation of ships,
4 barges, or vessels that are used primarily in or for the
5 transportation of property or the conveyance of persons for
6 hire on rivers bordering on this State if the fuel is delivered
7 by the seller to the purchaser's barge, ship, or vessel while
8 it is afloat upon that bordering river.

9 (25) Except as provided in item (25-5) of this Section, a
10 motor vehicle sold in this State to a nonresident even though
11 the motor vehicle is delivered to the nonresident in this
12 State, if the motor vehicle is not to be titled in this State,
13 and if a drive-away permit is issued to the motor vehicle as
14 provided in Section 3-603 of the Illinois Vehicle Code or if
15 the nonresident purchaser has vehicle registration plates to
16 transfer to the motor vehicle upon returning to his or her home
17 state. The issuance of the drive-away permit or having the
18 out-of-state registration plates to be transferred is prima
19 facie evidence that the motor vehicle will not be titled in
20 this State.

21 (25-5) The exemption under item (25) does not apply if the
22 state in which the motor vehicle will be titled does not allow
23 a reciprocal exemption for a motor vehicle sold and delivered
24 in that state to an Illinois resident but titled in Illinois.
25 The tax collected under this Act on the sale of a motor vehicle
26 in this State to a resident of another state that does not

1 allow a reciprocal exemption shall be imposed at a rate equal
2 to the state's rate of tax on taxable property in the state in
3 which the purchaser is a resident, except that the tax shall
4 not exceed the tax that would otherwise be imposed under this
5 Act. At the time of the sale, the purchaser shall execute a
6 statement, signed under penalty of perjury, of his or her
7 intent to title the vehicle in the state in which the purchaser
8 is a resident within 30 days after the sale and of the fact of
9 the payment to the State of Illinois of tax in an amount
10 equivalent to the state's rate of tax on taxable property in
11 his or her state of residence and shall submit the statement to
12 the appropriate tax collection agency in his or her state of
13 residence. In addition, the retailer must retain a signed copy
14 of the statement in his or her records. Nothing in this item
15 shall be construed to require the removal of the vehicle from
16 this state following the filing of an intent to title the
17 vehicle in the purchaser's state of residence if the purchaser
18 titles the vehicle in his or her state of residence within 30
19 days after the date of sale. The tax collected under this Act
20 in accordance with this item (25-5) shall be proportionately
21 distributed as if the tax were collected at the 6.25% general
22 rate imposed under this Act.

23 (25-7) Beginning on July 1, 2007, no tax is imposed under
24 this Act on the sale of an aircraft, as defined in Section 3 of
25 the Illinois Aeronautics Act, if all of the following
26 conditions are met:

1 (1) the aircraft leaves this State within 15 days after
2 the later of either the issuance of the final billing for
3 the sale of the aircraft, or the authorized approval for
4 return to service, completion of the maintenance record
5 entry, and completion of the test flight and ground test
6 for inspection, as required by 14 C.F.R. 91.407;

7 (2) the aircraft is not based or registered in this
8 State after the sale of the aircraft; and

9 (3) the seller retains in his or her books and records
10 and provides to the Department a signed and dated
11 certification from the purchaser, on a form prescribed by
12 the Department, certifying that the requirements of this
13 item (25-7) are met. The certificate must also include the
14 name and address of the purchaser, the address of the
15 location where the aircraft is to be titled or registered,
16 the address of the primary physical location of the
17 aircraft, and other information that the Department may
18 reasonably require.

19 For purposes of this item (25-7):

20 "Based in this State" means hangared, stored, or otherwise
21 used, excluding post-sale customizations as defined in this
22 Section, for 10 or more days in each 12-month period
23 immediately following the date of the sale of the aircraft.

24 "Registered in this State" means an aircraft registered
25 with the Department of Transportation, Aeronautics Division,
26 or titled or registered with the Federal Aviation

1 Administration to an address located in this State.

2 This paragraph (25-7) is exempt from the provisions of
3 Section 2-70.

4 (26) Semen used for artificial insemination of livestock
5 for direct agricultural production.

6 (27) Horses, or interests in horses, registered with and
7 meeting the requirements of any of the Arabian Horse Club
8 Registry of America, Appaloosa Horse Club, American Quarter
9 Horse Association, United States Trotting Association, or
10 Jockey Club, as appropriate, used for purposes of breeding or
11 racing for prizes. This item (27) is exempt from the provisions
12 of Section 2-70, and the exemption provided for under this item
13 (27) applies for all periods beginning May 30, 1995, but no
14 claim for credit or refund is allowed on or after January 1,
15 2008 (the effective date of Public Act 95-88) ~~this amendatory~~
16 ~~Act of the 95th General Assembly~~ for such taxes paid during the
17 period beginning May 30, 2000 and ending on January 1, 2008
18 (the effective date of Public Act 95-88) ~~this amendatory Act of~~
19 ~~the 95th General Assembly~~.

20 (28) Computers and communications equipment utilized for
21 any hospital purpose and equipment used in the diagnosis,
22 analysis, or treatment of hospital patients sold to a lessor
23 who leases the equipment, under a lease of one year or longer
24 executed or in effect at the time of the purchase, to a
25 hospital that has been issued an active tax exemption
26 identification number by the Department under Section 1g of

1 this Act.

2 (29) Personal property sold to a lessor who leases the
3 property, under a lease of one year or longer executed or in
4 effect at the time of the purchase, to a governmental body that
5 has been issued an active tax exemption identification number
6 by the Department under Section 1g of this Act.

7 (30) Beginning with taxable years ending on or after
8 December 31, 1995 and ending with taxable years ending on or
9 before December 31, 2004, personal property that is donated for
10 disaster relief to be used in a State or federally declared
11 disaster area in Illinois or bordering Illinois by a
12 manufacturer or retailer that is registered in this State to a
13 corporation, society, association, foundation, or institution
14 that has been issued a sales tax exemption identification
15 number by the Department that assists victims of the disaster
16 who reside within the declared disaster area.

17 (31) Beginning with taxable years ending on or after
18 December 31, 1995 and ending with taxable years ending on or
19 before December 31, 2004, personal property that is used in the
20 performance of infrastructure repairs in this State, including
21 but not limited to municipal roads and streets, access roads,
22 bridges, sidewalks, waste disposal systems, water and sewer
23 line extensions, water distribution and purification
24 facilities, storm water drainage and retention facilities, and
25 sewage treatment facilities, resulting from a State or
26 federally declared disaster in Illinois or bordering Illinois

1 when such repairs are initiated on facilities located in the
2 declared disaster area within 6 months after the disaster.

3 (32) Beginning July 1, 1999, game or game birds sold at a
4 "game breeding and hunting preserve area" or an "exotic game
5 hunting area" as those terms are used in the Wildlife Code or
6 at a hunting enclosure approved through rules adopted by the
7 Department of Natural Resources. This paragraph is exempt from
8 the provisions of Section 2-70.

9 (33) A motor vehicle, as that term is defined in Section
10 1-146 of the Illinois Vehicle Code, that is donated to a
11 corporation, limited liability company, society, association,
12 foundation, or institution that is determined by the Department
13 to be organized and operated exclusively for educational
14 purposes. For purposes of this exemption, "a corporation,
15 limited liability company, society, association, foundation,
16 or institution organized and operated exclusively for
17 educational purposes" means all tax-supported public schools,
18 private schools that offer systematic instruction in useful
19 branches of learning by methods common to public schools and
20 that compare favorably in their scope and intensity with the
21 course of study presented in tax-supported schools, and
22 vocational or technical schools or institutes organized and
23 operated exclusively to provide a course of study of not less
24 than 6 weeks duration and designed to prepare individuals to
25 follow a trade or to pursue a manual, technical, mechanical,
26 industrial, business, or commercial occupation.

1 (34) Beginning January 1, 2000, personal property,
2 including food, purchased through fundraising events for the
3 benefit of a public or private elementary or secondary school,
4 a group of those schools, or one or more school districts if
5 the events are sponsored by an entity recognized by the school
6 district that consists primarily of volunteers and includes
7 parents and teachers of the school children. This paragraph
8 does not apply to fundraising events (i) for the benefit of
9 private home instruction or (ii) for which the fundraising
10 entity purchases the personal property sold at the events from
11 another individual or entity that sold the property for the
12 purpose of resale by the fundraising entity and that profits
13 from the sale to the fundraising entity. This paragraph is
14 exempt from the provisions of Section 2-70.

15 (35) Beginning January 1, 2000 and through December 31,
16 2001, new or used automatic vending machines that prepare and
17 serve hot food and beverages, including coffee, soup, and other
18 items, and replacement parts for these machines. Beginning
19 January 1, 2002 and through June 30, 2003, machines and parts
20 for machines used in commercial, coin-operated amusement and
21 vending business if a use or occupation tax is paid on the
22 gross receipts derived from the use of the commercial,
23 coin-operated amusement and vending machines. This paragraph
24 is exempt from the provisions of Section 2-70.

25 (35-5) Beginning August 23, 2001 and through June 30, 2011,
26 food for human consumption that is to be consumed off the

1 premises where it is sold (other than alcoholic beverages, soft
2 drinks, and food that has been prepared for immediate
3 consumption) and prescription and nonprescription medicines,
4 drugs, medical appliances, and insulin, urine testing
5 materials, syringes, and needles used by diabetics, for human
6 use, when purchased for use by a person receiving medical
7 assistance under Article 5 of the Illinois Public Aid Code who
8 resides in a licensed long-term care facility, as defined in
9 the Nursing Home Care Act.

10 (36) Beginning August 2, 2001, computers and
11 communications equipment utilized for any hospital purpose and
12 equipment used in the diagnosis, analysis, or treatment of
13 hospital patients sold to a lessor who leases the equipment,
14 under a lease of one year or longer executed or in effect at
15 the time of the purchase, to a hospital that has been issued an
16 active tax exemption identification number by the Department
17 under Section 1g of this Act. This paragraph is exempt from the
18 provisions of Section 2-70.

19 (37) Beginning August 2, 2001, personal property sold to a
20 lessor who leases the property, under a lease of one year or
21 longer executed or in effect at the time of the purchase, to a
22 governmental body that has been issued an active tax exemption
23 identification number by the Department under Section 1g of
24 this Act. This paragraph is exempt from the provisions of
25 Section 2-70.

26 (38) Beginning on January 1, 2002 and through June 30,

1 2011, tangible personal property purchased from an Illinois
2 retailer by a taxpayer engaged in centralized purchasing
3 activities in Illinois who will, upon receipt of the property
4 in Illinois, temporarily store the property in Illinois (i) for
5 the purpose of subsequently transporting it outside this State
6 for use or consumption thereafter solely outside this State or
7 (ii) for the purpose of being processed, fabricated, or
8 manufactured into, attached to, or incorporated into other
9 tangible personal property to be transported outside this State
10 and thereafter used or consumed solely outside this State. The
11 Director of Revenue shall, pursuant to rules adopted in
12 accordance with the Illinois Administrative Procedure Act,
13 issue a permit to any taxpayer in good standing with the
14 Department who is eligible for the exemption under this
15 paragraph (38). The permit issued under this paragraph (38)
16 shall authorize the holder, to the extent and in the manner
17 specified in the rules adopted under this Act, to purchase
18 tangible personal property from a retailer exempt from the
19 taxes imposed by this Act. Taxpayers shall maintain all
20 necessary books and records to substantiate the use and
21 consumption of all such tangible personal property outside of
22 the State of Illinois.

23 (39) Beginning January 1, 2008, tangible personal property
24 used in the construction or maintenance of a community water
25 supply, as defined under Section 3.145 of the Environmental
26 Protection Act, that is operated by a not-for-profit

1 corporation that holds a valid water supply permit issued under
2 Title IV of the Environmental Protection Act. This paragraph is
3 exempt from the provisions of Section 2-70.

4 (Source: P.A. 94-1002, eff. 7-3-06; 95-88, eff. 1-1-08; 95-233,
5 eff. 8-16-07; 95-304, eff. 8-20-07; 95-538, eff. 1-1-08;
6 revised 9-11-07.)

7 (35 ILCS 120/2-45) (from Ch. 120, par. 441-45)

8 Sec. 2-45. Manufacturing and assembly exemption. The
9 manufacturing and assembly machinery and equipment exemption
10 includes machinery and equipment that replaces machinery and
11 equipment in an existing manufacturing facility as well as
12 machinery and equipment that are for use in an expanded or new
13 manufacturing facility.

14 The machinery and equipment exemption also includes
15 machinery and equipment used in the general maintenance or
16 repair of exempt machinery and equipment or for in-house
17 manufacture of exempt machinery and equipment. For the purposes
18 of this exemption, terms have the following meanings:

19 (1) "Manufacturing process" means the production of an
20 article of tangible personal property, whether the article
21 is a finished product or an article for use in the process
22 of manufacturing or assembling a different article of
23 tangible personal property, by a procedure commonly
24 regarded as manufacturing, processing, fabricating, or
25 refining that changes some existing material or materials

1 into a material with a different form, use, or name. In
2 relation to a recognized integrated business composed of a
3 series of operations that collectively constitute
4 manufacturing, or individually constitute manufacturing
5 operations, the manufacturing process commences with the
6 first operation or stage of production in the series and
7 does not end until the completion of the final product in
8 the last operation or stage of production in the series.
9 For purposes of this exemption, photoprocessing is a
10 manufacturing process of tangible personal property for
11 wholesale or retail sale.

12 (2) "Assembling process" means the production of an
13 article of tangible personal property, whether the article
14 is a finished product or an article for use in the process
15 of manufacturing or assembling a different article of
16 tangible personal property, by the combination of existing
17 materials in a manner commonly regarded as assembling that
18 results in a material of a different form, use, or name.

19 (3) "Machinery" means major mechanical machines or
20 major components of those machines contributing to a
21 manufacturing or assembling process.

22 (4) "Equipment" includes an independent device or tool
23 separate from machinery but essential to an integrated
24 manufacturing or assembly process; including computers
25 used primarily in a manufacturer's computer assisted
26 design, computer assisted manufacturing (CAD/CAM) system;

1 any subunit or assembly comprising a component of any
2 machinery or auxiliary, adjunct, or attachment parts of
3 machinery, such as tools, dies, jigs, fixtures, patterns,
4 and molds; and any parts that require periodic replacement
5 in the course of normal operation; but does not include
6 hand tools. Equipment includes chemicals or chemicals
7 acting as catalysts but only if the chemicals or chemicals
8 acting as catalysts effect a direct and immediate change
9 upon a product being manufactured or assembled for
10 wholesale or retail sale or lease.

11 (5) "Production related tangible personal property"
12 means all tangible personal property that is used or
13 consumed by the purchaser in a manufacturing facility in
14 which a manufacturing process takes place and includes,
15 without limitation, tangible personal property that is
16 purchased for incorporation into real estate within a
17 manufacturing facility and tangible personal property that
18 is used or consumed in activities such as research and
19 development, preproduction material handling, receiving,
20 quality control, inventory control, storage, staging, and
21 packaging for shipping and transportation purposes.
22 "Production related tangible personal property" does not
23 include (i) tangible personal property that is used, within
24 or without a manufacturing facility, in sales, purchasing,
25 accounting, fiscal management, marketing, personnel
26 recruitment or selection, or landscaping or (ii) tangible

1 personal property that is required to be titled or
2 registered with a department, agency, or unit of federal,
3 State, or local government.

4 The manufacturing and assembling machinery and equipment
5 exemption includes production related tangible personal
6 property that is purchased on or after July 1, 2007 and on or
7 before June 30, 2008. The exemption for production related
8 tangible personal property is subject to both of the following
9 limitations:

10 (1) The maximum amount of the exemption for any one
11 taxpayer may not exceed 5% of the purchase price of
12 production related tangible personal property that is
13 purchased on or after July 1, 2007 and on or before June
14 30, 2008. A credit under Section 3-85 of this Act may not
15 be earned by the purchase of production related tangible
16 personal property for which an exemption is received under
17 this Section.

18 (2) The maximum aggregate amount of the exemptions for
19 production related tangible personal property awarded
20 under this Act and the Retailers' Occupation Tax Act to all
21 taxpayers may not exceed \$10,000,000. If the claims for the
22 exemption exceed \$10,000,000, then the Department shall
23 reduce the amount of the exemption to each taxpayer on a
24 pro rata basis.

25 The Department may adopt rules to implement and administer the
26 exemption for production related tangible personal property.

1 The manufacturing and assembling machinery and equipment
2 exemption includes the sale of materials to a purchaser who
3 produces exempted types of machinery, equipment, or tools and
4 who rents or leases that machinery, equipment, or tools to a
5 manufacturer of tangible personal property. This exemption
6 also includes the sale of materials to a purchaser who
7 manufactures those materials into an exempted type of
8 machinery, equipment, or tools that the purchaser uses himself
9 or herself in the manufacturing of tangible personal property.
10 The purchaser of the machinery and equipment who has an active
11 resale registration number shall furnish that number to the
12 seller at the time of purchase. A purchaser of the machinery,
13 equipment, and tools without an active resale registration
14 number shall furnish to the seller a certificate of exemption
15 for each transaction stating facts establishing the exemption
16 for that transaction, and that certificate shall be available
17 to the Department for inspection or audit. Informal rulings,
18 opinions, or letters issued by the Department in response to an
19 inquiry or request for an opinion from any person regarding the
20 coverage and applicability of this exemption to specific
21 devices shall be published, maintained as a public record, and
22 made available for public inspection and copying. If the
23 informal ruling, opinion, or letter contains trade secrets or
24 other confidential information, where possible, the Department
25 shall delete that information before publication. Whenever
26 informal rulings, opinions, or letters contain a policy of

1 general applicability, the Department shall formulate and
2 adopt that policy as a rule in accordance with the Illinois
3 Administrative Procedure Act.

4 (Source: P.A. 91-51, eff. 6-30-99; 92-484, eff. 8-23-01.)

5 Section 5-20. The School Code is amended by adding Sections
6 2-3.143, 2-3.146, 10-20.40, 10-20.41, and 21-29 and by changing
7 Sections 2-3.51.5, 2-3.127a, 2-3.131 (as added by Public Act
8 93-21), 7-14A, 11E-135, 14-13.01, and 18-8.05 as follows:

9 (105 ILCS 5/2-3.51.5)

10 Sec. 2-3.51.5. School Safety and Educational Improvement
11 Block Grant Program. To improve the level of education and
12 safety of students from kindergarten through grade 12 in school
13 districts and State-recognized, non-public schools. The State
14 Board of Education is authorized to fund a School Safety and
15 Educational Improvement Block Grant Program.

16 (1) For school districts, the ~~The~~ program shall provide
17 funding for school safety, textbooks and software, teacher
18 training and curriculum development, school improvements,
19 remediation programs under subsection (a) of Section 2-3.64,
20 school report cards under Section 10-17a, and criminal history
21 records checks under Sections 10-21.9 and 34-18.5. For
22 State-recognized, non-public schools, the program shall
23 provide funding for secular textbooks and software, criminal
24 history records checks, and health and safety mandates to the

1 extent that the funds are expended for purely secular purposes.

2 A school district or laboratory school as defined in Section
3 18-8 or 18-8.05 is not required to file an application in order
4 to receive the categorical funding to which it is entitled
5 under this Section. Funds for the School Safety and Educational
6 Improvement Block Grant Program shall be distributed to school
7 districts and laboratory schools based on the prior year's best
8 3 months average daily attendance. Funds for the School Safety
9 and Educational Improvement Block Grant Program shall be
10 distributed to State-recognized, non-public schools based on
11 the average daily attendance figure for the previous school
12 year provided to the State Board of Education. The State Board
13 of Education shall develop an application that requires
14 State-recognized, non-public schools to submit average daily
15 attendance figures. A State-recognized, non-public school must
16 submit the application and average daily attendance figure
17 prior to receiving funds under this Section. The State Board of
18 Education shall promulgate rules and regulations necessary for
19 the implementation of this program.

20 (2) Distribution of moneys to school districts and
21 State-recognized, non-public schools shall be made in 2
22 semi-annual installments, one payment on or before October 30,
23 and one payment prior to April 30, of each fiscal year.

24 (3) Grants under the School Safety and Educational
25 Improvement Block Grant Program shall be awarded provided there
26 is an appropriation for the program, and funding levels for

1 each district shall be prorated according to the amount of the
2 appropriation.

3 (4) The provisions of this Section are in the public
4 interest, are for the public benefit, and serve secular public
5 purposes.

6 (Source: P.A. 93-909, eff. 8-12-04.)

7 (105 ILCS 5/2-3.127a)

8 Sec. 2-3.127a. The State Board of Education Special Purpose
9 Trust Fund. The State Board of Education Special Purpose Trust
10 Fund is created as a special fund in the State treasury. The
11 State Board of Education shall deposit all indirect costs
12 recovered from federal programs into the State Board of
13 Education Special Purpose Trust Fund. These funds may be used
14 by the State Board of Education for its ordinary and contingent
15 expenses. Additionally and unless ~~Unless~~ specifically directed
16 to be deposited into other funds, all moneys received by the
17 State Board of Education from gifts, grants, or donations from
18 any source, public or private, shall be deposited into the
19 State Board of Education Special Purpose Trust Fund ~~this Fund.~~
20 These funds ~~Moneys in this Fund~~ shall be used, subject to
21 appropriation by the General Assembly, by the State Board of
22 Education for the purposes established by the gifts, grants, or
23 donations.

24 (Source: P.A. 94-69, eff. 7-1-05.)

1 (105 ILCS 5/2-3.131)

2 Sec. 2-3.131. Transitional assistance payments.

3 (a) If the amount that the State Board of Education will
4 pay to a school district from fiscal year 2004 appropriations,
5 as estimated by the State Board of Education on April 1, 2004,
6 is less than the amount that the State Board of Education paid
7 to the school district from fiscal year 2003 appropriations,
8 then, subject to appropriation, the State Board of Education
9 shall make a fiscal year 2004 transitional assistance payment
10 to the school district in an amount equal to the difference
11 between the estimated amount to be paid from fiscal year 2004
12 appropriations and the amount paid from fiscal year 2003
13 appropriations.

14 (b) If the amount that the State Board of Education will
15 pay to a school district from fiscal year 2005 appropriations,
16 as estimated by the State Board of Education on April 1, 2005,
17 is less than the amount that the State Board of Education paid
18 to the school district from fiscal year 2004 appropriations,
19 then the State Board of Education shall make a fiscal year 2005
20 transitional assistance payment to the school district in an
21 amount equal to the difference between the estimated amount to
22 be paid from fiscal year 2005 appropriations and the amount
23 paid from fiscal year 2004 appropriations.

24 (c) If the amount that the State Board of Education will
25 pay to a school district from fiscal year 2006 appropriations,
26 as estimated by the State Board of Education on April 1, 2006,

1 is less than the amount that the State Board of Education paid
2 to the school district from fiscal year 2005 appropriations,
3 then the State Board of Education shall make a fiscal year 2006
4 transitional assistance payment to the school district in an
5 amount equal to the difference between the estimated amount to
6 be paid from fiscal year 2006 appropriations and the amount
7 paid from fiscal year 2005 appropriations.

8 (d) If the amount that the State Board of Education will
9 pay to a school district from fiscal year 2007 appropriations,
10 as estimated by the State Board of Education on April 1, 2007,
11 is less than the amount that the State Board of Education paid
12 to the school district from fiscal year 2006 appropriations,
13 then the State Board of Education, subject to appropriation,
14 shall make a fiscal year 2007 transitional assistance payment
15 to the school district in an amount equal to the difference
16 between the estimated amount to be paid from fiscal year 2007
17 appropriations and the amount paid from fiscal year 2006
18 appropriations.

19 (e) Subject to appropriation, beginning on July 1, 2007,
20 the State Board of Education shall adjust prior year
21 information for the transitional assistance calculations under
22 this Section in the event of the creation or reorganization of
23 any school district pursuant to Article 11E of this Code, the
24 dissolution of an entire district and the annexation of all of
25 its territory to one or more other districts pursuant to
26 Article 7 of this Code, or a boundary change whereby the

1 enrollment of the annexing district increases by 90% or more as
2 a result of annexing territory detached from another district
3 pursuant to Article 7 of this Code.

4 (f) If the amount that the State Board of Education will
5 pay to a school district from fiscal year 2008 appropriations,
6 as estimated by the State Board of Education on April 1, 2008,
7 is less than the amount that the State Board of Education paid
8 to the school district from fiscal year 2007 appropriations,
9 then the State Board of Education, subject to appropriation,
10 shall make a fiscal year 2008 transitional assistance payment
11 to the school district in an amount equal to the difference
12 between the estimated amount to be paid from fiscal year 2008
13 appropriations and the amount paid from fiscal year 2007
14 appropriations.

15 (Source: P.A. 93-21, eff. 7-1-03; 93-838, eff. 7-30-04; 94-69,
16 eff. 7-1-05; 94-835, eff. 6-6-06.)

17 (105 ILCS 5/2-3.143 new)

18 Sec. 2-3.143. Lincoln's Challenge Academy study. The State
19 Board of Education shall conduct a study to consider the need
20 for an expansion of enrollment at or the replication of
21 services in other portions of this State for the Lincoln's
22 Challenge Academy as an alternative program for students who
23 have dropped out of traditional school.

24 (105 ILCS 5/2-3.146 new)

1 Sec. 2-3.146. Severely overcrowded schools grant program.
2 There is created a grant program, subject to appropriation, for
3 severely overcrowded schools. The State Board of Education
4 shall administer the program. Grant funds may be used for
5 purposes of relieving overcrowding. In order for a school
6 district to be eligible for a grant under this Section, (i) the
7 main administrative office of the district must be located in a
8 city of 85,000 or more in population, according to the 2000
9 U.S. Census, (ii) the school district must have a district-wide
10 percentage of low-income students of 70% or more, as identified
11 by the 2005-2006 School Report Cards published by the State
12 Board of Education, and (iii) the school district must not be
13 eligible for a fast growth grant under Section 18-8.10 of this
14 Code. The State Board of Education shall distribute the funds
15 on a proportional basis with no single district receiving more
16 than 75% of the funds in any given year. The State Board of
17 Education may adopt rules as needed for the implementation and
18 distribution of grants under this Section.

19 (105 ILCS 5/7-14A) (from Ch. 122, par. 7-14A)

20 Sec. 7-14A. Annexation Compensation. There shall be no
21 accounting made after a mere change in boundaries when no new
22 district is created, except that those districts whose
23 enrollment increases by 90% or more as a result of annexing
24 territory detached from another district pursuant to this
25 Article are eligible for supplementary State aid payments in

1 accordance with Section 11E-135 of this Code. Eligible annexing
2 districts shall apply to the State Board of Education for
3 supplementary State aid payments by submitting enrollment
4 figures for the year immediately preceding and the year
5 immediately following the effective date of the boundary change
6 for both the district gaining territory and the district losing
7 territory. Copies of any intergovernmental agreements between
8 the district gaining territory and the district losing
9 territory detailing any transfer of fund balances and staff
10 must also be submitted. In all instances of changes in
11 boundaries, ~~. However,~~ the district losing territory shall not
12 count the average daily attendance of pupils living in the
13 territory during the year preceding the effective date of the
14 boundary change in its claim for reimbursement under Section
15 18-8 for the school year following the effective date of the
16 change in boundaries and the district receiving the territory
17 shall count the average daily attendance of pupils living in
18 the territory during the year preceding the effective date of
19 the boundary change in its claim for reimbursement under
20 Section 18-8 for the school year following the effective date
21 of the change in boundaries. The changes to this Section made
22 by this amendatory Act of the 95th General Assembly are
23 intended to be retroactive and applicable to any annexation
24 taking effect on or after July 1, 2004.

25 (Source: P.A. 84-1250.)

1 (105 ILCS 5/10-20.40 new)

2 Sec. 10-20.40. Report on contracts.

3 (a) This Section applies to all school districts, including
4 a school district organized under Article 34 of this Code.

5 (b) A school board must list on the district's Internet
6 website, if any, all contracts over \$25,000 and any contract
7 that the school board enters into with an exclusive bargaining
8 representative.

9 (c) Each year, in conjunction with the submission of the
10 Statement of Affairs to the State Board of Education prior to
11 December, 1 provided for in Section 10-17, each school district
12 shall submit to the State Board of Education an annual report
13 on all contracts over \$25,000 awarded by the school district
14 during the previous fiscal year. The report shall include at
15 least the following:

16 (1) the total number of all contracts awarded by the
17 school district;

18 (2) the total value of all contracts awarded;

19 (3) the number of contracts awarded to minority owned
20 businesses, female owned businesses, and businesses owned
21 by persons with disabilities, as defined in the Business
22 Enterprise for Minorities, Females and Persons with
23 Disabilities Act, and locally owned businesses; and

24 (4) the total value of contracts awarded to minority
25 owned businesses, female owned businesses, and businesses
26 owned by persons with disabilities, as defined in the

1 Business Enterprise for Minorities, Females and Persons
2 with Disabilities Act, and locally owned businesses.

3 The report shall be made available to the public, including
4 publication on the school district's Internet website, if any.

5 (105 ILCS 5/10-20.41 new)

6 Sec. 10-20.41. Pay for performance.

7 (a) Beginning with all newly-negotiated collective
8 bargaining agreements entered into after the effective date of
9 this amendatory Act of the 95th General Assembly, a school
10 board and the exclusive bargaining representative, if any, may
11 include a performance-based teacher compensation plan in the
12 subject of its collective bargaining agreement. Nothing in this
13 Section shall preclude the school board and the exclusive
14 bargaining representative from agreeing to and implementing a
15 new performance-based teacher compensation plan prior to the
16 termination of the current collective bargaining agreement.

17 (b) The new teacher compensation plan bargained and agreed
18 to by the school board and the exclusive bargaining
19 representative under subsection (a) of this Section shall
20 provide certificated personnel with base salaries and shall
21 also provide that any increases in the compensation of
22 individual teachers or groups of teachers beyond base salaries
23 shall be pursuant, but not limited to, any of the following
24 elements:

25 (1) Superior teacher evaluations based on multiple

1 evaluations of their classroom teaching.

2 (2) Evaluation of a teacher's student classroom-level
3 achievement growth as measured using a value-added model.

4 "Value-added" means the improvement gains in student
5 achievement that are made each year based on pre-test and
6 post-test outcomes.

7 (3) Evaluation of school-level achievement growth as
8 measured using a value-added model. "Value-added" means
9 the improvement gains in student achievement that are made
10 each year based on pre-test and post-test outcomes.

11 (4) Demonstration of superior, outstanding performance
12 by an individual teacher or groups of teachers through the
13 meeting of unique and specific teaching practice
14 objectives defined and agreed to in advance in any given
15 school year.

16 (5) Preparation for meeting and contribution to the
17 broader needs of the school organization (e.g., curriculum
18 development, family liaison and community outreach,
19 implementation of a professional development program for
20 faculty, and participation in school management).

21 (c) A school board and exclusive bargaining representative
22 that initiate their own performance-based teacher compensation
23 program shall submit the new plan to the State Board of
24 Education for review not later than 150 days before the plan is
25 to become effective. If the plan does not conform to this
26 Section, the State Board of Education shall return the plan to

1 the school board and the exclusive bargaining representative
2 for modification. The school board and the exclusive bargaining
3 representative shall then have 30 days after the plan is
4 returned to them to submit a modified plan.

5 (105 ILCS 5/11E-135)

6 Sec. 11E-135. Incentives. For districts reorganizing under
7 this Article and for a district or districts that annex all of
8 the territory of one or more entire other school districts in
9 accordance with Article 7 of this Code, the following payments
10 shall be made from appropriations made for these purposes:

11 (a)(1) For a combined school district, as defined in
12 Section 11E-20 of this Code, or for a unit district, as defined
13 in Section 11E-25 of this Code, for its first year of
14 existence, the general State aid and supplemental general State
15 aid calculated under Section 18-8.05 of this Code shall be
16 computed for the new district and for the previously existing
17 districts for which property is totally included within the new
18 district. If the computation on the basis of the previously
19 existing districts is greater, a supplementary payment equal to
20 the difference shall be made for the first 4 years of existence
21 of the new district.

22 (2) For a school district that annexes all of the territory
23 of one or more entire other school districts as defined in
24 Article 7 of this Code, for the first year during which the
25 change of boundaries attributable to the annexation becomes

1 effective for all purposes, as determined under Section 7-9 of
2 this Code, the general State aid and supplemental general State
3 aid calculated under Section 18-8.05 of this Code shall be
4 computed for the annexing district as constituted after the
5 annexation and for the annexing and each annexed district as
6 constituted prior to the annexation; and if the computation on
7 the basis of the annexing and annexed districts as constituted
8 prior to the annexation is greater, then a supplementary
9 payment equal to the difference shall be made for the first 4
10 years of existence of the annexing school district as
11 constituted upon the annexation.

12 (3) For 2 or more school districts that annex all of the
13 territory of one or more entire other school districts, as
14 defined in Article 7 of this Code, for the first year during
15 which the change of boundaries attributable to the annexation
16 becomes effective for all purposes, as determined under Section
17 7-9 of this Code, the general State aid and supplemental
18 general State aid calculated under Section 18-8.05 of this Code
19 shall be computed for each annexing district as constituted
20 after the annexation and for each annexing and annexed district
21 as constituted prior to the annexation; and if the aggregate of
22 the general State aid and supplemental general State aid as so
23 computed for the annexing districts as constituted after the
24 annexation is less than the aggregate of the general State aid
25 and supplemental general State aid as so computed for the
26 annexing and annexed districts, as constituted prior to the

1 annexation, then a supplementary payment equal to the
2 difference shall be made and allocated between or among the
3 annexing districts, as constituted upon the annexation, for the
4 first 4 years of their existence. The total difference payment
5 shall be allocated between or among the annexing districts in
6 the same ratio as the pupil enrollment from that portion of the
7 annexed district or districts that is annexed to each annexing
8 district bears to the total pupil enrollment from the entire
9 annexed district or districts, as such pupil enrollment is
10 determined for the school year last ending prior to the date
11 when the change of boundaries attributable to the annexation
12 becomes effective for all purposes. The amount of the total
13 difference payment and the amount thereof to be allocated to
14 the annexing districts shall be computed by the State Board of
15 Education on the basis of pupil enrollment and other data that
16 shall be certified to the State Board of Education, on forms
17 that it shall provide for that purpose, by the regional
18 superintendent of schools for each educational service region
19 in which the annexing and annexed districts are located.

20 (4) For a school district conversion, as defined in Section
21 11E-15 of this Code, or a multi-unit conversion, as defined in
22 subsection (b) of Section 11E-30 of this Code, if in their
23 first year of existence the newly created elementary districts
24 and the newly created high school district, from a school
25 district conversion, or the newly created elementary district
26 or districts and newly created combined high school - unit

1 district, from a multi-unit conversion, qualify for less
2 general State aid under Section 18-8.05 of this Code than would
3 have been payable under Section 18-8.05 for that same year to
4 the previously existing districts, then a supplementary
5 payment equal to that difference shall be made for the first 4
6 years of existence of the newly created districts. The
7 aggregate amount of each supplementary payment shall be
8 allocated among the newly created districts in the proportion
9 that the deemed pupil enrollment in each district during its
10 first year of existence bears to the actual aggregate pupil
11 enrollment in all of the districts during their first year of
12 existence. For purposes of each allocation:

13 (A) the deemed pupil enrollment of the newly created
14 high school district from a school district conversion
15 shall be an amount equal to its actual pupil enrollment for
16 its first year of existence multiplied by 1.25;

17 (B) the deemed pupil enrollment of each newly created
18 elementary district from a school district conversion
19 shall be an amount equal to its actual pupil enrollment for
20 its first year of existence reduced by an amount equal to
21 the product obtained when the amount by which the newly
22 created high school district's deemed pupil enrollment
23 exceeds its actual pupil enrollment for its first year of
24 existence is multiplied by a fraction, the numerator of
25 which is the actual pupil enrollment of the newly created
26 elementary district for its first year of existence and the

1 denominator of which is the actual aggregate pupil
2 enrollment of all of the newly created elementary districts
3 for their first year of existence;

4 (C) the deemed high school pupil enrollment of the
5 newly created combined high school - unit district from a
6 multi-unit conversion shall be an amount equal to its
7 actual grades 9 through 12 pupil enrollment for its first
8 year of existence multiplied by 1.25; and

9 (D) the deemed elementary pupil enrollment of each
10 newly created district from a multi-unit conversion shall
11 be an amount equal to each district's actual grade K
12 through 8 pupil enrollment for its first year of existence,
13 reduced by an amount equal to the product obtained when the
14 amount by which the newly created combined high school -
15 unit district's deemed high school pupil enrollment
16 exceeds its actual grade 9 through 12 pupil enrollment for
17 its first year of existence is multiplied by a fraction,
18 the numerator of which is the actual grade K through 8
19 pupil enrollment of each newly created district for its
20 first year of existence and the denominator of which is the
21 actual aggregate grade K through 8 pupil enrollment of all
22 such newly created districts for their first year of
23 existence.

24 The aggregate amount of each supplementary payment under
25 this subdivision (4) and the amount thereof to be allocated to
26 the newly created districts shall be computed by the State

1 Board of Education on the basis of pupil enrollment and other
2 data, which shall be certified to the State Board of Education,
3 on forms that it shall provide for that purpose, by the
4 regional superintendent of schools for each educational
5 service region in which the newly created districts are
6 located.

7 (5) For a partial elementary unit district, as defined in
8 subsection (a) or (c) of Section 11E-30 of this Code, if, in
9 the first year of existence, the newly created partial
10 elementary unit district qualifies for less general State aid
11 and supplemental general State aid under Section 18-8.05 of
12 this Code than would have been payable under that Section for
13 that same year to the previously existing districts that formed
14 the partial elementary unit district, then a supplementary
15 payment equal to that difference shall be made to the partial
16 elementary unit district for the first 4 years of existence of
17 that newly created district.

18 (6) For an elementary opt-in, as described in subsection
19 (d) of Section 11E-30 of this Code, the general State aid
20 difference shall be computed in accordance with paragraph (5)
21 of this subsection (a) as if the elementary opt-in was included
22 in an optional elementary unit district at the optional
23 elementary unit district's original effective date. If the
24 calculation in this paragraph (6) is less than that calculated
25 in paragraph (5) of this subsection (a) at the optional
26 elementary unit district's original effective date, then no

1 adjustments may be made. If the calculation in this paragraph
2 (6) is more than that calculated in paragraph (5) of this
3 subsection (a) at the optional elementary unit district's
4 original effective date, then the excess must be paid as
5 follows:

6 (A) If the effective date for the elementary opt-in is
7 one year after the effective date for the optional
8 elementary unit district, 100% of the calculated excess
9 shall be paid to the optional elementary unit district in
10 each of the first 4 years after the effective date of the
11 elementary opt-in.

12 (B) If the effective date for the elementary opt-in is
13 2 years after the effective date for the optional
14 elementary unit district, 75% of the calculated excess
15 shall be paid to the optional elementary unit district in
16 each of the first 4 years after the effective date of the
17 elementary opt-in.

18 (C) If the effective date for the elementary opt-in is
19 3 years after the effective date for the optional
20 elementary unit district, 50% of the calculated excess
21 shall be paid to the optional elementary unit district in
22 each of the first 4 years after the effective date of the
23 elementary opt-in.

24 (D) If the effective date for the elementary opt-in is
25 4 years after the effective date for the optional
26 elementary unit district, 25% of the calculated excess

1 shall be paid to the optional elementary unit district in
2 each of the first 4 years after the effective date of the
3 elementary opt-in.

4 (E) If the effective date for the elementary opt-in is
5 5 years after the effective date for the optional
6 elementary unit district, the optional elementary unit
7 district is not eligible for any additional incentives due
8 to the elementary opt-in.

9 (6.5) For a school district that annexes territory detached
10 from another school district whereby the enrollment of the
11 annexing district increases by 90% or more as a result of the
12 annexation, for the first year during which the change of
13 boundaries attributable to the annexation becomes effective
14 for all purposes as determined under Section 7-9 of this Code,
15 the general State aid and supplemental general State aid
16 calculated under this Section shall be computed for the
17 district gaining territory and the district losing territory as
18 constituted after the annexation and for the same districts as
19 constituted prior to the annexation; and if the aggregate of
20 the general State aid and supplemental general State aid as so
21 computed for the district gaining territory and the district
22 losing territory as constituted after the annexation is less
23 than the aggregate of the general State aid and supplemental
24 general State aid as so computed for the district gaining
25 territory and the district losing territory as constituted
26 prior to the annexation, then a supplementary payment shall be

1 made to the annexing district for the first 4 years of
2 existence after the annexation, equal to the difference
3 multiplied by the ratio of student enrollment in the territory
4 detached to the total student enrollment in the district losing
5 territory for the year prior to the effective date of the
6 annexation. The amount of the total difference and the
7 proportion paid to the annexing district shall be computed by
8 the State Board of Education on the basis of pupil enrollment
9 and other data that must be submitted to the State Board of
10 Education in accordance with Section 7-14A of this Code. The
11 changes to this Section made by this amendatory Act of the 95th
12 General Assembly are intended to be retroactive and applicable
13 to any annexation taking effect on or after July 1, 2004. For
14 annexations that are eligible for payments under this paragraph
15 (6.5) and that are effective on or after July 1, 2004, but
16 before the effective date of this amendatory Act of the 95th
17 General Assembly, the first required yearly payment under this
18 paragraph (6.5) shall be paid in the fiscal year of the
19 effective date of this amendatory Act of the 95th General
20 Assembly. Subsequent required yearly payments shall be paid in
21 subsequent fiscal years until the payment obligation under this
22 paragraph (6.5) is complete.

23 (7) Claims for financial assistance under this subsection
24 (a) may not be recomputed except as expressly provided under
25 Section 18-8.05 of this Code.

26 (8) Any supplementary payment made under this subsection

1 (a) must be treated as separate from all other payments made
2 pursuant to Section 18-8.05 of this Code.

3 (b) (1) After the formation of a combined school district,
4 as defined in Section 11E-20 of this Code, or a unit district,
5 as defined in Section 11E-25 of this Code, a computation shall
6 be made to determine the difference between the salaries
7 effective in each of the previously existing districts on June
8 30, prior to the creation of the new district. For the first 4
9 years after the formation of the new district, a supplementary
10 State aid reimbursement shall be paid to the new district equal
11 to the difference between the sum of the salaries earned by
12 each of the certificated members of the new district, while
13 employed in one of the previously existing districts during the
14 year immediately preceding the formation of the new district,
15 and the sum of the salaries those certificated members would
16 have been paid during the year immediately prior to the
17 formation of the new district if placed on the salary schedule
18 of the previously existing district with the highest salary
19 schedule.

20 (2) After the territory of one or more school districts is
21 annexed by one or more other school districts as defined in
22 Article 7 of this Code, a computation shall be made to
23 determine the difference between the salaries effective in each
24 annexed district and in the annexing district or districts as
25 they were each constituted on June 30 preceding the date when
26 the change of boundaries attributable to the annexation became

1 effective for all purposes, as determined under Section 7-9 of
2 this Code. For the first 4 years after the annexation, a
3 supplementary State aid reimbursement shall be paid to each
4 annexing district as constituted after the annexation equal to
5 the difference between the sum of the salaries earned by each
6 of the certificated members of the annexing district as
7 constituted after the annexation, while employed in an annexed
8 or annexing district during the year immediately preceding the
9 annexation, and the sum of the salaries those certificated
10 members would have been paid during the immediately preceding
11 year if placed on the salary schedule of whichever of the
12 annexing or annexed districts had the highest salary schedule
13 during the immediately preceding year.

14 (3) For each new high school district formed under a school
15 district conversion, as defined in Section 11E-15 of this Code,
16 the State shall make a supplementary payment for 4 years equal
17 to the difference between the sum of the salaries earned by
18 each certified member of the new high school district, while
19 employed in one of the previously existing districts, and the
20 sum of the salaries those certified members would have been
21 paid if placed on the salary schedule of the previously
22 existing district with the highest salary schedule.

23 (4) For each newly created partial elementary unit
24 district, the State shall make a supplementary payment for 4
25 years equal to the difference between the sum of the salaries
26 earned by each certified member of the newly created partial

1 elementary unit district, while employed in one of the
2 previously existing districts that formed the partial
3 elementary unit district, and the sum of the salaries those
4 certified members would have been paid if placed on the salary
5 schedule of the previously existing district with the highest
6 salary schedule. The salary schedules used in the calculation
7 shall be those in effect in the previously existing districts
8 for the school year prior to the creation of the new partial
9 elementary unit district.

10 (5) For an elementary district opt-in, as described in
11 subsection (d) of Section 11E-30 of this Code, the salary
12 difference incentive shall be computed in accordance with
13 paragraph (4) of this subsection (b) as if the opted-in
14 elementary district was included in the optional elementary
15 unit district at the optional elementary unit district's
16 original effective date. If the calculation in this paragraph
17 (5) is less than that calculated in paragraph (4) of this
18 subsection (b) at the optional elementary unit district's
19 original effective date, then no adjustments may be made. If
20 the calculation in this paragraph (5) is more than that
21 calculated in paragraph (4) of this subsection (b) at the
22 optional elementary unit district's original effective date,
23 then the excess must be paid as follows:

24 (A) If the effective date for the elementary opt-in is
25 one year after the effective date for the optional
26 elementary unit district, 100% of the calculated excess

1 shall be paid to the optional elementary unit district in
2 each of the first 4 years after the effective date of the
3 elementary opt-in.

4 (B) If the effective date for the elementary opt-in is
5 2 years after the effective date for the optional
6 elementary unit district, 75% of the calculated excess
7 shall be paid to the optional elementary unit district in
8 each of the first 4 years after the effective date of the
9 elementary opt-in.

10 (C) If the effective date for the elementary opt-in is
11 3 years after the effective date for the optional
12 elementary unit district, 50% of the calculated excess
13 shall be paid to the optional elementary unit district in
14 each of the first 4 years after the effective date of the
15 elementary opt-in.

16 (D) If the effective date for the elementary opt-in is
17 4 years after the effective date for the partial elementary
18 unit district, 25% of the calculated excess shall be paid
19 to the optional elementary unit district in each of the
20 first 4 years after the effective date of the elementary
21 opt-in.

22 (E) If the effective date for the elementary opt-in is
23 5 years after the effective date for the optional
24 elementary unit district, the optional elementary unit
25 district is not eligible for any additional incentives due
26 to the elementary opt-in.

1 (5.5) ~~(b-5)~~ After the formation of a cooperative high
2 school by 2 or more school districts under Section 10-22.22c of
3 this Code, a computation shall be made to determine the
4 difference between the salaries effective in each of the
5 previously existing high schools on June 30 prior to the
6 formation of the cooperative high school. For the first 4 years
7 after the formation of the cooperative high school, a
8 supplementary State aid reimbursement shall be paid to the
9 cooperative high school equal to the difference between the sum
10 of the salaries earned by each of the certificated members of
11 the cooperative high school while employed in one of the
12 previously existing high schools during the year immediately
13 preceding the formation of the cooperative high school and the
14 sum of the salaries those certificated members would have been
15 paid during the year immediately prior to the formation of the
16 cooperative high school if placed on the salary schedule of the
17 previously existing high school with the highest salary
18 schedule.

19 (5.10) After the annexation of territory detached from
20 another school district whereby the enrollment of the annexing
21 district increases by 90% or more as a result of the
22 annexation, a computation shall be made to determine the
23 difference between the salaries effective in the district
24 gaining territory and the district losing territory as they
25 each were constituted on June 30 preceding the date when the
26 change of boundaries attributable to the annexation became

1 effective for all purposes as determined under Section 7-9 of
2 this Code. For the first 4 years after the annexation, a
3 supplementary State aid reimbursement shall be paid to the
4 annexing district equal to the difference between the sum of
5 the salaries earned by each of the certificated members of the
6 annexing district as constituted after the annexation while
7 employed in the district gaining territory or the district
8 losing territory during the year immediately preceding the
9 annexation and the sum of the salaries those certificated
10 members would have been paid during such immediately preceding
11 year if placed on the salary schedule of whichever of the
12 district gaining territory or district losing territory had the
13 highest salary schedule during the immediately preceding year.
14 To be eligible for supplementary State aid reimbursement under
15 this Section, the intergovernmental agreement to be submitted
16 pursuant to Section 7-14A of this Code must show that staff
17 members were transferred from the control of the district
18 losing territory to the control of the district gaining
19 territory in the annexation. The changes to this Section made
20 by this amendatory Act of the 95th General Assembly are
21 intended to be retroactive and applicable to any annexation
22 taking effect on or after July 1, 2004. For annexations that
23 are eligible for payments under this paragraph (5.10) and that
24 are effective on or after July 1, 2004, but before the
25 effective date of this amendatory Act of the 95th General
26 Assembly, the first required yearly payment under this

1 paragraph (5.10) shall be paid in the fiscal year of the
2 effective date of this amendatory Act of the 95th General
3 Assembly. Subsequent required yearly payments shall be paid in
4 subsequent fiscal years until the payment obligation under this
5 paragraph (5.10) is complete.

6 (6) The supplementary State aid reimbursement under this
7 subsection (b) shall be treated as separate from all other
8 payments made pursuant to Section 18-8.05 of this Code. In the
9 case of the formation of a new district or cooperative high
10 school, reimbursement shall begin during the first year of
11 operation of the new district or cooperative high school, and
12 in the case of an annexation of the territory of one or more
13 school districts by one or more other school districts or the
14 annexation of territory detached from a school district whereby
15 the enrollment of the annexing district increases by 90% or
16 more as a result of the annexation, reimbursement shall begin
17 during the first year when the change in boundaries
18 attributable to the annexation ~~or division~~ becomes effective
19 for all purposes as determined pursuant to Section 7-9 of this
20 Code, except that for an annexation of territory detached from
21 a school district that is effective on or after July 1, 2004,
22 but before the effective date of this amendatory Act of the
23 95th General Assembly, whereby the enrollment of the annexing
24 district increases by 90% or more as a result of the
25 annexation, reimbursement shall begin during the fiscal year of
26 the effective date of this amendatory Act of the 95th General

1 Assembly. Each year that the new, annexing, or resulting
2 district or cooperative high school, as the case may be, is
3 entitled to receive reimbursement, the number of eligible
4 certified members who are employed on October 1 in the district
5 or cooperative high school shall be certified to the State
6 Board of Education on prescribed forms by October 15 and
7 payment shall be made on or before November 15 of that year.

8 (c) (1) For the first year after the formation of a combined
9 school district, as defined in Section 11E-20 of this Code or a
10 unit district, as defined in Section 11E-25 of this Code, a
11 computation shall be made totaling each previously existing
12 district's audited fund balances in the educational fund,
13 working cash fund, operations and maintenance fund, and
14 transportation fund for the year ending June 30 prior to the
15 referendum for the creation of the new district. The new
16 district shall be paid supplementary State aid equal to the sum
17 of the differences between the deficit of the previously
18 existing district with the smallest deficit and the deficits of
19 each of the other previously existing districts.

20 (2) For the first year after the annexation of all of the
21 territory of one or more entire school districts by another
22 school district, as defined in Article 7 of this Code,
23 computations shall be made, for the year ending June 30 prior
24 to the date that the change of boundaries attributable to the
25 annexation is allowed by the affirmative decision issued by the
26 regional board of school trustees under Section 7-6 of this

1 Code, notwithstanding any effort to seek administrative review
2 of the decision, totaling the annexing district's and totaling
3 each annexed district's audited fund balances in their
4 respective educational, working cash, operations and
5 maintenance, and transportation funds. The annexing district
6 as constituted after the annexation shall be paid supplementary
7 State aid equal to the sum of the differences between the
8 deficit of whichever of the annexing or annexed districts as
9 constituted prior to the annexation had the smallest deficit
10 and the deficits of each of the other districts as constituted
11 prior to the annexation.

12 (3) For the first year after the annexation of all of the
13 territory of one or more entire school districts by 2 or more
14 other school districts, as defined by Article 7 of this Code,
15 computations shall be made, for the year ending June 30 prior
16 to the date that the change of boundaries attributable to the
17 annexation is allowed by the affirmative decision of the
18 regional board of school trustees under Section 7-6 of this
19 Code, notwithstanding any action for administrative review of
20 the decision, totaling each annexing and annexed district's
21 audited fund balances in their respective educational, working
22 cash, operations and maintenance, and transportation funds.
23 The annexing districts as constituted after the annexation
24 shall be paid supplementary State aid, allocated as provided in
25 this paragraph (3), in an aggregate amount equal to the sum of
26 the differences between the deficit of whichever of the

1 annexing or annexed districts as constituted prior to the
2 annexation had the smallest deficit and the deficits of each of
3 the other districts as constituted prior to the annexation. The
4 aggregate amount of the supplementary State aid payable under
5 this paragraph (3) shall be allocated between or among the
6 annexing districts as follows:

7 (A) the regional superintendent of schools for each
8 educational service region in which an annexed district is
9 located prior to the annexation shall certify to the State
10 Board of Education, on forms that it shall provide for that
11 purpose, the value of all taxable property in each annexed
12 district, as last equalized or assessed by the Department
13 of Revenue prior to the annexation, and the equalized
14 assessed value of each part of the annexed district that
15 was annexed to or included as a part of an annexing
16 district;

17 (B) using equalized assessed values as certified by the
18 regional superintendent of schools under clause (A) of this
19 paragraph (3), the combined audited fund balance deficit of
20 each annexed district as determined under this Section
21 shall be apportioned between or among the annexing
22 districts in the same ratio as the equalized assessed value
23 of that part of the annexed district that was annexed to or
24 included as a part of an annexing district bears to the
25 total equalized assessed value of the annexed district; and

26 (C) the aggregate supplementary State aid payment

1 under this paragraph (3) shall be allocated between or
2 among, and shall be paid to, the annexing districts in the
3 same ratio as the sum of the combined audited fund balance
4 deficit of each annexing district as constituted prior to
5 the annexation, plus all combined audited fund balance
6 deficit amounts apportioned to that annexing district
7 under clause (B) of this subsection, bears to the aggregate
8 of the combined audited fund balance deficits of all of the
9 annexing and annexed districts as constituted prior to the
10 annexation.

11 (4) For the new elementary districts and new high school
12 district formed through a school district conversion, as
13 defined in subsection (b) of Section 11E-15 of this Code or the
14 new elementary district or districts and new combined high
15 school - unit district formed through a multi-unit conversion,
16 as defined in subsection (b) of Section 11E-30 of this Code, a
17 computation shall be made totaling each previously existing
18 district's audited fund balances in the educational fund,
19 working cash fund, operations and maintenance fund, and
20 transportation fund for the year ending June 30 prior to the
21 referendum establishing the new districts. In the first year of
22 the new districts, the State shall make a one-time
23 supplementary payment equal to the sum of the differences
24 between the deficit of the previously existing district with
25 the smallest deficit and the deficits of each of the other
26 previously existing districts. A district with a combined

1 balance among the 4 funds that is positive shall be considered
2 to have a deficit of zero. The supplementary payment shall be
3 allocated among the newly formed high school and elementary
4 districts in the manner provided by the petition for the
5 formation of the districts, in the form in which the petition
6 is approved by the regional superintendent of schools or State
7 Superintendent of Education under Section 11E-50 of this Code.

8 (5) For each newly created partial elementary unit
9 district, as defined in subsection (a) or (c) of Section 11E-30
10 of this Code, a computation shall be made totaling the audited
11 fund balances of each previously existing district that formed
12 the new partial elementary unit district in the educational
13 fund, working cash fund, operations and maintenance fund, and
14 transportation fund for the year ending June 30 prior to the
15 referendum for the formation of the partial elementary unit
16 district. In the first year of the new partial elementary unit
17 district, the State shall make a one-time supplementary payment
18 to the new district equal to the sum of the differences between
19 the deficit of the previously existing district with the
20 smallest deficit and the deficits of each of the other
21 previously existing districts. A district with a combined
22 balance among the 4 funds that is positive shall be considered
23 to have a deficit of zero.

24 (6) For an elementary opt-in as defined in subsection (d)
25 of Section 11E-30 of this Code, the deficit fund balance
26 incentive shall be computed in accordance with paragraph (5) of

1 this subsection (c) as if the opted-in elementary was included
2 in the optional elementary unit district at the optional
3 elementary unit district's original effective date. If the
4 calculation in this paragraph (6) is less than that calculated
5 in paragraph (5) of this subsection (c) at the optional
6 elementary unit district's original effective date, then no
7 adjustments may be made. If the calculation in this paragraph
8 (6) is more than that calculated in paragraph (5) of this
9 subsection (c) at the optional elementary unit district's
10 original effective date, then the excess must be paid as
11 follows:

12 (A) If the effective date for the elementary opt-in is
13 one year after the effective date for the optional
14 elementary unit district, 100% of the calculated excess
15 shall be paid to the optional elementary unit district in
16 the first year after the effective date of the elementary
17 opt-in.

18 (B) If the effective date for the elementary opt-in is
19 2 years after the effective date for the optional
20 elementary unit district, 75% of the calculated excess
21 shall be paid to the optional elementary unit district in
22 the first year after the effective date of the elementary
23 opt-in.

24 (C) If the effective date for the elementary opt-in is
25 3 years after the effective date for the optional
26 elementary unit district, 50% of the calculated excess

1 shall be paid to the optional elementary unit district in
2 the first year after the effective date of the elementary
3 opt-in.

4 (D) If the effective date for the elementary opt-in is
5 4 years after the effective date for the optional
6 elementary unit district, 25% of the calculated excess
7 shall be paid to the optional elementary unit district in
8 the first year after the effective date of the elementary
9 opt-in.

10 (E) If the effective date for the elementary opt-in is
11 5 years after the effective date for the optional
12 elementary unit district, the optional elementary unit
13 district is not eligible for any additional incentives due
14 to the elementary opt-in.

15 (6.5) For the first year after the annexation of territory
16 detached from another school district whereby the enrollment of
17 the annexing district increases by 90% or more as a result of
18 the annexation, a computation shall be made totaling the
19 audited fund balances of the district gaining territory and the
20 audited fund balances of the district losing territory in the
21 educational fund, working cash fund, operations and
22 maintenance fund, and transportation fund for the year ending
23 June 30 prior to the date that the change of boundaries
24 attributable to the annexation is allowed by the affirmative
25 decision of the regional board of school trustees under Section
26 7-6 of this Code, notwithstanding any action for administrative

1 review of the decision. The annexing district as constituted
2 after the annexation shall be paid supplementary State aid
3 equal to the difference between the deficit of whichever
4 district included in this calculation as constituted prior to
5 the annexation had the smallest deficit and the deficit of each
6 other district included in this calculation as constituted
7 prior to the annexation, multiplied by the ratio of equalized
8 assessed value of the territory detached to the total equalized
9 assessed value of the district losing territory. The regional
10 superintendent of schools for the educational service region in
11 which a district losing territory is located prior to the
12 annexation shall certify to the State Board of Education the
13 value of all taxable property in the district losing territory
14 and the value of all taxable property in the territory being
15 detached, as last equalized or assessed by the Department of
16 Revenue prior to the annexation. To be eligible for
17 supplementary State aid reimbursement under this Section, the
18 intergovernmental agreement to be submitted pursuant to
19 Section 7-14A of this Code must show that fund balances were
20 transferred from the district losing territory to the district
21 gaining territory in the annexation. The changes to this
22 Section made by this amendatory Act of the 95th General
23 Assembly are intended to be retroactive and applicable to any
24 annexation taking effect on or after July 1, 2004. For
25 annexations that are eligible for payments under this paragraph
26 (6.5) and that are effective on or after July 1, 2004, but

1 before the effective date of this amendatory Act of the 95th
2 General Assembly, the required payment under this paragraph
3 (6.5) shall be paid in the fiscal year of the effective date of
4 this amendatory Act of the 95th General Assembly.

5 (7) For purposes of any calculation required under
6 paragraph (1), (2), (3), (4), (5), ~~or (6)~~, or (6.5) of this
7 subsection (c), a district with a combined fund balance that is
8 positive shall be considered to have a deficit of zero. For
9 purposes of determining each district's audited fund balances
10 in its educational fund, working cash fund, operations and
11 maintenance fund, and transportation fund for the specified
12 year ending June 30, as provided in paragraphs (1), (2), (3),
13 (4), (5), ~~and (6)~~, and (6.5) of this subsection (c), the
14 balance of each fund shall be deemed decreased by an amount
15 equal to the amount of the annual property tax theretofore
16 levied in the fund by the district for collection and payment
17 to the district during the calendar year in which the June 30
18 fell, but only to the extent that the tax so levied in the fund
19 actually was received by the district on or before or comprised
20 a part of the fund on such June 30. For purposes of determining
21 each district's audited fund balances, a calculation shall be
22 made for each fund to determine the average for the 3 years
23 prior to the specified year ending June 30, as provided in
24 paragraphs (1), (2), (3), (4), (5), ~~and (6)~~, and (6.5) of this
25 subsection (c), of the district's expenditures in the
26 categories "purchased services", "supplies and materials", and

1 "capital outlay", as those categories are defined in rules of
2 the State Board of Education. If this 3-year average is less
3 than the district's expenditures in these categories for the
4 specified year ending June 30, as provided in paragraphs (1),
5 (2), (3), (4), (5), ~~and (6)~~, and (6.5) of this subsection (c),
6 then the 3-year average shall be used in calculating the
7 amounts payable under this Section in place of the amounts
8 shown in these categories for the specified year ending June
9 30, as provided in paragraphs (1), (2), (3), (4), (5), ~~and (6)~~,
10 and (6.5) of this subsection (c). Any deficit because of State
11 aid not yet received may not be considered in determining the
12 June 30 deficits. The same basis of accounting shall be used by
13 all previously existing districts and by all annexing or
14 annexed districts, as constituted prior to the annexation, in
15 making any computation required under paragraphs (1), (2), (3),
16 (4), (5), ~~and (6)~~, and (6.5) of this subsection (c).

17 (8) The supplementary State aid payments under this
18 subsection (c) shall be treated as separate from all other
19 payments made pursuant to Section 18-8.05 of this Code.

20 (d)(1) Following the formation of a combined school
21 district, as defined in Section 11E-20 of this Code, a new
22 elementary district or districts and a new high school district
23 formed through a school district conversion, as defined in
24 subsection (b) of Section 11E-15 of this Code, a new partial
25 elementary unit district, as defined in Section 11E-30 of this
26 Code, or a new elementary district or districts formed through

1 a multi-unit conversion, as defined in subsection (b) of
 2 Section 11E-30 of this Code, or the annexation of all of the
 3 territory of one or more entire school districts by one or more
 4 other school districts, as defined in Article 7 of this Code, a
 5 supplementary State aid reimbursement shall be paid for the
 6 number of school years determined under the following table to
 7 each new or annexing district equal to the sum of \$4,000 for
 8 each certified employee who is employed by the district on a
 9 full-time basis for the regular term of the school year:

10	Reorganized District's Rank	Reorganized District's Rank		
11	by type of district (unit,	in Average Daily Attendance		
12	high school, elementary)	By Quintile		
13	in Equalized Assessed Value			
14	Per Pupil by Quintile			
15				3rd, 4th,
16		1st	2nd	or 5th
17		Quintile	Quintile	Quintile
18	1st Quintile	1 year	1 year	1 year
19	2nd Quintile	1 year	2 years	2 years
20	3rd Quintile	2 years	3 years	3 years
21	4th Quintile	2 years	3 years	3 years
22	5th Quintile	2 years	3 years	3 years

23 The State Board of Education shall make a one-time calculation
 24 of a reorganized district's quintile ranks. The average daily

1 attendance used in this calculation shall be the best 3 months'
2 average daily attendance for the district's first year. The
3 equalized assessed value per pupil shall be the district's real
4 property equalized assessed value used in calculating the
5 district's first-year general State aid claim, under Section
6 18-8.05 of this Code, divided by the best 3 months' average
7 daily attendance.

8 No annexing or resulting school district shall be entitled
9 to supplementary State aid under this subsection (d) unless the
10 district acquires at least 30% of the average daily attendance
11 of the district from which the territory is being detached or
12 divided.

13 If a district results from multiple reorganizations that
14 would otherwise qualify the district for multiple payments
15 under this subsection (d) in any year, then the district shall
16 receive a single payment only for that year based solely on the
17 most recent reorganization.

18 (2) For an elementary opt-in, as defined in subsection (d)
19 of Section 11E-30 of this Code, the full-time certified staff
20 incentive shall be computed in accordance with paragraph (1) of
21 this subsection (d), equal to the sum of \$4,000 for each
22 certified employee of the elementary district that opts-in who
23 is employed by the optional elementary unit district on a
24 full-time basis for the regular term of the school year. The
25 calculation from this paragraph (2) must be paid as follows:

26 (A) If the effective date for the elementary opt-in is

1 one year after the effective date for the optional
2 elementary unit district, 100% of the amount calculated in
3 this paragraph (2) shall be paid to the optional elementary
4 unit district for the number of years calculated in
5 paragraph (1) of this subsection (d) at the optional
6 elementary unit district's original effective date,
7 starting in the second year after the effective date of the
8 elementary opt-in.

9 (B) If the effective date for the elementary opt-in is
10 2 years after the effective date for the optional
11 elementary unit district, 75% of the amount calculated in
12 this paragraph (2) shall be paid to the optional elementary
13 unit district for the number of years calculated in
14 paragraph (1) of this subsection (d) at the optional
15 elementary unit district's original effective date,
16 starting in the second year after the effective date of the
17 elementary opt-in.

18 (C) If the effective date for the elementary opt-in is
19 3 years after the effective date for the optional
20 elementary unit district, 50% of the amount calculated in
21 this paragraph (2) shall be paid to the optional elementary
22 unit district for the number of years calculated in
23 paragraph (1) of this subsection (d) at the optional
24 elementary unit district's original effective date,
25 starting in the second year after the effective date of the
26 elementary opt-in.

1 (D) If the effective date for the elementary opt-in is
2 4 years after the effective date for the optional
3 elementary unit district, 25% of the amount calculated in
4 this paragraph (2) shall be paid to the optional elementary
5 unit district for the number of years calculated in
6 paragraph (1) of this subsection (d) at the optional
7 elementary unit district's original effective date,
8 starting in the second year after the effective date of the
9 elementary opt-in.

10 (E) If the effective date for the elementary opt-in is
11 5 years after the effective date for the optional
12 elementary unit district, the optional elementary unit
13 district is not eligible for any additional incentives due
14 to the elementary opt-in.

15 (2.5) ~~(a-5)~~ Following the formation of a cooperative high
16 school by 2 or more school districts under Section 10-22.22c of
17 this Code, a supplementary State aid reimbursement shall be
18 paid for 3 school years to the cooperative high school equal to
19 the sum of \$4,000 for each certified employee who is employed
20 by the cooperative high school on a full-time basis for the
21 regular term of any such school year. If a cooperative high
22 school results from multiple agreements that would otherwise
23 qualify the cooperative high school for multiple payments under
24 this Section in any year, the cooperative high school shall
25 receive a single payment for that year based solely on the most
26 recent agreement.

1 (2.10) Following the annexation of territory detached from
2 another school district whereby the enrollment of the annexing
3 district increases 90% or more as a result of the annexation, a
4 supplementary State aid reimbursement shall be paid to the
5 annexing district equal to the sum of \$4,000 for each certified
6 employee who is employed by the annexing district on a
7 full-time basis and shall be calculated in accordance with
8 subsection (a) of this Section. To be eligible for
9 supplementary State aid reimbursement under this Section, the
10 intergovernmental agreement to be submitted pursuant to
11 Section 7-14A of this Code must show that certified staff
12 members were transferred from the control of the district
13 losing territory to the control of the district gaining
14 territory in the annexation. The changes to this Section made
15 by this amendatory Act of the 95th General Assembly are
16 intended to be retroactive and applicable to any annexation
17 taking effect on or after July 1, 2004. For annexations that
18 are eligible for payments under this paragraph (2.10) and that
19 are effective on or after July 1, 2004, but before the
20 effective date of this amendatory Act of the 95th General
21 Assembly, the first required yearly payment under this
22 paragraph (2.10) shall be paid in the second fiscal year after
23 the effective date of this amendatory Act of the 95th General
24 Assembly. Any subsequent required yearly payments shall be paid
25 in subsequent fiscal years until the payment obligation under
26 this paragraph (2.10) is complete.

1 (3) The supplementary State aid reimbursement payable
2 under this subsection (d) shall be separate from and in
3 addition to all other payments made to the district pursuant to
4 any other Section of this Article.

5 (4) During May of each school year for which a
6 supplementary State aid reimbursement is to be paid to a new or
7 annexing school district or cooperative high school pursuant to
8 this subsection (d), the school board or governing board shall
9 certify to the State Board of Education, on forms furnished to
10 the school board or governing board by the State Board of
11 Education for purposes of this subsection (d), the number of
12 certified employees for which the district or cooperative high
13 school is entitled to reimbursement under this Section,
14 together with the names, certificate numbers, and positions
15 held by the certified employees.

16 (5) Upon certification by the State Board of Education to
17 the State Comptroller of the amount of the supplementary State
18 aid reimbursement to which a school district or cooperative
19 high school is entitled under this subsection (d), the State
20 Comptroller shall draw his or her warrant upon the State
21 Treasurer for the payment thereof to the school district or
22 cooperative high school and shall promptly transmit the payment
23 to the school district or cooperative high school through the
24 appropriate school treasurer.

25 (Source: P.A. 94-1019, eff. 7-10-06; incorporates P.A. 94-902,
26 eff. 7-1-06; revised 9-13-06.)

1 (105 ILCS 5/14-13.01) (from Ch. 122, par. 14-13.01)

2 Sec. 14-13.01. Reimbursement payable by State; Amounts.
3 Reimbursement for furnishing special educational facilities in
4 a recognized school to the type of children defined in Section
5 14-1.02 shall be paid to the school districts in accordance
6 with Section 14-12.01 for each school year ending June 30 by
7 the State Comptroller out of any money in the treasury
8 appropriated for such purposes on the presentation of vouchers
9 by the State Board of Education.

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

21 (a) For children who have not been identified as eligible
22 for special education and for eligible children with physical
23 disabilities, including all eligible children whose placement
24 has been determined under Section 14-8.02 in hospital or home
25 instruction, 1/2 of the teacher's salary but not more than

1 \$1,000 annually per child or \$8,000 per teacher for the
2 1985-1986 school year through the 2006-2007 school year and
3 \$1,000 per child or \$9,000 per teacher for the 2007-2008 school
4 year and for each school year ~~and~~ thereafter, whichever is
5 less. Children to be included in any reimbursement under this
6 paragraph must regularly receive a minimum of one hour of
7 instruction each school day, or in lieu thereof of a minimum of
8 5 hours of instruction in each school week in order to qualify
9 for full reimbursement under this Section. If the attending
10 physician for such a child has certified that the child should
11 not receive as many as 5 hours of instruction in a school week,
12 however, reimbursement under this paragraph on account of that
13 child shall be computed proportionate to the actual hours of
14 instruction per week for that child divided by 5.

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

23 (c) For each professional worker excluding those included
24 in subparagraphs (a), (d), (e), and (f) of this Section, the
25 annual sum of \$8,000 for the 1985-1986 school year through the
26 2006-2007 school year and \$9,000 for the 2007-2008 school year

1 and for each school year ~~and~~ thereafter.

2 (d) For one full time qualified director of the special
3 education program of each school district which maintains a
4 fully approved program of special education the annual sum of
5 \$8,000 for the 1985-1986 school year through the 2006-2007
6 school year and \$9,000 for the 2007-2008 school year and for
7 each school year ~~and~~ thereafter. Districts participating in a
8 joint agreement special education program shall not receive
9 such reimbursement if reimbursement is made for a director of
10 the joint agreement program.

11 (e) For each school psychologist as defined in Section
12 14-1.09 the annual sum of \$8,000 for the 1985-1986 school year
13 through the 2006-2007 school year and \$9,000 for the 2007-2008
14 school year and for each school year ~~and~~ thereafter.

15 (f) For each qualified teacher working in a fully approved
16 program for children of preschool age who are deaf or
17 hard-of-hearing the annual sum of \$8,000 for the 1985-1986
18 school year through the 2006-2007 school year and \$9,000 for
19 the 2007-2008 school year and for each school year ~~and~~
20 thereafter.

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

26 (h) For necessary non-certified employees working in any

1 class or program for children defined in this Article, 1/2 of
2 the salary paid or \$2,800 annually per employee through the
3 2006-2007 school year and \$3,500 per employee for the 2007-2008
4 school year and for each school year thereafter, whichever is
5 less.

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

10 When any school district eligible for reimbursement under
11 this Section operates a school or program approved by the State
12 Superintendent of Education for a number of days in excess of
13 the adopted school calendar but not to exceed 235 school days,
14 such reimbursement shall be increased by 1/180 of the amount or
15 rate paid hereunder for each day such school is operated in
16 excess of 180 days per calendar year.

17 Notwithstanding any other provision of law, any school
18 district receiving a payment under this Section or under
19 Section 14-7.02, 14-7.02b, or 29-5 of this Code may classify
20 all or a portion of the funds that it receives in a particular
21 fiscal year or from general State aid pursuant to Section
22 18-8.05 of this Code as funds received in connection with any
23 funding program for which it is entitled to receive funds from
24 the State in that fiscal year (including, without limitation,
25 any funding program referenced in this Section), regardless of
26 the source or timing of the receipt. The district may not

1 classify more funds as funds received in connection with the
2 funding program than the district is entitled to receive in
3 that fiscal year for that program. Any classification by a
4 district must be made by a resolution of its board of
5 education. The resolution must identify the amount of any
6 payments or general State aid to be classified under this
7 paragraph and must specify the funding program to which the
8 funds are to be treated as received in connection therewith.
9 This resolution is controlling as to the classification of
10 funds referenced therein. A certified copy of the resolution
11 must be sent to the State Superintendent of Education. The
12 resolution shall still take effect even though a copy of the
13 resolution has not been sent to the State Superintendent of
14 Education in a timely manner. No classification under this
15 paragraph by a district shall affect the total amount or timing
16 of money the district is entitled to receive under this Code.
17 No classification under this paragraph by a district shall in
18 any way relieve the district from or affect any requirements
19 that otherwise would apply with respect to that funding
20 program, including any accounting of funds by source, reporting
21 expenditures by original source and purpose, reporting
22 requirements, or requirements of providing services.

23 (Source: P.A. 95-415, eff. 8-24-07.)

24 (105 ILCS 5/18-8.05)

25 Sec. 18-8.05. Basis for apportionment of general State

1 financial aid and supplemental general State aid to the common
2 schools for the 1998-1999 and subsequent school years.

3 (A) General Provisions.

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

20 (2) In addition to general State financial aid, school
21 districts with specified levels or concentrations of pupils
22 from low income households are eligible to receive supplemental
23 general State financial aid grants as provided pursuant to
24 subsection (H). The supplemental State aid grants provided for
25 school districts under subsection (H) shall be appropriated for

1 distribution to school districts as part of the same line item
2 in which the general State financial aid of school districts is
3 appropriated under this Section.

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

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

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

26 (c) If a school district operates a full year school

1 under Section 10-19.1, the general State aid to the school
2 district shall be determined by the State Board of
3 Education in accordance with this Section as near as may be
4 applicable.

5 (d) (Blank).

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

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

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

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

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

23 (c) "Corporate Personal Property Replacement Taxes":
24 Funds paid to local school districts pursuant to "An Act in
25 relation to the abolition of ad valorem personal property
26 tax and the replacement of revenues lost thereby, and

1 amending and repealing certain Acts and parts of Acts in
2 connection therewith", certified August 14, 1979, as
3 amended (Public Act 81-1st S.S.-1).

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

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

10 (B) Foundation Level.

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

21 (2) For the 1998-1999 school year, the Foundation Level of
22 support is \$4,225. For the 1999-2000 school year, the
23 Foundation Level of support is \$4,325. For the 2000-2001 school
24 year, the Foundation Level of support is \$4,425. For the
25 2001-2002 school year and 2002-2003 school year, the Foundation

1 Level of support is \$4,560. For the 2003-2004 school year, the
2 Foundation Level of support is \$4,810. For the 2004-2005 school
3 year, the Foundation Level of support is \$4,964. For the
4 2005-2006 school year, the Foundation Level of support is
5 \$5,164. For the 2006-2007 school year, the Foundation Level of
6 support is \$5,334.

7 (3) For the 2007-2008 ~~2006-2007~~ school year and each school
8 year thereafter, the Foundation Level of support is \$5,734
9 ~~\$5,334~~ or such greater amount as may be established by law by
10 the General Assembly.

11 (C) Average Daily Attendance.

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

23 (2) The Average Daily Attendance figures utilized in
24 subsection (E) shall be the requisite attendance data for the
25 school year immediately preceding the school year for which

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

7 (D) Available Local Resources.

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

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

24 (3) For school districts maintaining grades kindergarten
25 through 12, local property tax revenues per pupil shall be

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

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

24 (4) The Corporate Personal Property Replacement Taxes paid
25 to each school district during the calendar year 2 years before
26 the calendar year in which a school year begins, divided by the

1 Average Daily Attendance figure for that district, shall be
2 added to the local property tax revenues per pupil as derived
3 by the application of the immediately preceding paragraph (3).
4 The sum of these per pupil figures for each school district
5 shall constitute Available Local Resources as that term is
6 utilized in subsection (E) in the calculation of general State
7 aid.

8 (E) Computation of General State Aid.

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

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

18 (3) For any school district for which Available Local
19 Resources per pupil is equal to or greater than the product of
20 0.93 times the Foundation Level and less than the product of
21 1.75 times the Foundation Level, the general State aid per
22 pupil shall be a decimal proportion of the Foundation Level
23 derived using a linear algorithm. Under this linear algorithm,
24 the calculated general State aid per pupil shall decline in
25 direct linear fashion from 0.07 times the Foundation Level for

1 a school district with Available Local Resources equal to the
2 product of 0.93 times the Foundation Level, to 0.05 times the
3 Foundation Level for a school district with Available Local
4 Resources equal to the product of 1.75 times the Foundation
5 Level. The allocation of general State aid for school districts
6 subject to this paragraph 3 shall be the calculated general
7 State aid per pupil figure multiplied by the Average Daily
8 Attendance of the school district.

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

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

24 (F) Compilation of Average Daily Attendance.

25 (1) Each school district shall, by July 1 of each year,

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

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

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

18 (c) In districts in which some buildings, but not all,
19 hold year-round classes, for the non-year-round buildings,
20 days of attendance in August shall be added to the month of
21 September and any days of attendance in June shall be added
22 to the month of May. The average daily attendance for the
23 year-round buildings shall be computed as provided in
24 subdivision (b) of this paragraph (1). To calculate the
25 Average Daily Attendance for the district, the average
26 daily attendance for the year-round buildings shall be

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

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

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

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

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

1 minutes that school work is required to be held that day.

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

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

11 (d) A session of 3 or more clock hours may be counted
12 as a day of attendance (1) when the remainder of the school
13 day or at least 2 hours in the evening of that day is
14 utilized for an in-service training program for teachers,
15 up to a maximum of 5 days per school year of which a
16 maximum of 4 days of such 5 days may be used for
17 parent-teacher conferences, provided a district conducts
18 an in-service training program for teachers which has been
19 approved by the State Superintendent of Education; or, in
20 lieu of 4 such days, 2 full days may be used, in which
21 event each such day may be counted as a day of attendance;
22 and (2) when days in addition to those provided in item (1)
23 are scheduled by a school pursuant to its school
24 improvement plan adopted under Article 34 or its revised or
25 amended school improvement plan adopted under Article 2,
26 provided that (i) such sessions of 3 or more clock hours

1 are scheduled to occur at regular intervals, (ii) the
2 remainder of the school days in which such sessions occur
3 are utilized for in-service training programs or other
4 staff development activities for teachers, and (iii) a
5 sufficient number of minutes of school work under the
6 direct supervision of teachers are added to the school days
7 between such regularly scheduled sessions to accumulate
8 not less than the number of minutes by which such sessions
9 of 3 or more clock hours fall short of 5 clock hours. Any
10 full days used for the purposes of this paragraph shall not
11 be considered for computing average daily attendance. Days
12 scheduled for in-service training programs, staff
13 development activities, or parent-teacher conferences may
14 be scheduled separately for different grade levels and
15 different attendance centers of the district.

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

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

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

8 (h) A recognized kindergarten which provides for only
9 1/2 day of attendance by each pupil shall not have more
10 than 1/2 day of attendance counted in any one day. However,
11 kindergartens may count 2 1/2 days of attendance in any 5
12 consecutive school days. When a pupil attends such a
13 kindergarten for 2 half days on any one school day, the
14 pupil shall have the following day as a day absent from
15 school, unless the school district obtains permission in
16 writing from the State Superintendent of Education.
17 Attendance at kindergartens which provide for a full day of
18 attendance by each pupil shall be counted the same as
19 attendance by first grade pupils. Only the first year of
20 attendance in one kindergarten shall be counted, except in
21 case of children who entered the kindergarten in their
22 fifth year whose educational development requires a second
23 year of kindergarten as determined under the rules and
24 regulations of the State Board of Education.

25 (i) On the days when the Prairie State Achievement
26 Examination is administered under subsection (c) of

1 Section 2-3.64 of this Code, the day of attendance for a
2 pupil whose school day must be shortened to accommodate
3 required testing procedures may be less than 5 clock hours
4 and shall be counted towards the 176 days of actual pupil
5 attendance required under Section 10-19 of this Code,
6 provided that a sufficient number of minutes of school work
7 in excess of 5 clock hours are first completed on other
8 school days to compensate for the loss of school work on
9 the examination days.

10 (G) Equalized Assessed Valuation Data.

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

21 The Department of Revenue shall add to the equalized
22 assessed value of all taxable property of each school district
23 situated entirely or partially within a county that is or was
24 subject to the alternative general homestead exemption
25 provisions of Section 15-176 of the Property Tax Code (a) an

1 amount equal to the total amount by which the homestead
2 exemption allowed under Section 15-176 of the Property Tax Code
3 for real property situated in that school district exceeds the
4 total amount that would have been allowed in that school
5 district if the maximum reduction under Section 15-176 was (i)
6 \$4,500 in Cook County or \$3,500 in all other counties in tax
7 year 2003 or (ii) \$5,000 in all counties in tax year 2004 and
8 thereafter and (b) an amount equal to the aggregate amount for
9 the taxable year of all additional exemptions under Section
10 15-175 of the Property Tax Code for owners with a household
11 income of \$30,000 or less. The county clerk of any county that
12 is or was subject to the alternative general homestead
13 exemption provisions of Section 15-176 of the Property Tax Code
14 shall annually calculate and certify to the Department of
15 Revenue for each school district all homestead exemption
16 amounts under Section 15-176 of the Property Tax Code and all
17 amounts of additional exemptions under Section 15-175 of the
18 Property Tax Code for owners with a household income of \$30,000
19 or less. It is the intent of this paragraph that if the general
20 homestead exemption for a parcel of property is determined
21 under Section 15-176 of the Property Tax Code rather than
22 Section 15-175, then the calculation of Available Local
23 Resources shall not be affected by the difference, if any,
24 between the amount of the general homestead exemption allowed
25 for that parcel of property under Section 15-176 of the
26 Property Tax Code and the amount that would have been allowed

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

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

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

14 (a) For the purposes of calculating State aid under
15 this Section, with respect to any part of a school district
16 within a redevelopment project area in respect to which a
17 municipality has adopted tax increment allocation
18 financing pursuant to the Tax Increment Allocation
19 Redevelopment Act, Sections 11-74.4-1 through 11-74.4-11
20 of the Illinois Municipal Code or the Industrial Jobs
21 Recovery Law, Sections 11-74.6-1 through 11-74.6-50 of the
22 Illinois Municipal Code, no part of the current equalized
23 assessed valuation of real property located in any such
24 project area which is attributable to an increase above the
25 total initial equalized assessed valuation of such
26 property shall be used as part of the equalized assessed

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

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

25 (3) For the 1999-2000 school year and each school year
26 thereafter, if a school district meets all of the criteria of

1 this subsection (G) (3), the school district's Available Local
2 Resources shall be calculated under subsection (D) using the
3 district's Extension Limitation Equalized Assessed Valuation
4 as calculated under this subsection (G) (3).

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

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

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

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

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

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

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

26 "Operating Tax Rate": The operating tax rate as defined

1 in subsection (A).

2 If a school district is subject to property tax extension
3 limitations as imposed under the Property Tax Extension
4 Limitation Law, the State Board of Education shall calculate
5 the Extension Limitation Equalized Assessed Valuation of that
6 district. For the 1999-2000 school year, the Extension
7 Limitation Equalized Assessed Valuation of a school district as
8 calculated by the State Board of Education shall be equal to
9 the product of the district's 1996 Equalized Assessed Valuation
10 and the district's Extension Limitation Ratio. For the
11 2000-2001 school year and each school year thereafter, the
12 Extension Limitation Equalized Assessed Valuation of a school
13 district as calculated by the State Board of Education shall be
14 equal to the product of the Equalized Assessed Valuation last
15 used in the calculation of general State aid and the district's
16 Extension Limitation Ratio. If the Extension Limitation
17 Equalized Assessed Valuation of a school district as calculated
18 under this subsection (G)(3) is less than the district's
19 equalized assessed valuation as calculated pursuant to
20 subsections (G)(1) and (G)(2), then for purposes of calculating
21 the district's general State aid for the Budget Year pursuant
22 to subsection (E), that Extension Limitation Equalized
23 Assessed Valuation shall be utilized to calculate the
24 district's Available Local Resources under subsection (D).

25 Partial elementary unit districts created in accordance
26 with Article 11E of this Code shall not be eligible for the

1 adjustment in this subsection (G)(3) until the fifth year
2 following the effective date of the reorganization.

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

23 (5) For school districts having a majority of their
24 equalized assessed valuation in any county except Cook, DuPage,
25 Kane, Lake, McHenry, or Will, if the amount of general State
26 aid allocated to the school district for the 1999-2000 school

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

9 (H) Supplemental General State Aid.

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

1 general State aid and the remainder of the appropriation shall
2 be used for supplemental general State aid, which the State
3 Board of Education shall calculate and pay to eligible
4 districts on a prorated basis.

5 (1.5) This paragraph (1.5) applies only to those school
6 years preceding the 2003-2004 school year. For purposes of this
7 subsection (H), the term "Low-Income Concentration Level"
8 shall be the low-income eligible pupil count from the most
9 recently available federal census divided by the Average Daily
10 Attendance of the school district. If, however, (i) the
11 percentage decrease from the 2 most recent federal censuses in
12 the low-income eligible pupil count of a high school district
13 with fewer than 400 students exceeds by 75% or more the
14 percentage change in the total low-income eligible pupil count
15 of contiguous elementary school districts, whose boundaries
16 are coterminous with the high school district, or (ii) a high
17 school district within 2 counties and serving 5 elementary
18 school districts, whose boundaries are coterminous with the
19 high school district, has a percentage decrease from the 2 most
20 recent federal censuses in the low-income eligible pupil count
21 and there is a percentage increase in the total low-income
22 eligible pupil count of a majority of the elementary school
23 districts in excess of 50% from the 2 most recent federal
24 censuses, then the high school district's low-income eligible
25 pupil count from the earlier federal census shall be the number
26 used as the low-income eligible pupil count for the high school

1 district, for purposes of this subsection (H). The changes made
2 to this paragraph (1) by Public Act 92-28 shall apply to
3 supplemental general State aid grants for school years
4 preceding the 2003-2004 school year that are paid in fiscal
5 year 1999 or thereafter and to any State aid payments made in
6 fiscal year 1994 through fiscal year 1998 pursuant to
7 subsection 1(n) of Section 18-8 of this Code (which was
8 repealed on July 1, 1998), and any high school district that is
9 affected by Public Act 92-28 is entitled to a recomputation of
10 its supplemental general State aid grant or State aid paid in
11 any of those fiscal years. This recomputation shall not be
12 affected by any other funding.

13 (1.10) This paragraph (1.10) applies to the 2003-2004
14 school year and each school year thereafter. For purposes of
15 this subsection (H), the term "Low-Income Concentration Level"
16 shall, for each fiscal year, be the low-income eligible pupil
17 count as of July 1 of the immediately preceding fiscal year (as
18 determined by the Department of Human Services based on the
19 number of pupils who are eligible for at least one of the
20 following low income programs: Medicaid, KidCare, TANF, or Food
21 Stamps, excluding pupils who are eligible for services provided
22 by the Department of Children and Family Services, averaged
23 over the 2 immediately preceding fiscal years for fiscal year
24 2004 and over the 3 immediately preceding fiscal years for each
25 fiscal year thereafter) divided by the Average Daily Attendance
26 of the school district.

1 (2) Supplemental general State aid pursuant to this
2 subsection (H) shall be provided as follows for the 1998-1999,
3 1999-2000, and 2000-2001 school years only:

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

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

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

16 (d) For any school district with a Low Income
17 Concentration Level of 60% or more, the grant for the
18 1998-99 school year shall be \$1,900 multiplied by the low
19 income eligible pupil count.

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

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

1 respectively.

2 (2.5) Supplemental general State aid pursuant to this
3 subsection (H) shall be provided as follows for the 2002-2003
4 school year:

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

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

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

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

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

25 (f) For any school district with a Low Income
26 Concentration Level of 60% or more, the grant for each

1 school year shall be \$2,080 multiplied by the low income
2 eligible pupil count.

3 (2.10) Except as otherwise provided, supplemental general
4 State aid pursuant to this subsection (H) shall be provided as
5 follows for the 2003-2004 school year and each school year
6 thereafter:

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

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

16 For the 2003-2004 school year and each school year through
17 the 2007-2008 school year, ~~2004-2005 school year, 2005-2006~~
18 ~~school year, and 2006-2007 school year~~ only, the grant shall be
19 no less than the grant for the 2002-2003 school year. For the
20 2008-2009 ~~2007-2008~~ school year only, the grant shall be no
21 less than the grant for the 2002-2003 school year multiplied by
22 0.66. For the 2009-2010 ~~2008-2009~~ school year only, the grant
23 shall be no less than the grant for the 2002-2003 school year
24 multiplied by 0.33. Notwithstanding the provisions of this
25 paragraph to the contrary, if for any school year supplemental
26 general State aid grants are prorated as provided in paragraph

1 (1) of this subsection (H), then the grants under this
2 paragraph shall be prorated.

3 For the 2003-2004 school year only, the grant shall be no
4 greater than the grant received during the 2002-2003 school
5 year added to the product of 0.25 multiplied by the difference
6 between the grant amount calculated under subsection (a) or (b)
7 of this paragraph (2.10), whichever is applicable, and the
8 grant received during the 2002-2003 school year. For the
9 2004-2005 school year only, the grant shall be no greater than
10 the grant received during the 2002-2003 school year added to
11 the product of 0.50 multiplied by the difference between the
12 grant amount calculated under subsection (a) or (b) of this
13 paragraph (2.10), whichever is applicable, and the grant
14 received during the 2002-2003 school year. For the 2005-2006
15 school year only, the grant shall be no greater than the grant
16 received during the 2002-2003 school year added to the product
17 of 0.75 multiplied by the difference between the grant amount
18 calculated under subsection (a) or (b) of this paragraph
19 (2.10), whichever is applicable, and the grant received during
20 the 2002-2003 school year.

21 (3) School districts with an Average Daily Attendance of
22 more than 1,000 and less than 50,000 that qualify for
23 supplemental general State aid pursuant to this subsection
24 shall submit a plan to the State Board of Education prior to
25 October 30 of each year for the use of the funds resulting from
26 this grant of supplemental general State aid for the

1 improvement of instruction in which priority is given to
2 meeting the education needs of disadvantaged children. Such
3 plan shall be submitted in accordance with rules and
4 regulations promulgated by the State Board of Education.

5 (4) School districts with an Average Daily Attendance of
6 50,000 or more that qualify for supplemental general State aid
7 pursuant to this subsection shall be required to distribute
8 from funds available pursuant to this Section, no less than
9 \$261,000,000 in accordance with the following requirements:

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

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

25 (c) Each attendance center shall be provided by the
26 school district a distribution of noncategorical funds and

1 other categorical funds to which an attendance center is
2 entitled under law in order that the general State aid and
3 supplemental general State aid provided by application of
4 this subsection supplements rather than supplants the
5 noncategorical funds and other categorical funds provided
6 by the school district to the attendance centers.

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

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

25 (f) Each district subject to the provisions of this
26 subdivision (H) (4) shall submit an acceptable plan to meet

1 the educational needs of disadvantaged children, in
2 compliance with the requirements of this paragraph, to the
3 State Board of Education prior to July 15 of each year.
4 This plan shall be consistent with the decisions of local
5 school councils concerning the school expenditure plans
6 developed in accordance with part 4 of Section 34-2.3. The
7 State Board shall approve or reject the plan within 60 days
8 after its submission. If the plan is rejected, the district
9 shall give written notice of intent to modify the plan
10 within 15 days of the notification of rejection and then
11 submit a modified plan within 30 days after the date of the
12 written notice of intent to modify. Districts may amend
13 approved plans pursuant to rules promulgated by the State
14 Board of Education.

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

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

1 such underfunding.

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

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

1 Education.

2 (I) (Blank).

3 (J) Supplementary Grants in Aid.

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

23 (2) If, as provided in paragraph (1) of this subsection
24 (J), a school district is to receive aggregate general State

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

10 (3) (Blank).

11 (K) Grants to Laboratory and Alternative Schools.

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

18 As used in this Section, "laboratory school" means a public
19 school which is created and operated by a public university and
20 approved by the State Board of Education. The governing board
21 of a public university which receives funds from the State
22 Board under this subsection (K) may not increase the number of
23 students enrolled in its laboratory school from a single
24 district, if that district is already sending 50 or more
25 students, except under a mutual agreement between the school

1 board of a student's district of residence and the university
2 which operates the laboratory school. A laboratory school may
3 not have more than 1,000 students, excluding students with
4 disabilities in a special education program.

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

21 Each laboratory and alternative school shall file, on forms
22 provided by the State Superintendent of Education, an annual
23 State aid claim which states the Average Daily Attendance of
24 the school's students by month. The best 3 months' Average
25 Daily Attendance shall be computed for each school. The general
26 State aid entitlement shall be computed by multiplying the

1 applicable Average Daily Attendance by the Foundation Level as
2 determined under this Section.

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

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

17 (2) (Blank).

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

20 (M) Education Funding Advisory Board.

21 The Education Funding Advisory Board, hereinafter in this
22 subsection (M) referred to as the "Board", is hereby created.
23 The Board shall consist of 5 members who are appointed by the
24 Governor, by and with the advice and consent of the Senate. The

1 members appointed shall include representatives of education,
2 business, and the general public. One of the members so
3 appointed shall be designated by the Governor at the time the
4 appointment is made as the chairperson of the Board. The
5 initial members of the Board may be appointed any time after
6 the effective date of this amendatory Act of 1997. The regular
7 term of each member of the Board shall be for 4 years from the
8 third Monday of January of the year in which the term of the
9 member's appointment is to commence, except that of the 5
10 initial members appointed to serve on the Board, the member who
11 is appointed as the chairperson shall serve for a term that
12 commences on the date of his or her appointment and expires on
13 the third Monday of January, 2002, and the remaining 4 members,
14 by lots drawn at the first meeting of the Board that is held
15 after all 5 members are appointed, shall determine 2 of their
16 number to serve for terms that commence on the date of their
17 respective appointments and expire on the third Monday of
18 January, 2001, and 2 of their number to serve for terms that
19 commence on the date of their respective appointments and
20 expire on the third Monday of January, 2000. All members
21 appointed to serve on the Board shall serve until their
22 respective successors are appointed and confirmed. Vacancies
23 shall be filled in the same manner as original appointments. If
24 a vacancy in membership occurs at a time when the Senate is not
25 in session, the Governor shall make a temporary appointment
26 until the next meeting of the Senate, when he or she shall

1 appoint, by and with the advice and consent of the Senate, a
2 person to fill that membership for the unexpired term. If the
3 Senate is not in session when the initial appointments are
4 made, those appointments shall be made as in the case of
5 vacancies.

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

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

18 For school years after the 2000-2001 school year, the
19 Education Funding Advisory Board, in consultation with the
20 State Board of Education, shall make recommendations as
21 provided in this subsection (M) to the General Assembly for the
22 foundation level under subdivision (B)(3) of this Section and
23 for the supplemental general State aid grant level under
24 subsection (H) of this Section for districts with high
25 concentrations of children from poverty. The recommended
26 foundation level shall be determined based on a methodology

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

6 (N) (Blank).

7 (O) References.

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

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

16 (P) Public Act 93-838 and Public Act 93-808 make inconsistent
17 changes to this Section. Under Section 6 of the Statute on
18 Statutes there is an irreconcilable conflict between Public Act
19 93-808 and Public Act 93-838. Public Act 93-838, being the last
20 acted upon, is controlling. The text of Public Act 93-838 is
21 the law regardless of the text of Public Act 93-808.

22 (Source: P.A. 93-21, eff. 7-1-03; 93-715, eff. 7-12-04; 93-808,
23 eff. 7-26-04; 93-838, eff. 7-30-04; 93-875, eff. 8-6-04; 94-69,

1 eff. 7-1-05; 94-438, eff. 8-4-05; 94-835, eff. 6-6-06; 94-1019,
2 eff. 7-10-06; 94-1105, eff. 6-1-07; revised 2-18-07.)

3 (105 ILCS 5/21-29 new)

4 Sec. 21-29. Salary Incentive Program for Hard-to-Staff
5 Schools.

6 (a) The Salary Incentive Program for Hard-to-Staff Schools
7 is established to provide categorical funding for monetary
8 incentives and bonuses for teachers and school administrators
9 who are employed by school districts designated as
10 hard-to-staff by the State Board of Education. The State Board
11 of Education shall allocate and distribute to qualifying school
12 districts an amount as annually appropriated by the General
13 Assembly for the Salary Incentive Program for Hard-to-Staff
14 Schools. The State Board of Education's annual budget must set
15 out by separate line item the appropriation for the program.

16 (b) Unless otherwise provided by appropriation, each
17 school district's annual allocation under the Salary Incentive
18 Program for Hard-to-Staff Schools shall be the sum of the
19 following incentives and bonuses:

20 (1) An annual payment of \$3,000 to be paid to each
21 certificated teacher employed as a school teacher by a
22 school district. The school district shall distribute this
23 payment to each eligible teacher as a single payment or in
24 not more than 3 payments.

25 (2) An annual payment of \$5,000 to each certificated

1 principal that is employed as a school principal by a
2 school district. The school district shall distribute this
3 payment to each eligible principal as a single payment or
4 in not more than 3 payments.

5 (c) Each regional superintendent of schools shall provide
6 information about the Salary Incentive Program for
7 Hard-to-Staff Schools to each individual seeking to register or
8 renew a certificate.

9 Section 5-23. The Hospital Licensing Act is amended by
10 changing Section 8 as follows:

11 (210 ILCS 85/8) (from Ch. 111 1/2, par. 149)

12 Sec. 8. Facility plan review; fees.

13 (a) Before commencing construction of new facilities or
14 specified types of alteration or additions to an existing
15 hospital involving major construction, as defined by rule by
16 the Department, with an estimated cost greater than \$100,000,
17 architectural plans and specifications therefor shall be
18 submitted by the licensee to the Department for review and
19 approval. A hospital may submit architectural drawings and
20 specifications for other construction projects for Department
21 review according to subsection (b) that shall not be subject to
22 fees under subsection (d). The Department must give a hospital
23 that is planning to submit a construction project for review
24 the opportunity to discuss its plans and specifications with

1 the Department before the hospital formally submits the plans
2 and specifications for Department review. Review of drawings
3 and specifications shall be conducted by an employee of the
4 Department meeting the qualifications established by the
5 Department of Central Management Services class specifications
6 for such an individual's position or by a person contracting
7 with the Department who meets those class specifications. Final
8 approval of the plans and specifications for compliance with
9 design and construction standards shall be obtained from the
10 Department before the alteration, addition, or new
11 construction is begun. Subject to this Section 8, and prior to
12 January 1, 2012, the Department shall consider the re-licensing
13 of an existing hospital structure according to the standards
14 for an existing hospital, as set forth in the Department's
15 rules. Re-licensing under this provision shall occur only if
16 that facility operated as a licensed hospital on July 1, 2005,
17 has had no intervening use as other than a hospital, and exists
18 in a county with a population of less than 20,000 that does not
19 have another licensed hospital on the effective date of this
20 amendatory Act of the 95th General Assembly.

21 (b) The Department shall inform an applicant in writing
22 within 10 working days after receiving drawings and
23 specifications and the required fee, if any, from the applicant
24 whether the applicant's submission is complete or incomplete.
25 Failure to provide the applicant with this notice within 10
26 working days shall result in the submission being deemed

1 complete for purposes of initiating the 60-day review period
2 under this Section. If the submission is incomplete, the
3 Department shall inform the applicant of the deficiencies with
4 the submission in writing. If the submission is complete and
5 the required fee, if any, has been paid, the Department shall
6 approve or disapprove drawings and specifications submitted to
7 the Department no later than 60 days following receipt by the
8 Department. The drawings and specifications shall be of
9 sufficient detail, as provided by Department rule, to enable
10 the Department to render a determination of compliance with
11 design and construction standards under this Act. If the
12 Department finds that the drawings are not of sufficient detail
13 for it to render a determination of compliance, the plans shall
14 be determined to be incomplete and shall not be considered for
15 purposes of initiating the 60 day review period. If a
16 submission of drawings and specifications is incomplete, the
17 applicant may submit additional information. The 60-day review
18 period shall not commence until the Department determines that
19 a submission of drawings and specifications is complete or the
20 submission is deemed complete. If the Department has not
21 approved or disapproved the drawings and specifications within
22 60 days, the construction, major alteration, or addition shall
23 be deemed approved. If the drawings and specifications are
24 disapproved, the Department shall state in writing, with
25 specificity, the reasons for the disapproval. The entity
26 submitting the drawings and specifications may submit

1 additional information in response to the written comments from
2 the Department or request a reconsideration of the disapproval.
3 A final decision of approval or disapproval shall be made
4 within 45 days of the receipt of the additional information or
5 reconsideration request. If denied, the Department shall state
6 the specific reasons for the denial and the applicant may elect
7 to seek dispute resolution pursuant to Section 25 of the
8 Illinois Building Commission Act, which the Department must
9 participate in.

10 (c) The Department shall provide written approval for
11 occupancy pursuant to subsection (g) and shall not issue a
12 violation to a facility as a result of a licensure or complaint
13 survey based upon the facility's physical structure if:

14 (1) the Department reviewed and approved or deemed
15 approved the drawing and specifications for compliance
16 with design and construction standards;

17 (2) the construction, major alteration, or addition
18 was built as submitted;

19 (3) the law or rules have not been amended since the
20 original approval; and

21 (4) the conditions at the facility indicate that there
22 is a reasonable degree of safety provided for the patients.

23 (c-5) The Department shall not issue a violation to a
24 facility if the inspected aspects of the facility were
25 previously found to be in compliance with applicable standards,
26 the relevant law or rules have not been amended, conditions at

1 the facility reasonably protect the safety of its patients, and
2 alterations or new hazards have not been identified.

3 (d) The Department shall charge the following fees in
4 connection with its reviews conducted before June 30, 2004
5 under this Section:

6 (1) (Blank).

7 (2) (Blank).

8 (3) If the estimated dollar value of the major
9 construction is greater than \$500,000, the fee shall be
10 established by the Department pursuant to rules that
11 reflect the reasonable and direct cost of the Department in
12 conducting the architectural reviews required under this
13 Section. The estimated dollar value of the major
14 construction subject to review under this Section shall be
15 annually readjusted to reflect the increase in
16 construction costs due to inflation.

17 The fees provided in this subsection (d) shall not apply to
18 major construction projects involving facility changes that
19 are required by Department rule amendments or to projects
20 related to homeland security.

21 The fees provided in this subsection (d) shall also not
22 apply to major construction projects if 51% or more of the
23 estimated cost of the project is attributed to capital
24 equipment. For major construction projects where 51% or more of
25 the estimated cost of the project is attributed to capital
26 equipment, the Department shall by rule establish a fee that is

1 reasonably related to the cost of reviewing the project.

2 Disproportionate share hospitals and rural hospitals shall
3 only pay one-half of the fees required in this subsection (d).
4 For the purposes of this subsection (d), (i) "disproportionate
5 share hospital" means a hospital described in items (1) through
6 (5) of subsection (b) of Section 5-5.02 of the Illinois Public
7 Aid Code and (ii) "rural hospital" means a hospital that is (A)
8 located outside a metropolitan statistical area or (B) located
9 15 miles or less from a county that is outside a metropolitan
10 statistical area and is licensed to perform medical/surgical or
11 obstetrical services and has a combined total bed capacity of
12 75 or fewer beds in these 2 service categories as of July 14,
13 1993, as determined by the Department.

14 The Department shall not commence the facility plan review
15 process under this Section until the applicable fee has been
16 paid.

17 (e) All fees received by the Department under this Section
18 shall be deposited into the Health Facility Plan Review Fund, a
19 special fund created in the State treasury. All fees paid by
20 hospitals under subsection (d) shall be used only to cover the
21 direct and reasonable costs relating to the Department's review
22 of hospital projects under this Section. Moneys shall be
23 appropriated from that Fund to the Department only to pay the
24 costs of conducting reviews under this Section. None of the
25 moneys in the Health Facility Plan Review Fund shall be used to
26 reduce the amount of General Revenue Fund moneys appropriated

1 to the Department for facility plan reviews conducted pursuant
2 to this Section.

3 (f) (Blank).

4 (g) The Department shall conduct an on-site inspection of
5 the completed project no later than 15 business days after
6 notification from the applicant that the project has been
7 completed and all certifications required by the Department
8 have been received and accepted by the Department. The
9 Department may extend this deadline only if a federally
10 mandated survey time frame takes precedence. The Department
11 shall provide written approval for occupancy to the applicant
12 within 5 working days of the Department's final inspection,
13 provided the applicant has demonstrated substantial compliance
14 as defined by Department rule. Occupancy of new major
15 construction is prohibited until Department approval is
16 received, unless the Department has not acted within the time
17 frames provided in this subsection (g), in which case the
18 construction shall be deemed approved. Occupancy shall be
19 authorized after any required health inspection by the
20 Department has been conducted.

21 (h) The Department shall establish, by rule, a procedure to
22 conduct interim on-site review of large or complex construction
23 projects.

24 (i) The Department shall establish, by rule, an expedited
25 process for emergency repairs or replacement of like equipment.

26 (j) Nothing in this Section shall be construed to apply to

1 maintenance, upkeep, or renovation that does not affect the
2 structural integrity of the building, does not add beds or
3 services over the number for which the facility is licensed,
4 and provides a reasonable degree of safety for the patients.

5 (Source: P.A. 92-563, eff. 6-24-02; 92-803, eff. 8-16-02;
6 93-41, eff. 6-27-03.)

7 Section 5-25. The Illinois Public Aid Code is amended by
8 changing Sections 5-5.4, 5A-8, 5B-8, 5C-2, and 12-10.7 and by
9 adding Section 12-10.8 as follows:

10 (305 ILCS 5/5-5.4) (from Ch. 23, par. 5-5.4)

11 Sec. 5-5.4. Standards of Payment - Department of Healthcare
12 and Family Services. The Department of Healthcare and Family
13 Services shall develop standards of payment of skilled nursing
14 and intermediate care services in facilities providing such
15 services under this Article which:

16 (1) Provide for the determination of a facility's payment
17 for skilled nursing and intermediate care services on a
18 prospective basis. The amount of the payment rate for all
19 nursing facilities certified by the Department of Public Health
20 under the Nursing Home Care Act as Intermediate Care for the
21 Developmentally Disabled facilities, Long Term Care for Under
22 Age 22 facilities, Skilled Nursing facilities, or Intermediate
23 Care facilities under the medical assistance program shall be
24 prospectively established annually on the basis of historical,

1 financial, and statistical data reflecting actual costs from
2 prior years, which shall be applied to the current rate year
3 and updated for inflation, except that the capital cost element
4 for newly constructed facilities shall be based upon projected
5 budgets. The annually established payment rate shall take
6 effect on July 1 in 1984 and subsequent years. No rate increase
7 and no update for inflation shall be provided on or after July
8 1, 1994 and before July 1, 2008, unless specifically provided
9 for in this Section. The changes made by Public Act 93-841
10 extending the duration of the prohibition against a rate
11 increase or update for inflation are effective retroactive to
12 July 1, 2004.

13 For facilities licensed by the Department of Public Health
14 under the Nursing Home Care Act as Intermediate Care for the
15 Developmentally Disabled facilities or Long Term Care for Under
16 Age 22 facilities, the rates taking effect on July 1, 1998
17 shall include an increase of 3%. For facilities licensed by the
18 Department of Public Health under the Nursing Home Care Act as
19 Skilled Nursing facilities or Intermediate Care facilities,
20 the rates taking effect on July 1, 1998 shall include an
21 increase of 3% plus \$1.10 per resident-day, as defined by the
22 Department. For facilities licensed by the Department of Public
23 Health under the Nursing Home Care Act as Intermediate Care
24 Facilities for the Developmentally Disabled or Long Term Care
25 for Under Age 22 facilities, the rates taking effect on January
26 1, 2006 shall include an increase of 3%.

1 For facilities licensed by the Department of Public Health
2 under the Nursing Home Care Act as Intermediate Care for the
3 Developmentally Disabled facilities or Long Term Care for Under
4 Age 22 facilities, the rates taking effect on July 1, 1999
5 shall include an increase of 1.6% plus \$3.00 per resident-day,
6 as defined by the Department. For facilities licensed by the
7 Department of Public Health under the Nursing Home Care Act as
8 Skilled Nursing facilities or Intermediate Care facilities,
9 the rates taking effect on July 1, 1999 shall include an
10 increase of 1.6% and, for services provided on or after October
11 1, 1999, shall be increased by \$4.00 per resident-day, as
12 defined by the Department.

13 For facilities licensed by the Department of Public Health
14 under the Nursing Home Care Act as Intermediate Care for the
15 Developmentally Disabled facilities or Long Term Care for Under
16 Age 22 facilities, the rates taking effect on July 1, 2000
17 shall include an increase of 2.5% per resident-day, as defined
18 by the Department. For facilities licensed by the Department of
19 Public Health under the Nursing Home Care Act as Skilled
20 Nursing facilities or Intermediate Care facilities, the rates
21 taking effect on July 1, 2000 shall include an increase of 2.5%
22 per resident-day, as defined by the Department.

23 For facilities licensed by the Department of Public Health
24 under the Nursing Home Care Act as skilled nursing facilities
25 or intermediate care facilities, a new payment methodology must
26 be implemented for the nursing component of the rate effective

1 July 1, 2003. The Department of Public Aid (now Healthcare and
2 Family Services) shall develop the new payment methodology
3 using the Minimum Data Set (MDS) as the instrument to collect
4 information concerning nursing home resident condition
5 necessary to compute the rate. The Department shall develop the
6 new payment methodology to meet the unique needs of Illinois
7 nursing home residents while remaining subject to the
8 appropriations provided by the General Assembly. A transition
9 period from the payment methodology in effect on June 30, 2003
10 to the payment methodology in effect on July 1, 2003 shall be
11 provided for a period not exceeding 3 years and 184 days after
12 implementation of the new payment methodology as follows:

13 (A) For a facility that would receive a lower nursing
14 component rate per patient day under the new system than
15 the facility received effective on the date immediately
16 preceding the date that the Department implements the new
17 payment methodology, the nursing component rate per
18 patient day for the facility shall be held at the level in
19 effect on the date immediately preceding the date that the
20 Department implements the new payment methodology until a
21 higher nursing component rate of reimbursement is achieved
22 by that facility.

23 (B) For a facility that would receive a higher nursing
24 component rate per patient day under the payment
25 methodology in effect on July 1, 2003 than the facility
26 received effective on the date immediately preceding the

1 date that the Department implements the new payment
2 methodology, the nursing component rate per patient day for
3 the facility shall be adjusted.

4 (C) Notwithstanding paragraphs (A) and (B), the
5 nursing component rate per patient day for the facility
6 shall be adjusted subject to appropriations provided by the
7 General Assembly.

8 For facilities licensed by the Department of Public Health
9 under the Nursing Home Care Act as Intermediate Care for the
10 Developmentally Disabled facilities or Long Term Care for Under
11 Age 22 facilities, the rates taking effect on March 1, 2001
12 shall include a statewide increase of 7.85%, as defined by the
13 Department.

14 Notwithstanding any other provision of this Section, for
15 facilities licensed by the Department of Public Health under
16 the Nursing Home Care Act as skilled nursing facilities or
17 intermediate care facilities, the numerator of the ratio used
18 by the Department of Healthcare and Family Services to compute
19 the rate payable under this Section using the Minimum Data Set
20 (MDS) methodology shall incorporate the following annual
21 amounts as the additional funds appropriated to the Department
22 specifically to pay for rates based on the MDS nursing
23 component methodology in excess of the funding in effect on
24 December 31, 2006:

25 (i) For rates taking effect January 1, 2007,
26 \$60,000,000.

1 (ii) For rates taking effect January 1, 2008,
2 \$110,000,000.

3 Notwithstanding any other provision of this Section, for
4 facilities licensed by the Department of Public Health under
5 the Nursing Home Care Act as skilled nursing facilities or
6 intermediate care facilities, the support component of the
7 rates taking effect on January 1, 2008 shall be computed using
8 the most recent cost reports on file with the Department of
9 Healthcare and Family Services no later than April 1, 2005,
10 updated for inflation to January 1, 2006.

11 For facilities licensed by the Department of Public Health
12 under the Nursing Home Care Act as Intermediate Care for the
13 Developmentally Disabled facilities or Long Term Care for Under
14 Age 22 facilities, the rates taking effect on April 1, 2002
15 shall include a statewide increase of 2.0%, as defined by the
16 Department. This increase terminates on July 1, 2002; beginning
17 July 1, 2002 these rates are reduced to the level of the rates
18 in effect on March 31, 2002, as defined by the Department.

19 For facilities licensed by the Department of Public Health
20 under the Nursing Home Care Act as skilled nursing facilities
21 or intermediate care facilities, the rates taking effect on
22 July 1, 2001 shall be computed using the most recent cost
23 reports on file with the Department of Public Aid no later than
24 April 1, 2000, updated for inflation to January 1, 2001. For
25 rates effective July 1, 2001 only, rates shall be the greater
26 of the rate computed for July 1, 2001 or the rate effective on

1 June 30, 2001.

2 Notwithstanding any other provision of this Section, for
3 facilities licensed by the Department of Public Health under
4 the Nursing Home Care Act as skilled nursing facilities or
5 intermediate care facilities, the Illinois Department shall
6 determine by rule the rates taking effect on July 1, 2002,
7 which shall be 5.9% less than the rates in effect on June 30,
8 2002.

9 Notwithstanding any other provision of this Section, for
10 facilities licensed by the Department of Public Health under
11 the Nursing Home Care Act as skilled nursing facilities or
12 intermediate care facilities, if the payment methodologies
13 required under Section 5A-12 and the waiver granted under 42
14 CFR 433.68 are approved by the United States Centers for
15 Medicare and Medicaid Services, the rates taking effect on July
16 1, 2004 shall be 3.0% greater than the rates in effect on June
17 30, 2004. These rates shall take effect only upon approval and
18 implementation of the payment methodologies required under
19 Section 5A-12.

20 Notwithstanding any other provisions of this Section, for
21 facilities licensed by the Department of Public Health under
22 the Nursing Home Care Act as skilled nursing facilities or
23 intermediate care facilities, the rates taking effect on
24 January 1, 2005 shall be 3% more than the rates in effect on
25 December 31, 2004.

26 Notwithstanding any other provisions of this Section, for

1 facilities licensed by the Department of Public Health under
2 the Nursing Home Care Act as intermediate care facilities that
3 are federally defined as Institutions for Mental Disease, a
4 socio-development component rate equal to 6.6% of the
5 facility's nursing component rate as of January 1, 2006 shall
6 be established and paid effective July 1, 2006. The
7 socio-development component of the rate shall be increased by a
8 factor of 2.53 on the first day of the month that begins at
9 least 45 days after the effective date of this amendatory Act
10 of the 95th General Assembly. The Illinois Department may by
11 rule adjust these socio-development component rates, but in no
12 case may such rates be diminished.

13 For facilities licensed by the Department of Public Health
14 under the Nursing Home Care Act as Intermediate Care for the
15 Developmentally Disabled facilities or as long-term care
16 facilities for residents under 22 years of age, the rates
17 taking effect on July 1, 2003 shall include a statewide
18 increase of 4%, as defined by the Department.

19 For facilities licensed by the Department of Public Health
20 under the Nursing Home Care Act as Intermediate Care for the
21 Developmentally Disabled facilities or Long Term Care for Under
22 Age 22 facilities, the rates taking effect on the first day of
23 the month that begins at least 45 days after the effective date
24 of this amendatory Act of the 95th General Assembly shall
25 include a statewide increase of 2.5%, as defined by the
26 Department.

1 Notwithstanding any other provision of this Section, for
2 facilities licensed by the Department of Public Health under
3 the Nursing Home Care Act as skilled nursing facilities or
4 intermediate care facilities, effective January 1, 2005,
5 facility rates shall be increased by the difference between (i)
6 a facility's per diem property, liability, and malpractice
7 insurance costs as reported in the cost report filed with the
8 Department of Public Aid and used to establish rates effective
9 July 1, 2001 and (ii) those same costs as reported in the
10 facility's 2002 cost report. These costs shall be passed
11 through to the facility without caps or limitations, except for
12 adjustments required under normal auditing procedures.

13 Rates established effective each July 1 shall govern
14 payment for services rendered throughout that fiscal year,
15 except that rates established on July 1, 1996 shall be
16 increased by 6.8% for services provided on or after January 1,
17 1997. Such rates will be based upon the rates calculated for
18 the year beginning July 1, 1990, and for subsequent years
19 thereafter until June 30, 2001 shall be based on the facility
20 cost reports for the facility fiscal year ending at any point
21 in time during the previous calendar year, updated to the
22 midpoint of the rate year. The cost report shall be on file
23 with the Department no later than April 1 of the current rate
24 year. Should the cost report not be on file by April 1, the
25 Department shall base the rate on the latest cost report filed
26 by each skilled care facility and intermediate care facility,

1 updated to the midpoint of the current rate year. In
2 determining rates for services rendered on and after July 1,
3 1985, fixed time shall not be computed at less than zero. The
4 Department shall not make any alterations of regulations which
5 would reduce any component of the Medicaid rate to a level
6 below what that component would have been utilizing in the rate
7 effective on July 1, 1984.

8 (2) Shall take into account the actual costs incurred by
9 facilities in providing services for recipients of skilled
10 nursing and intermediate care services under the medical
11 assistance program.

12 (3) Shall take into account the medical and psycho-social
13 characteristics and needs of the patients.

14 (4) Shall take into account the actual costs incurred by
15 facilities in meeting licensing and certification standards
16 imposed and prescribed by the State of Illinois, any of its
17 political subdivisions or municipalities and by the U.S.
18 Department of Health and Human Services pursuant to Title XIX
19 of the Social Security Act.

20 The Department of Healthcare and Family Services shall
21 develop precise standards for payments to reimburse nursing
22 facilities for any utilization of appropriate rehabilitative
23 personnel for the provision of rehabilitative services which is
24 authorized by federal regulations, including reimbursement for
25 services provided by qualified therapists or qualified
26 assistants, and which is in accordance with accepted

1 professional practices. Reimbursement also may be made for
2 utilization of other supportive personnel under appropriate
3 supervision.

4 (Source: P.A. 94-48, eff. 7-1-05; 94-85, eff. 6-28-05; 94-697,
5 eff. 11-21-05; 94-838, eff. 6-6-06; 94-964, eff. 6-28-06;
6 95-12, eff. 7-2-07.)

7 (305 ILCS 5/5A-8) (from Ch. 23, par. 5A-8)

8 Sec. 5A-8. Hospital Provider Fund.

9 (a) There is created in the State Treasury the Hospital
10 Provider Fund. Interest earned by the Fund shall be credited to
11 the Fund. The Fund shall not be used to replace any moneys
12 appropriated to the Medicaid program by the General Assembly.

13 (b) The Fund is created for the purpose of receiving moneys
14 in accordance with Section 5A-6 and disbursing moneys only for
15 the following purposes, notwithstanding any other provision of
16 law:

17 (1) For making payments to hospitals as required under
18 Articles V, VI, and XIV of this Code and under the
19 Children's Health Insurance Program Act.

20 (2) For the reimbursement of moneys collected by the
21 Illinois Department from hospitals or hospital providers
22 through error or mistake in performing the activities
23 authorized under this Article and Article V of this Code.

24 (3) For payment of administrative expenses incurred by
25 the Illinois Department or its agent in performing the

1 activities authorized by this Article.

2 (4) For payments of any amounts which are reimbursable
3 to the federal government for payments from this Fund which
4 are required to be paid by State warrant.

5 (5) For making transfers, as those transfers are
6 authorized in the proceedings authorizing debt under the
7 Short Term Borrowing Act, but transfers made under this
8 paragraph (5) shall not exceed the principal amount of debt
9 issued in anticipation of the receipt by the State of
10 moneys to be deposited into the Fund.

11 (6) For making transfers to any other fund in the State
12 treasury, but transfers made under this paragraph (6) shall
13 not exceed the amount transferred previously from that
14 other fund into the Hospital Provider Fund.

15 (7) For State fiscal years 2004 and 2005 for making
16 transfers to the Health and Human Services Medicaid Trust
17 Fund, including 20% of the moneys received from hospital
18 providers under Section 5A-4 and transferred into the
19 Hospital Provider Fund under Section 5A-6. For State fiscal
20 year 2006 for making transfers to the Health and Human
21 Services Medicaid Trust Fund of up to \$130,000,000 per year
22 of the moneys received from hospital providers under
23 Section 5A-4 and transferred into the Hospital Provider
24 Fund under Section 5A-6. Transfers under this paragraph
25 shall be made within 7 days after the payments have been
26 received pursuant to the schedule of payments provided in

1 subsection (a) of Section 5A-4.

2 (7.5) For State fiscal year ~~years~~ 2007 ~~and 2008~~ for
3 making transfers of the moneys received from hospital
4 providers under Section 5A-4 and transferred into the
5 Hospital Provider Fund under Section 5A-6 to the designated
6 funds not exceeding the following amounts in that ~~any~~ State
7 fiscal year:

8 Health and Human Services

9 Medicaid Trust Fund	\$20,000,000
10 Long-Term Care Provider Fund	\$30,000,000
11 General Revenue Fund	\$80,000,000.

12 Transfers under this paragraph shall be made within 7
13 days after the payments have been received pursuant to the
14 schedule of payments provided in subsection (a) of Section
15 5A-4.

16 (7.8) For State fiscal year 2008, for making transfers
17 of the moneys received from hospital providers under
18 Section 5A-4 and transferred into the Hospital Provider
19 Fund under Section 5A-6 to the designated funds not
20 exceeding the following amounts in that State fiscal year:

21 Health and Human Services

22 <u>Medicaid Trust Fund</u>	<u>\$40,000,000</u>
23 <u>Long-Term Care Provider Fund</u>	<u>\$60,000,000</u>
24 <u>General Revenue Fund</u>	<u>\$160,000,000.</u>

25 Transfers under this paragraph shall be made within 7
26 days after the payments have been received pursuant to the

1 schedule of payments provided in subsection (a) of Section
2 5A-4.

3 (8) For making refunds to hospital providers pursuant
4 to Section 5A-10.

5 Disbursements from the Fund, other than transfers
6 authorized under paragraphs (5) and (6) of this subsection,
7 shall be by warrants drawn by the State Comptroller upon
8 receipt of vouchers duly executed and certified by the Illinois
9 Department.

10 (c) The Fund shall consist of the following:

11 (1) All moneys collected or received by the Illinois
12 Department from the hospital provider assessment imposed
13 by this Article.

14 (2) All federal matching funds received by the Illinois
15 Department as a result of expenditures made by the Illinois
16 Department that are attributable to moneys deposited in the
17 Fund.

18 (3) Any interest or penalty levied in conjunction with
19 the administration of this Article.

20 (4) Moneys transferred from another fund in the State
21 treasury.

22 (5) All other moneys received for the Fund from any
23 other source, including interest earned thereon.

24 (d) (Blank).

25 (Source: P.A. 93-659, eff. 2-3-04; 94-242, eff. 7-18-05;
26 94-839, eff. 6-6-06.)

1 (305 ILCS 5/5B-8) (from Ch. 23, par. 5B-8)

2 Sec. 5B-8. Long-Term Care Provider Fund.

3 (a) There is created in the State Treasury the Long-Term
4 Care Provider Fund. Interest earned by the Fund shall be
5 credited to the Fund. The Fund shall not be used to replace any
6 moneys appropriated to the Medicaid program by the General
7 Assembly.

8 (b) The Fund is created for the purpose of receiving and
9 disbursing moneys in accordance with this Article.
10 Disbursements from the Fund shall be made only as follows:

11 (1) For payments to skilled or intermediate nursing
12 facilities, including county nursing facilities but
13 excluding State-operated facilities, under Title XIX of
14 the Social Security Act and Article V of this Code.

15 (2) For the reimbursement of moneys collected by the
16 Illinois Department through error or mistake, and for
17 making required payments under Section 5-4.38(a)(1) if
18 there are no moneys available for such payments in the
19 Medicaid Long Term Care Provider Participation Fee Trust
20 Fund.

21 (3) For payment of administrative expenses incurred by
22 the Illinois Department or its agent in performing the
23 activities authorized by this Article.

24 (3.5) For reimbursement of expenses incurred by
25 long-term care facilities, and payment of administrative

1 expenses incurred by the Department of Public Health, in
2 relation to the conduct and analysis of background checks
3 for identified offenders under the Nursing Home Care Act.

4 (4) For payments of any amounts that are reimbursable
5 to the federal government for payments from this Fund that
6 are required to be paid by State warrant.

7 (5) For making transfers to the General Obligation Bond
8 Retirement and Interest Fund, as those transfers are
9 authorized in the proceedings authorizing debt under the
10 Short Term Borrowing Act, but transfers made under this
11 paragraph (5) shall not exceed the principal amount of debt
12 issued in anticipation of the receipt by the State of
13 moneys to be deposited into the Fund.

14 Disbursements from the Fund, other than transfers to the
15 General Obligation Bond Retirement and Interest Fund, shall be
16 by warrants drawn by the State Comptroller upon receipt of
17 vouchers duly executed and certified by the Illinois
18 Department.

19 (c) The Fund shall consist of the following:

20 (1) All moneys collected or received by the Illinois
21 Department from the long-term care provider assessment
22 imposed by this Article.

23 (2) All federal matching funds received by the Illinois
24 Department as a result of expenditures made by the Illinois
25 Department that are attributable to moneys deposited in the
26 Fund.

1 (3) Any interest or penalty levied in conjunction with
2 the administration of this Article.

3 (4) Any balance in the Medicaid Long Term Care Provider
4 Participation Fee Fund in the State Treasury. The balance
5 shall be transferred to the Fund upon certification by the
6 Illinois Department to the State Comptroller that all of
7 the disbursements required by Section 5-4.31(b) of this
8 Code have been made.

9 (5) All other monies received for the Fund from any
10 other source, including interest earned thereon.

11 (Source: P.A. 89-626, eff. 8-9-96.)

12 (305 ILCS 5/5C-2) (from Ch. 23, par. 5C-2)

13 Sec. 5C-2. Assessment; no local authorization to tax.

14 (a) For the privilege of engaging in the occupation of
15 developmentally disabled care provider, an assessment is
16 imposed upon each developmentally disabled care provider in an
17 amount equal to 6%, or the maximum allowed under federal
18 regulation, whichever is less, of its adjusted gross
19 developmentally disabled care revenue for the prior State
20 fiscal year. Notwithstanding any provision of any other Act to
21 the contrary, this assessment shall be construed as a tax, but
22 may not be added to the charges of an individual's nursing home
23 care that is paid for in whole, or in part, by a federal,
24 State, or combined federal-state medical care program, except
25 those individuals receiving Medicare Part B benefits solely.

1 (b) Nothing in this amendatory Act of 1995 shall be
2 construed to authorize any home rule unit or other unit of
3 local government to license for revenue or impose a tax or
4 assessment upon a developmentally disabled care provider or the
5 occupation of developmentally disabled care provider, or a tax
6 or assessment measured by the income or earnings of a
7 developmentally disabled care provider.

8 (Source: P.A. 88-88; 89-21, eff. 7-1-95.)

9 (305 ILCS 5/12-10.7)

10 Sec. 12-10.7. The Health and Human Services Medicaid Trust
11 Fund.

12 (a) The Health and Human Services Medicaid Trust Fund shall
13 consist of (i) moneys appropriated or transferred into the
14 Fund, pursuant to statute, (ii) federal financial
15 participation moneys received pursuant to expenditures from
16 the Fund, and (iii) the interest earned on moneys in the Fund.

17 (b) Subject to appropriation, the moneys in the Fund shall
18 be used by a State agency for such purposes as that agency may,
19 by the appropriation language, be directed.

20 (c) In addition to any other transfers that may be provided
21 for by law, on July 1, 2007, or as soon thereafter as
22 practical, the State Comptroller shall direct and the State
23 Treasurer shall transfer the sum of \$3,500,000 from the Health
24 and Human Services Medicaid Trust Fund to the Human Services
25 Priority Capital Program Fund.

1 (Source: P.A. 93-841, eff. 7-30-04.)

2 (305 ILCS 5/12-10.8 new)

3 Sec. 12-10.8. Mental health contracts. Subject to
4 appropriations available for these purposes, including,
5 without limitation, the FY08 appropriations to the Department
6 for federally defined Institutions for Mental Disease, the
7 Department of Healthcare and Family Services shall enter into a
8 contract for \$1,000,000 with the provider of community mental
9 health services that has more than 700 beds at over 30 service
10 locations in multiple counties for purposes of supporting the
11 implementation of time-limited resident review and rapid
12 reintegration targeted to residents of federally defined
13 Institutions for Mental Disease.

14 Section 5-30. The Illinois Affordable Housing Act is
15 amended by changing Section 8 as follows:

16 (310 ILCS 65/8) (from Ch. 67 1/2, par. 1258)

17 Sec. 8. Uses of Trust Fund.

18 (a) Subject to annual appropriation to the Funding Agent
19 and subject to the prior dedication, allocation, transfer and
20 use of Trust Fund Moneys as provided in Sections 8(b), 8(c) and
21 9 of this Act, the Trust Fund may be used to make grants,
22 mortgages, or other loans to acquire, construct, rehabilitate,
23 develop, operate, insure, and retain affordable single-family

1 and multi-family housing in this State for low-income and very
2 low-income households. The majority of monies appropriated to
3 the Trust Fund in any given year are to be used for affordable
4 housing for very low-income households. For the fiscal years
5 2007 and 2008 ~~year beginning July 1, 2006~~ only, the Department
6 of Human Services is authorized to receive appropriations and
7 spend moneys from the Illinois Affordable Housing Trust Fund
8 for the purpose of developing and coordinating public and
9 private resources targeted to meet the affordable housing needs
10 of low-income, very low-income, and special needs households in
11 the State of Illinois.

12 (b) For each fiscal year commencing with fiscal year 1994,
13 the Program Administrator shall certify from time to time to
14 the Funding Agent, the Comptroller and the State Treasurer
15 amounts, up to an aggregate in any fiscal year of \$10,000,000,
16 of Trust Fund Moneys expected to be used or pledged by the
17 Program Administrator during the fiscal year for the purposes
18 and uses specified in Sections 8(c) and 9 of this Act. Subject
19 to annual appropriation, upon receipt of such certification,
20 the Funding Agent and the Comptroller shall dedicate and the
21 State Treasurer shall transfer not less often than monthly to
22 the Program Administrator or its designated payee, without
23 requisition or further request therefor, all amounts
24 accumulated in the Trust Fund within the State Treasury and not
25 already transferred to the Loan Commitment Account prior to the
26 Funding Agent's receipt of such certification, until the

1 Program Administrator has received the aggregate amount
2 certified by the Program Administrator, to be used solely for
3 the purposes and uses authorized and provided in Sections 8(c)
4 and 9 of this Act. Neither the Comptroller nor the Treasurer
5 shall transfer, dedicate or allocate any of the Trust Fund
6 Moneys transferred or certified for transfer by the Program
7 Administrator as provided above to any other fund, nor shall
8 the Governor authorize any such transfer, dedication or
9 allocation, nor shall any of the Trust Fund Moneys so
10 dedicated, allocated or transferred be used, temporarily or
11 otherwise, for interfund borrowing, or be otherwise used or
12 appropriated, except as expressly authorized and provided in
13 Sections 8(c) and 9 of this Act for the purposes and subject to
14 the priorities, limitations and conditions provided for
15 therein until such obligations, uses and dedications as therein
16 provided, have been satisfied.

17 (c) Notwithstanding Section 5(b) of this Act, any Trust
18 Fund Moneys transferred to the Program Administrator pursuant
19 to Section 8(b) of this Act, or otherwise obtained, paid to or
20 held by or for the Program Administrator, or pledged pursuant
21 to resolution of the Program Administrator, for Affordable
22 Housing Program Trust Fund Bonds or Notes under the Illinois
23 Housing Development Act, and all proceeds, payments and
24 receipts from investments or use of such moneys, including any
25 residual or additional funds or moneys generated or obtained in
26 connection with any of the foregoing, may be held, pledged,

1 applied or dedicated by the Program Administrator as follows:

2 (1) as required by the terms of any pledge of or
3 resolution of the Program Administrator authorized under
4 Section 9 of this Act in connection with Affordable Housing
5 Program Trust Fund Bonds or Notes issued pursuant to the
6 Illinois Housing Development Act;

7 (2) to or for costs of issuance and administration and
8 the payments of any principal, interest, premium or other
9 amounts or expenses incurred or accrued in connection with
10 Affordable Housing Program Trust Fund Bonds or Notes,
11 including rate protection contracts and credit support
12 arrangements pertaining thereto, and, provided such
13 expenses, fees and charges are obligations, whether
14 recourse or nonrecourse, and whether financed with or paid
15 from the proceeds of Affordable Housing Program Trust Fund
16 Bonds or Notes, of the developers, mortgagors or other
17 users, the Program Administrator's expenses and servicing,
18 administration and origination fees and charges in
19 connection with any loans, mortgages, or developments
20 funded or financed or expected to be funded or financed, in
21 whole or in part, from the issuance of Affordable Housing
22 Program Trust Fund Bonds or Notes;

23 (3) to or for costs of issuance and administration and
24 the payments of principal, interest, premium, loan fees,
25 and other amounts or other obligations of the Program
26 Administrator, including rate protection contracts and

1 credit support arrangements pertaining thereto, for loans,
2 commercial paper or other notes or bonds issued by the
3 Program Administrator pursuant to the Illinois Housing
4 Development Act, provided that the proceeds of such loans,
5 commercial paper or other notes or bonds are paid or
6 expended in connection with, or refund or repay, loans,
7 commercial paper or other notes or bonds issued or made in
8 connection with bridge loans or loans for the construction,
9 renovation, redevelopment, restructuring, reorganization
10 of Affordable Housing and related expenses, including
11 development costs, technical assistance, or other amounts
12 to construct, preserve, improve, renovate, rehabilitate,
13 refinance, or assist Affordable Housing, including
14 financially troubled Affordable Housing, permanent or
15 other financing for which has been funded or financed or is
16 expected to be funded or financed in whole or in part by
17 the Program Administrator through the issuance of or use of
18 proceeds from Affordable Housing Program Trust Fund Bonds
19 or Notes;

20 (4) to or for direct expenditures or reimbursement for
21 development costs, technical assistance, or other amounts
22 to construct, preserve, improve, renovate, rehabilitate,
23 refinance, or assist Affordable Housing, including
24 financially troubled Affordable Housing, permanent or
25 other financing for which has been funded or financed or is
26 expected to be funded or financed in whole or in part by

1 the Program Administrator through the issuance of or use of
2 proceeds from Affordable Housing Program Trust Fund Bonds
3 or Notes; and

4 (5) for deposit into any residual, sinking, reserve or
5 revolving fund or pool established by the Program
6 Administrator, whether or not pledged to secure Affordable
7 Housing Program Trust Fund Bonds or Notes, to support or be
8 utilized for the issuance, redemption, or payment of the
9 principal, interest, premium or other amounts payable on or
10 with respect to any existing, additional or future
11 Affordable Housing Program Trust Fund Bonds or Notes, or to
12 or for any other expenditure authorized by this Section
13 8(c).

14 (d) All or a portion of the Trust Fund Moneys on deposit or
15 to be deposited in the Trust Fund not already certified for
16 transfer or transferred to the Program Administrator pursuant
17 to Section 8(b) of this Act may be used to secure the repayment
18 of Affordable Housing Program Trust Fund Bonds or Notes, or
19 otherwise to supplement or support Affordable Housing funded or
20 financed or intended to be funded or financed, in whole or in
21 part, by Affordable Housing Program Trust Fund Bonds or Notes.

22 (e) Assisted housing may include housing for special needs
23 populations such as the homeless, single-parent families, the
24 elderly, or the physically and mentally disabled. The Trust
25 Fund shall be used to implement a demonstration congregate
26 housing project for any such special needs population.

1 (f) Grants from the Trust Fund may include, but are not
2 limited to, rental assistance and security deposit subsidies
3 for low and very low-income households.

4 (g) The Trust Fund may be used to pay actual and reasonable
5 costs for Commission members to attend Commission meetings, and
6 any litigation costs and expenses, including legal fees,
7 incurred by the Program Administrator in any litigation related
8 to this Act or its action as Program Administrator.

9 (h) The Trust Fund may be used to make grants for (1) the
10 provision of technical assistance, (2) outreach, and (3)
11 building an organization's capacity to develop affordable
12 housing projects.

13 (i) Amounts on deposit in the Trust Fund may be used to
14 reimburse the Program Administrator and the Funding Agent for
15 costs incurred in the performance of their duties under this
16 Act, excluding costs and fees of the Program Administrator
17 associated with the Program Escrow to the extent withheld
18 pursuant to paragraph (8) of subsection (b) of Section 5.

19 (Source: P.A. 94-839, eff. 6-6-06.)

20 Section 5-40. The Reviewing Court Alternative Dispute
21 Resolution Act is amended by changing Section 10 as follows:

22 (710 ILCS 40/10)

23 Sec. 10. Reviewing Court Alternative Dispute Resolution
24 Fund. The Reviewing Court Alternative Dispute Resolution Fund

1 is created as a special fund in the State Treasury. The Supreme
2 Court may designate an amount to be included in the filing fees
3 collected by the clerks of the Appellate Court for the funding
4 of alternative dispute resolution programs in the reviewing
5 courts. The portion of the filing fees designated for
6 alternative dispute resolution programs in the reviewing
7 courts shall be remitted within one month after receipt to the
8 State Treasurer for deposit in the Reviewing Court Alternative
9 Dispute Resolution Fund. All money in the Reviewing Court
10 Alternative Dispute Resolution Fund shall be maintained in
11 separate accounts for each Appellate Court district that has
12 established approved alternative dispute resolution programs
13 pursuant to Supreme Court rule and used, subject to
14 appropriation, by the Supreme Court solely for the purpose of
15 funding alternative dispute resolution programs in the
16 reviewing courts. Notwithstanding any other provision of this
17 Section, the Reviewing Court Alternative Dispute Resolution
18 Fund may be used for any other purpose authorized by the
19 Supreme Court.

20 (Source: P.A. 93-801, eff. 7-22-04.)

21 Section 5-45. The Pretrial Services Act is amended by
22 changing Section 33 as follows:

23 (725 ILCS 185/33) (from Ch. 38, par. 333)

24 Sec. 33. The Supreme Court shall pay from funds

1 appropriated to it for this purpose 100% of all approved costs
2 for pretrial services, including pretrial services officers,
3 necessary support personnel, travel costs reasonably related
4 to the delivery of pretrial services, space costs, equipment,
5 telecommunications, postage, commodities, printing and
6 contractual services. Costs shall be reimbursed monthly, based
7 on a plan and budget approved by the Supreme Court. No
8 department may be reimbursed for costs which exceed or are not
9 provided for in the approved plan and budget. ~~The For State~~
10 ~~fiscal years 2004, 2005, and 2006, and 2007 only, the~~ Mandatory
11 Arbitration Fund may be used to reimburse approved costs for
12 pretrial services.

13 (Source: P.A. 93-25, eff. 6-20-03; 93-839, eff. 7-30-04; 94-91,
14 eff. 7-1-05; 94-839, eff. 6-6-06; revised 8-3-06.)

15 Section 5-50. The Probation and Probation Officers Act is
16 amended by changing Sections 15 and 15.1 as follows:

17 (730 ILCS 110/15) (from Ch. 38, par. 204-7)

18 Sec. 15. (1) The Supreme Court of Illinois may establish a
19 Division of Probation Services whose purpose shall be the
20 development, establishment, promulgation, and enforcement of
21 uniform standards for probation services in this State, and to
22 otherwise carry out the intent of this Act. The Division may:

23 (a) establish qualifications for chief probation
24 officers and other probation and court services personnel

1 as to hiring, promotion, and training.

2 (b) make available, on a timely basis, lists of those
3 applicants whose qualifications meet the regulations
4 referred to herein, including on said lists all candidates
5 found qualified.

6 (c) establish a means of verifying the conditions for
7 reimbursement under this Act and develop criteria for
8 approved costs for reimbursement.

9 (d) develop standards and approve employee
10 compensation schedules for probation and court services
11 departments.

12 (e) employ sufficient personnel in the Division to
13 carry out the functions of the Division.

14 (f) establish a system of training and establish
15 standards for personnel orientation and training.

16 (g) develop standards for a system of record keeping
17 for cases and programs, gather statistics, establish a
18 system of uniform forms, and develop research for planning
19 of Probation Services.

20 (h) develop standards to assure adequate support
21 personnel, office space, equipment and supplies, travel
22 expenses, and other essential items necessary for
23 Probation and Court Services Departments to carry out their
24 duties.

25 (i) review and approve annual plans submitted by
26 Probation and Court Services Departments.

1 (j) monitor and evaluate all programs operated by
2 Probation and Court Services Departments, and may include
3 in the program evaluation criteria such factors as the
4 percentage of Probation sentences for felons convicted of
5 Probationable offenses.

6 (k) seek the cooperation of local and State government
7 and private agencies to improve the quality of probation
8 and court services.

9 (l) where appropriate, establish programs and
10 corresponding standards designed to generally improve the
11 quality of probation and court services and reduce the rate
12 of adult or juvenile offenders committed to the Department
13 of Corrections.

14 (m) establish such other standards and regulations and
15 do all acts necessary to carry out the intent and purposes
16 of this Act.

17 The Division shall establish a model list of structured
18 intermediate sanctions that may be imposed by a probation
19 agency for violations of terms and conditions of a sentence of
20 probation, conditional discharge, or supervision.

21 The State of Illinois shall provide for the costs of
22 personnel, travel, equipment, telecommunications, postage,
23 commodities, printing, space, contractual services and other
24 related costs necessary to carry out the intent of this Act.

25 (2) (a) The chief judge of each circuit shall provide
26 full-time probation services for all counties within the

1 circuit, in a manner consistent with the annual probation plan,
2 the standards, policies, and regulations established by the
3 Supreme Court. A probation district of two or more counties
4 within a circuit may be created for the purposes of providing
5 full-time probation services. Every county or group of counties
6 within a circuit shall maintain a probation department which
7 shall be under the authority of the Chief Judge of the circuit
8 or some other judge designated by the Chief Judge. The Chief
9 Judge, through the Probation and Court Services Department
10 shall submit annual plans to the Division for probation and
11 related services.

12 (b) The Chief Judge of each circuit shall appoint the Chief
13 Probation Officer and all other probation officers for his or
14 her circuit from lists of qualified applicants supplied by the
15 Supreme Court. Candidates for chief managing officer and other
16 probation officer positions must apply with both the Chief
17 Judge of the circuit and the Supreme Court.

18 (3) A Probation and Court Service Department shall apply to
19 the Supreme Court for funds for basic services, and may apply
20 for funds for new and expanded programs or Individualized
21 Services and Programs. Costs shall be reimbursed monthly based
22 on a plan and budget approved by the Supreme Court. No
23 Department may be reimbursed for costs which exceed or are not
24 provided for in the approved annual plan and budget. After the
25 effective date of this amendatory Act of 1985, each county must
26 provide basic services in accordance with the annual plan and

1 standards created by the division. No department may receive
2 funds for new or expanded programs or individualized services
3 and programs unless they are in compliance with standards as
4 enumerated in paragraph (h) of subsection (1) of this Section,
5 the annual plan, and standards for basic services.

6 (4) The Division shall reimburse the county or counties for
7 probation services as follows:

8 (a) 100% of the salary of all chief managing officers
9 designated as such by the Chief Judge and the division.

10 (b) 100% of the salary for all probation officer and
11 supervisor positions approved for reimbursement by the
12 division after April 1, 1984, to meet workload standards
13 and to implement intensive sanction and probation
14 supervision programs and other basic services as defined in
15 this Act.

16 (c) 100% of the salary for all secure detention
17 personnel and non-secure group home personnel approved for
18 reimbursement after December 1, 1990. For all such
19 positions approved for reimbursement before December 1,
20 1990, the counties shall be reimbursed \$1,250 per month
21 beginning July 1, 1995, and an additional \$250 per month
22 beginning each July 1st thereafter until the positions
23 receive 100% salary reimbursement. Allocation of such
24 positions will be based on comparative need considering
25 capacity, staff/resident ratio, physical plant and
26 program.

1 (d) \$1,000 per month for salaries for the remaining
2 probation officer positions engaged in basic services and
3 new or expanded services. All such positions shall be
4 approved by the division in accordance with this Act and
5 division standards.

6 (e) 100% of the travel expenses in accordance with
7 Division standards for all Probation positions approved
8 under paragraph (b) of subsection 4 of this Section.

9 (f) If the amount of funds reimbursed to the county
10 under paragraphs (a) through (e) of subsection 4 of this
11 Section on an annual basis is less than the amount the
12 county had received during the 12 month period immediately
13 prior to the effective date of this amendatory Act of 1985,
14 then the Division shall reimburse the amount of the
15 difference to the county. The effect of paragraph (b) of
16 subsection 7 of this Section shall be considered in
17 implementing this supplemental reimbursement provision.

18 (5) The Division shall provide funds beginning on April 1,
19 1987 for the counties to provide Individualized Services and
20 Programs as provided in Section 16 of this Act.

21 (6) A Probation and Court Services Department in order to
22 be eligible for the reimbursement must submit to the Supreme
23 Court an application containing such information and in such a
24 form and by such dates as the Supreme Court may require.
25 Departments to be eligible for funding must satisfy the
26 following conditions:

1 (a) The Department shall have on file with the Supreme
2 Court an annual Probation plan for continuing, improved,
3 and new Probation and Court Services Programs approved by
4 the Supreme Court or its designee. This plan shall indicate
5 the manner in which Probation and Court Services will be
6 delivered and improved, consistent with the minimum
7 standards and regulations for Probation and Court
8 Services, as established by the Supreme Court. In counties
9 with more than one Probation and Court Services Department
10 eligible to receive funds, all Departments within that
11 county must submit plans which are approved by the Supreme
12 Court.

13 (b) The annual probation plan shall seek to generally
14 improve the quality of probation services and to reduce the
15 commitment of adult offenders to the Department of
16 Corrections and to reduce the commitment of juvenile
17 offenders to the Department of Juvenile Justice and shall
18 require, when appropriate, coordination with the
19 Department of Corrections, the Department of Juvenile
20 Justice, and the Department of Children and Family Services
21 in the development and use of community resources,
22 information systems, case review and permanency planning
23 systems to avoid the duplication of services.

24 (c) The Department shall be in compliance with
25 standards developed by the Supreme Court for basic, new and
26 expanded services, training, personnel hiring and

1 promotion.

2 (d) The Department shall in its annual plan indicate
3 the manner in which it will support the rights of crime
4 victims and in which manner it will implement Article I,
5 Section 8.1 of the Illinois Constitution and in what manner
6 it will coordinate crime victims' support services with
7 other criminal justice agencies within its jurisdiction,
8 including but not limited to, the State's Attorney, the
9 Sheriff and any municipal police department.

10 (7) No statement shall be verified by the Supreme Court or
11 its designee or vouchered by the Comptroller unless each of the
12 following conditions have been met:

13 (a) The probation officer is a full-time employee
14 appointed by the Chief Judge to provide probation services.

15 (b) The probation officer, in order to be eligible for
16 State reimbursement, is receiving a salary of at least
17 \$17,000 per year.

18 (c) The probation officer is appointed or was
19 reappointed in accordance with minimum qualifications or
20 criteria established by the Supreme Court; however, all
21 probation officers appointed prior to January 1, 1978,
22 shall be exempted from the minimum requirements
23 established by the Supreme Court. Payments shall be made to
24 counties employing these exempted probation officers as
25 long as they are employed in the position held on the
26 effective date of this amendatory Act of 1985. Promotions

1 shall be governed by minimum qualifications established by
2 the Supreme Court.

3 (d) The Department has an established compensation
4 schedule approved by the Supreme Court. The compensation
5 schedule shall include salary ranges with necessary
6 increments to compensate each employee. The increments
7 shall, within the salary ranges, be based on such factors
8 as bona fide occupational qualifications, performance, and
9 length of service. Each position in the Department shall be
10 placed on the compensation schedule according to job duties
11 and responsibilities of such position. The policy and
12 procedures of the compensation schedule shall be made
13 available to each employee.

14 (8) In order to obtain full reimbursement of all approved
15 costs, each Department must continue to employ at least the
16 same number of probation officers and probation managers as
17 were authorized for employment for the fiscal year which
18 includes January 1, 1985. This number shall be designated as
19 the base amount of the Department. No positions approved by the
20 Division under paragraph (b) of subsection 4 will be included
21 in the base amount. In the event that the Department employs
22 fewer Probation officers and Probation managers than the base
23 amount for a period of 90 days, funding received by the
24 Department under subsection 4 of this Section may be reduced on
25 a monthly basis by the amount of the current salaries of any
26 positions below the base amount.

1 (9) Before the 15th day of each month, the treasurer of any
2 county which has a Probation and Court Services Department, or
3 the treasurer of the most populous county, in the case of a
4 Probation or Court Services Department funded by more than one
5 county, shall submit an itemized statement of all approved
6 costs incurred in the delivery of Basic Probation and Court
7 Services under this Act to the Supreme Court. The treasurer may
8 also submit an itemized statement of all approved costs
9 incurred in the delivery of new and expanded Probation and
10 Court Services as well as Individualized Services and Programs.
11 The Supreme Court or its designee shall verify compliance with
12 this Section and shall examine and audit the monthly statement
13 and, upon finding them to be correct, shall forward them to the
14 Comptroller for payment to the county treasurer. In the case of
15 payment to a treasurer of a county which is the most populous
16 of counties sharing the salary and expenses of a Probation and
17 Court Services Department, the treasurer shall divide the money
18 between the counties in a manner that reflects each county's
19 share of the cost incurred by the Department.

20 (10) The county treasurer must certify that funds received
21 under this Section shall be used solely to maintain and improve
22 Probation and Court Services. The county or circuit shall
23 remain in compliance with all standards, policies and
24 regulations established by the Supreme Court. If at any time
25 the Supreme Court determines that a county or circuit is not in
26 compliance, the Supreme Court shall immediately notify the

1 Chief Judge, county board chairman and the Director of Court
2 Services Chief Probation Officer. If after 90 days of written
3 notice the noncompliance still exists, the Supreme Court shall
4 be required to reduce the amount of monthly reimbursement by
5 10%. An additional 10% reduction of monthly reimbursement shall
6 occur for each consecutive month of noncompliance. Except as
7 provided in subsection 5 of Section 15, funding to counties
8 shall commence on April 1, 1986. Funds received under this Act
9 shall be used to provide for Probation Department expenses
10 including those required under Section 13 of this Act. ~~The For~~
11 ~~State fiscal years 2004, 2005, 2006, and 2007 only, the~~
12 Mandatory Arbitration Fund may be used to provide for Probation
13 Department expenses, including those required under Section 13
14 of this Act.

15 (11) The respective counties shall be responsible for
16 capital and space costs, fringe benefits, clerical costs,
17 equipment, telecommunications, postage, commodities and
18 printing.

19 (12) For purposes of this Act only, probation officers
20 shall be considered peace officers. In the exercise of their
21 official duties, probation officers, sheriffs, and police
22 officers may, anywhere within the State, arrest any probationer
23 who is in violation of any of the conditions of his or her
24 probation, conditional discharge, or supervision, and it shall
25 be the duty of the officer making the arrest to take the
26 probationer before the Court having jurisdiction over the

1 probationer for further order.

2 (Source: P.A. 93-25, eff. 6-20-03; 93-576, eff. 1-1-04; 93-839,
3 eff. 7-30-04; 94-91, eff. 7-1-05; 94-696, eff. 6-1-06; 94-839,
4 eff. 6-6-06.)

5 (730 ILCS 110/15.1) (from Ch. 38, par. 204-7.1)

6 Sec. 15.1. Probation and Court Services Fund.

7 (a) The county treasurer in each county shall establish a
8 probation and court services fund consisting of fees collected
9 pursuant to subsection (i) of Section 5-6-3 and subsection (i)
10 of Section 5-6-3.1 of the Unified Code of Corrections,
11 subsection (10) of Section 5-615 and subsection (5) of Section
12 5-715 of the Juvenile Court Act of 1987, and paragraph 14.3 of
13 subsection (b) of Section 110-10 of the Code of Criminal
14 Procedure of 1963. The county treasurer shall disburse monies
15 from the fund only at the direction of the chief judge of the
16 circuit court in such circuit where the county is located. The
17 county treasurer of each county shall, on or before January 10
18 of each year, submit an annual report to the Supreme Court.

19 (b) Monies in the probation and court services fund shall
20 be appropriated by the county board to be used within the
21 county or jurisdiction where collected in accordance with
22 policies and guidelines approved by the Supreme Court for the
23 costs of operating the probation and court services department
24 or departments; however, except as provided in subparagraph
25 (g), monies in the probation and court services fund shall not

1 be used for the payment of salaries of probation and court
2 services personnel.

3 (c) Monies expended from the probation and court services
4 fund shall be used to supplement, not supplant, county
5 appropriations for probation and court services.

6 (d) Interest earned on monies deposited in a probation and
7 court services fund may be used by the county for its ordinary
8 and contingent expenditures.

9 (e) The county board may appropriate moneys from the
10 probation and court services fund, upon the direction of the
11 chief judge, to support programs that are part of the continuum
12 of juvenile delinquency intervention programs which are or may
13 be developed within the county. The grants from the probation
14 and court services fund shall be for no more than one year and
15 may be used for any expenses attributable to the program
16 including administration and oversight of the program by the
17 probation department.

18 (f) The county board may appropriate moneys from the
19 probation and court services fund, upon the direction of the
20 chief judge, to support practices endorsed or required under
21 the Sex Offender Management Board Act, including but not
22 limited to sex offender evaluation, treatment, and monitoring
23 programs that are or may be developed within the county.

24 (g) For the State Fiscal Years 2005, 2006, and 2007 only,
25 the Administrative Office of the Illinois Courts may permit a
26 county or circuit to use its probation and court services fund

1 for the payment of salaries of probation officers and other
2 court services personnel whose salaries are reimbursed under
3 this Act if the State's FY2005, FY2006, or FY2007 appropriation
4 to the Supreme Court for reimbursement to counties for
5 probation salaries and services is less than the amount
6 appropriated to the Supreme Court for these purposes for State
7 Fiscal Year 2004. The Administrative Office of the Illinois
8 Courts shall take into account each county's or circuit's
9 probation fee collections and expenditures when apportioning
10 the total reimbursement for each county or circuit.

11 (h) The Administrative Office of the Illinois Courts may
12 permit a county or circuit to use its probation and court
13 services fund for the payment of salaries of probation officers
14 and other court services personnel whose salaries are
15 reimbursed under this Act in any State fiscal year that the
16 appropriation for reimbursement to counties for probation
17 salaries and services is less than the amount appropriated to
18 the Supreme Court for these purposes for State Fiscal Year
19 2002. The Administrative Office of the Illinois Courts shall
20 take into account each county's or circuit's probation fee
21 collections and expenditures when appropriating the total
22 reimbursement for each county or circuit. Any amount
23 appropriated to the Supreme Court in any State fiscal year for
24 the purpose of reimbursing Cook County for the salaries and
25 operations of the Cook County Juvenile Temporary Detention
26 Center shall not be counted in the total appropriation to the

1 Supreme Court in that State fiscal year for reimbursement to
2 counties for probation salaries and services, for the purposes
3 of this paragraph (h).

4 (Source: P.A. 93-616, eff. 1-1-04; 93-839, eff. 7-30-04; 94-91,
5 eff. 7-1-05; 94-839, eff. 6-6-06.)

6 Section 5-55. The Code of Civil Procedure is amended by
7 changing Section 2-1009A as follows:

8 (735 ILCS 5/2-1009A) (from Ch. 110, par. 2-1009A)

9 Sec. 2-1009A. Filing Fees. In each county authorized by the
10 Supreme Court to utilize mandatory arbitration, the clerk of
11 the circuit court shall charge and collect, in addition to any
12 other fees, an arbitration fee of \$8, except in counties with
13 3,000,000 or more inhabitants the fee shall be \$10, at the time
14 of filing the first pleading, paper or other appearance filed
15 by each party in all civil cases, but no additional fee shall
16 be required if more than one party is represented in a single
17 pleading, paper or other appearance. Arbitration fees received
18 by the clerk of the circuit court pursuant to this Section
19 shall be remitted within one month after receipt to the State
20 Treasurer for deposit into the Mandatory Arbitration Fund, a
21 special fund in the State treasury for the purpose of funding
22 mandatory arbitration programs and such other alternative
23 dispute resolution programs as may be authorized by circuit
24 court rule for operation in counties that have implemented

1 mandatory arbitration, with a separate account being
2 maintained for each county. Notwithstanding any other
3 provision of this Section to the contrary, ~~and for State fiscal~~
4 ~~years 2004, 2005, 2006, and 2007 only,~~ the Mandatory
5 Arbitration Fund may be used for any other purpose authorized
6 by the Supreme Court.

7 (Source: P.A. 93-25, eff. 6-20-03; 93-839, eff. 7-30-04; 94-91,
8 eff. 7-1-05; 94-839, eff. 6-6-06.)

9 Section 5-60. The Residential Real Property Disclosure Act
10 is amended by adding Section 80 as follows:

11 (765 ILCS 77/80 new)

12 Sec. 80. Predatory Lending Database Program Fund. The
13 Predatory Lending Database Program Fund is created as a special
14 fund in the State treasury. Subject to appropriation, moneys in
15 the Fund shall be appropriated to the Illinois Housing
16 Development Authority for the purpose of making grants for
17 HUD-certified counseling agencies participating in the
18 Predatory Lending Database Program to assist with
19 implementation and development of the Predatory Lending
20 Database Program.

21 Section 5-65. The Business Corporation Act of 1983 is
22 amended by changing Sections 15.90 and 16.05 as follows:

1 (805 ILCS 5/15.90) (from Ch. 32, par. 15.90)

2 Sec. 15.90. Statute of limitations.

3 (a) Except as otherwise provided in this Section and
4 notwithstanding anything to the contrary contained in any other
5 Section of this Act, no domestic corporation or foreign
6 corporation shall be obligated to pay any annual franchise tax,
7 fee, or penalty or interest thereon imposed under this Act, nor
8 shall any administrative or judicial sanction (including
9 dissolution) be imposed or enforced nor access to the courts of
10 this State be denied based upon nonpayment thereof more than 7
11 years after the date of filing the annual report with respect
12 to the period during which the obligation for the tax, fee,
13 penalty or interest arose, unless (1) within that 7 year period
14 the Secretary of State sends a written notice to the
15 corporation to the effect that (A) administrative or judicial
16 action to dissolve the corporation or revoke its certificate of
17 authority for nonpayment of a tax, fee, penalty or interest has
18 been commenced; or (B) the corporation has submitted a report
19 but has failed to pay a tax, fee, penalty or interest required
20 to be paid therewith; or (C) a report with respect to an event
21 or action giving rise to an obligation to pay a tax, fee,
22 penalty or interest is required but has not been filed, or has
23 been filed and is in error or incomplete; or (2) the annual
24 report by the corporation was filed with fraudulent intent to
25 evade taxes payable under this Act. A corporation nonetheless
26 shall be required to pay all taxes that would have been payable

1 during the most recent 7 year period due to a previously
2 unreported increase in paid-in capital that occurred prior to
3 that 7 year period and interest and penalties thereon for that
4 period, except that, from February 1, 2008 through March 15,
5 2008, with respect to any corporation that participates in the
6 Franchise Tax and License Fee Amnesty Act of 2007, the
7 corporation shall be only required to pay all taxes that would
8 have been payable during the most recent 4 year period due to a
9 previously unreported increase in paid-in capital that
10 occurred prior to that 7 year period.

11 (b) If within 2 years following a change in control of a
12 corporation the corporation voluntarily pays in good faith all
13 known obligations of the corporation imposed by this Article 15
14 with respect to reports that were required to have been filed
15 since the beginning of the 7 year period ending on the
16 effective date of the change in control, no action shall be
17 taken to enforce or collect obligations of that corporation
18 imposed by this Article 15 with respect to reports that were
19 required to have been filed prior to that 7 year period
20 regardless of whether the limitation period set forth in
21 subsection (a) is otherwise applicable. For purposes of this
22 subsection (b), a change in control means a transaction, or a
23 series of transactions consummated within a period of 180
24 consecutive days, as a result of which a person which owned
25 less than 10% of the shares having the power to elect directors
26 of the corporation acquires shares such that the person becomes

1 the holder of 80% or more of the shares having such power. For
2 purposes of this subsection (b) a person means any natural
3 person, corporation, partnership, trust or other entity
4 together with all other persons controlled by, controlling or
5 under common control with such person.

6 (c) Except as otherwise provided in this Section and
7 notwithstanding anything to the contrary contained in any other
8 Section of this Act, no foreign corporation that has not
9 previously obtained a certificate of authority under this Act
10 shall, upon voluntary application for a certificate of
11 authority filed with the Secretary of State prior to January 1,
12 2001, be obligated to pay any tax, fee, penalty, or interest
13 imposed under this Act, nor shall any administrative or
14 judicial sanction be imposed or enforced based upon nonpayment
15 thereof with respect to a period during which the obligation
16 arose that is prior to January 1, 1993 unless (1) prior to
17 receipt of the application for a certificate of authority the
18 Secretary of State had sent written notice to the corporation
19 regarding its failure to obtain a certificate of authority, (2)
20 the corporation had submitted an application for a certificate
21 of authority previously but had failed to pay any tax, fee,
22 penalty or interest to be paid therewith, or (3) the
23 application for a certificate of authority was submitted by the
24 corporation with fraudulent intent to evade taxes payable under
25 this Act. A corporation nonetheless shall be required to pay
26 all taxes and fees due under this Act that would have been

1 payable since January 1, 1993 as a result of commencing the
2 transaction of its business in this State and interest thereon
3 for that period.

4 (Source: P.A. 95-233, eff. 8-16-07.)

5 (805 ILCS 5/16.05) (from Ch. 32, par. 16.05)

6 Sec. 16.05. Penalties and interest imposed upon
7 corporations.

8 (a) Each corporation, domestic or foreign, that fails or
9 refuses to file any annual report or report of cumulative
10 changes in paid-in capital and pay any franchise tax due
11 pursuant to the report prior to the first day of its
12 anniversary month or, in the case of a corporation which has
13 established an extended filing month, the extended filing month
14 of the corporation shall pay a penalty of 10% of the amount of
15 any delinquent franchise tax due for the report. From February
16 1, 2008 through March 15, 2008, no ~~No~~ penalty shall be imposed
17 with respect to any amount of delinquent franchise tax paid
18 pursuant to the Franchise Tax and License Fee Amnesty Act of
19 2007.

20 (b) Each corporation, domestic or foreign, that fails or
21 refuses to file a report of issuance of shares or increase in
22 paid-in capital within the time prescribed by this Act is
23 subject to a penalty on any obligation occurring prior to
24 January 1, 1991, and interest on those obligations on or after
25 January 1, 1991, for each calendar month or part of month that

1 it is delinquent in the amount of 2% ~~1%~~ of the amount of
2 license fees and franchise taxes provided by this Act to be
3 paid on account of the issuance of shares or increase in
4 paid-in capital. From February 1, 2008 through March 15, 2008,
5 no ~~No~~ penalty shall be imposed, or interest charged, with
6 respect to any amount of delinquent license fees and franchise
7 taxes paid pursuant to the Franchise Tax and License Fee
8 Amnesty Act of 2007.

9 (c) Each corporation, domestic or foreign, that fails or
10 refuses to file a report of cumulative changes in paid-in
11 capital or report following merger within the time prescribed
12 by this Act is subject to interest on or after January 1, 1992,
13 for each calendar month or part of month that it is delinquent,
14 in the amount of 2% ~~1%~~ of the amount of franchise taxes
15 provided by this Act to be paid on account of the issuance of
16 shares or increase in paid-in capital disclosed on the report
17 of cumulative changes in paid-in capital or report following
18 merger, or \$1, whichever is greater. From February 1, 2008
19 through March 15, 2008, no ~~No~~ interest shall be charged with
20 respect to any amount of delinquent franchise tax paid pursuant
21 to the Franchise Tax and License Fee Amnesty Act of 2007.

22 (d) If the annual franchise tax, or the supplemental annual
23 franchise tax for any 12-month period commencing July 1, 1968,
24 or July 1 of any subsequent year through June 30, 1983,
25 assessed in accordance with this Act, is not paid by July 31,
26 it is delinquent, and there is added a penalty prior to January

1 1, 1991, and interest on and after January 1, 1991, of 2% ~~1%~~
2 for each month or part of month that it is delinquent
3 commencing with the month of August, or \$1, whichever is
4 greater. From February 1, 2008 through March 15, 2008, no ~~No~~
5 penalty shall be imposed, or interest charged, with respect to
6 any amount of delinquent franchise taxes paid pursuant to the
7 Franchise Tax and License Fee Amnesty Act of 2007.

8 (e) If the supplemental annual franchise tax assessed in
9 accordance with the provisions of this Act for the 12-month
10 period commencing July 1, 1967, is not paid by September 30,
11 1967, it is delinquent, and there is added a penalty prior to
12 January 1, 1991, and interest on and after January 1, 1991, of
13 2% ~~1%~~ for each month or part of month that it is delinquent
14 commencing with the month of October, 1967. From February 1,
15 2008 through March 15, 2008, no ~~No~~ penalty shall be imposed, or
16 interest charged, with respect to any amount of delinquent
17 franchise taxes paid pursuant to the Franchise Tax and License
18 Fee Amnesty Act of 2007.

19 (f) If any annual franchise tax for any period beginning on
20 or after July 1, 1983, is not paid by the time period herein
21 prescribed, it is delinquent and there is added a penalty prior
22 to January 1, 1991, and interest on and after January 1, 1991,
23 of 2% ~~1%~~ for each month or part of a month that it is delinquent
24 commencing with the anniversary month or in the case of a
25 corporation that has established an extended filing month, the
26 extended filing month, or \$1, whichever is greater. From

1 February 1, 2008 through March 15, 2008, no ~~no~~ penalty shall be
2 imposed, or interest charged, with respect to any amount of
3 delinquent franchise taxes paid pursuant to the Franchise Tax
4 and License Fee Amnesty Act of 2007.

5 (g) Any corporation, domestic or foreign, failing to pay
6 the prescribed fee for assumed corporate name renewal when due
7 and payable shall be given notice of nonpayment by the
8 Secretary of State by regular mail; and if the fee together
9 with a penalty fee of \$5 is not paid within 90 days after the
10 notice is mailed, the right to use the assumed name shall
11 cease.

12 (h) Any corporation which (i) puts forth any sign or
13 advertisement, assuming any name other than that by which it is
14 incorporated or otherwise authorized by law to act or (ii)
15 violates Section 3.25, shall be guilty of a Class C misdemeanor
16 and shall be deemed guilty of an additional offense for each
17 day it shall continue to so offend.

18 (i) Each corporation, domestic or foreign, that fails or
19 refuses (1) to file in the office of the recorder within the
20 time prescribed by this Act any document required by this Act
21 to be so filed, or (2) to answer truthfully and fully within
22 the time prescribed by this Act interrogatories propounded by
23 the Secretary of State in accordance with this Act, or (3) to
24 perform any other act required by this Act to be performed by
25 the corporation, is guilty of a Class C misdemeanor.

26 (j) Each corporation that fails or refuses to file articles

1 of revocation of dissolution within the time prescribed by this
2 Act is subject to a penalty for each calendar month or part of
3 the month that it is delinquent in the amount of \$50.

4 (Source: P.A. 95-233, eff. 8-16-07.)

5 Section 5-70. The Franchise Tax and License Fee Amnesty Act
6 of 2007 is amended by changing Section 5-10 and by adding
7 Section 5-6 as follows:

8 (805 ILCS 8/5-6 new)

9 Sec. 5-6. The Franchise Tax and License Fee Amnesty
10 Administration Fund. The Franchise Tax and License Fee Amnesty
11 Administration Fund is created as a special fund in the State
12 treasury. The Fund shall consist of any fund transfers, fees,
13 or moneys from other sources received for the purpose of
14 funding the administration of this Act. All moneys in the
15 Franchise Tax and License Fee Amnesty Administration Fund shall
16 be used, subject to appropriation, by the Secretary for any
17 costs associated with the administration of this Act.

18 (805 ILCS 8/5-10)

19 Sec. 5-10. Amnesty program. The Secretary shall establish
20 an amnesty program for all taxpayers owing any franchise tax or
21 license fee imposed by Article XV of the Business Corporation
22 Act of 1983. The amnesty program shall be for a period from
23 February 1, 2008 through March 15, 2008. The amnesty program

1 shall provide that, upon payment by a taxpayer of all franchise
2 taxes and license fees due from that taxpayer to the State of
3 Illinois for any taxable period, the Secretary shall abate and
4 not seek to collect any interest or penalties that may be
5 applicable, and the Secretary shall not seek civil or criminal
6 prosecution for any taxpayer for the period of time for which
7 amnesty has been granted to the taxpayer. Failure to pay all
8 taxes due to the State for a taxable period shall not
9 invalidate any amnesty granted under this Act with respect to
10 the taxes paid pursuant to the amnesty program. Amnesty shall
11 be granted only if all amnesty conditions are satisfied by the
12 taxpayer. Amnesty shall not be granted to taxpayers who are a
13 party to any criminal investigation or to any civil or criminal
14 litigation that is pending in any circuit court or appellate
15 court or the Supreme Court of this State for nonpayment,
16 delinquency, or fraud in relation to any franchise tax or
17 license fee imposed by Article XV of the Business Corporation
18 Act of 1983. Voluntary payments made under this Act shall be
19 made by ~~cash,~~ check, guaranteed remittance, or ACH debit. The
20 Secretary shall adopt rules as necessary to implement the
21 provisions of this Act. Except as otherwise provided in this
22 Section, all money collected under this Act that would
23 otherwise be deposited into the General Revenue Fund shall be
24 deposited into the General Revenue Fund. Two percent of all
25 money collected under this Act shall be deposited by the State
26 Treasurer into the Franchise Tax and License Fee Amnesty

1 Administration ~~Department of Business Services Special~~
2 ~~Operations~~ Fund and, subject to appropriation, shall be used by
3 the Secretary to cover costs associated with the administration
4 of this Act.

5 (Source: P.A. 95-233, eff. 8-16-07.)

6 ARTICLE 99.EFFECTIVE DATE.

7 Section 99-99. Effective date. This Act takes effect upon
8 becoming law.".