



96TH GENERAL ASSEMBLY

State of Illinois

2009 and 2010

HB0652

Introduced 02/06/09, by Rep. Frank J. Mautino

SYNOPSIS AS INTRODUCED:

30 ILCS 115/1
35 ILCS 5/901

from Ch. 85, par. 611
from Ch. 120, par. 9-901

Amends the State Revenue Sharing Act and the Illinois Income Tax Act. Provides that, from each income tax payment that the Department of Revenue receives, the Department must deposit, directly into the Local Government Distributive Fund, an amount equal to 10% of the amount collected minus refund deposits (currently, the Department deposits the tax payment into the General Revenue Fund, the Department then certifies, to the Treasurer, an amount equal to 10% of the amounts of collected each month (minus refunds), and the Treasurer then transfers that certified amount to the Local Government Distributive Fund). Effective immediately.

LRB096 03991 RCE 14027 b

FISCAL NOTE ACT
MAY APPLY

A BILL FOR

1 AN ACT concerning revenue.

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

4 Section 5. The State Revenue Sharing Act is amended by
5 changing Section 1 as follows:

6 (30 ILCS 115/1) (from Ch. 85, par. 611)

7 Sec. 1. Local Government Distributive Fund.

8 (a) Through June 30, 1994, as soon as may be after the
9 first day of each month the Department of Revenue shall certify
10 to the Treasurer an amount equal to 1/12 of the net revenue
11 realized from the tax imposed by subsections (a) and (b) of
12 Section 201 of the Illinois Income Tax Act during the preceding
13 month.

14 Beginning July 1, 1994, and continuing through June 30,
15 1995, as soon as may be after the first day of each month, the
16 Department of Revenue shall certify to the Treasurer an amount
17 equal to 1/11 of the net revenue realized from the tax imposed
18 by subsections (a) and (b) of Section 201 of the Illinois
19 Income Tax Act during the preceding month.

20 Beginning July 1, 1995 and continuing through December 31,
21 2009, as soon as may be after the first day of each month, the
22 Department of Revenue shall certify to the Treasurer an amount
23 equal to 1/10 of the net revenue realized from the tax imposed

1 by subsections (a) and (b) of Section 201 of the Illinois
2 Income Tax Act during the preceding month.

3 For the purpose of this subsection (a), net ~~Net~~ revenue
4 realized for a month shall be defined as the revenue from the
5 tax imposed by subsections (a) and (b) of Section 201 of the
6 Illinois Income Tax Act which is deposited in the General
7 Revenue Fund, the Education Assistance Fund and the Income Tax
8 Surcharge Local Government Distributive Fund during the month
9 minus the amount paid out of the General Revenue Fund in State
10 warrants during that same month as refunds to taxpayers for
11 overpayment of liability under the tax imposed by subsections
12 (a) and (b) of Section 201 of the Illinois Income Tax Act.

13 Upon receipt of a ~~such~~ certification under this subsection
14 (a), the Treasurer shall transfer from the General Revenue Fund
15 to a special fund in the State treasury, to be known as the
16 "Local Government Distributive Fund", the amount shown on such
17 certification.

18 (b) Beginning January 1, 2010, for all payments collected
19 on or after December 1, 2009, the Department of Revenue shall,
20 immediately upon receipt, deposit into the Local Government
21 Distributive Fund an amount equal to 10% of the amount
22 collected minus deposits into the Income Tax Refund Fund under
23 subsection (c) of Section 901 of the Illinois Income Tax Act.

24 (c) All amounts paid into the Local Government Distributive
25 Fund in accordance with this Section and allocated pursuant to
26 this Act are appropriated on a continuing basis.

1 (Source: P.A. 88-89.)

2 Section 10. The Illinois Income Tax Act is amended by
3 changing Section 901 as follows:

4 (35 ILCS 5/901) (from Ch. 120, par. 9-901)

5 Sec. 901. Collection Authority.

6 (a) In general.

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

24 (b) Local Government ~~Governmental~~ Distributive Fund.

1 Beginning August 1, 1969, and continuing through June 30,
2 1994, the Treasurer shall transfer each month from the General
3 Revenue Fund to a special fund in the State treasury, to be
4 known as the "Local Government Distributive Fund", an amount
5 equal to 1/12 of the net revenue realized from the tax imposed
6 by subsections (a) and (b) of Section 201 of this Act during
7 the preceding month.

8 Beginning July 1, 1994, and continuing through June 30,
9 1995, the Treasurer shall transfer each month from the General
10 Revenue Fund to the Local Government Distributive Fund an
11 amount equal to 1/11 of the net revenue realized from the tax
12 imposed by subsections (a) and (b) of Section 201 of this Act
13 during the preceding month.

14 Beginning July 1, 1995 and continuing through December 31,
15 2009, the Treasurer shall transfer each month from the General
16 Revenue Fund to the Local Government Distributive Fund an
17 amount equal to the net of (i) 1/10 of the net revenue realized
18 from the tax imposed by subsections (a) and (b) of Section 201
19 of the Illinois Income Tax Act during the preceding month (ii)
20 minus, beginning July 1, 2003 and ending June 30, 2004,
21 \$6,666,666, and beginning July 1, 2004, zero. Net revenue
22 realized for a month shall be defined as the revenue from the
23 tax imposed by subsections (a) and (b) of Section 201 of this
24 Act which is deposited in the General Revenue Fund, the
25 Educational Assistance Fund and the Income Tax Surcharge Local
26 Government Distributive Fund during the month minus the amount

1 paid out of the General Revenue Fund in State warrants during
2 that same month as refunds to taxpayers for overpayment of
3 liability under the tax imposed by subsections (a) and (b) of
4 Section 201 of this Act.

5 Beginning January 1, 2010, for all payments collected on or
6 after December 1, 2009, the Department of Revenue shall,
7 immediately upon receipt, deposit into the Local Government
8 Distributive Fund an amount equal to 10% of the amount
9 collected minus deposits into the Income Tax Refund Fund under
10 subsection (c).

11 (c) Deposits Into Income Tax Refund Fund.

12 (1) Beginning on January 1, 1989 and thereafter, the
13 Department shall deposit a percentage of the amounts
14 collected pursuant to subsections (a) and (b) (1), (2), and
15 (3), of Section 201 of this Act into a fund in the State
16 treasury known as the Income Tax Refund Fund. The
17 Department shall deposit 6% of such amounts during the
18 period beginning January 1, 1989 and ending on June 30,
19 1989. Beginning with State fiscal year 1990 and for each
20 fiscal year thereafter, the percentage deposited into the
21 Income Tax Refund Fund during a fiscal year shall be the
22 Annual Percentage. For fiscal years 1999 through 2001, the
23 Annual Percentage shall be 7.1%. For fiscal year 2003, the
24 Annual Percentage shall be 8%. For fiscal year 2004, the
25 Annual Percentage shall be 11.7%. Upon the effective date
26 of this amendatory Act of the 93rd General Assembly, the

1 Annual Percentage shall be 10% for fiscal year 2005. For
2 fiscal year 2006, the Annual Percentage shall be 9.75%. For
3 fiscal year 2007, the Annual Percentage shall be 9.75%. For
4 fiscal year 2008, the Annual Percentage shall be 7.75%. For
5 fiscal year 2009, the Annual Percentage shall be 9.75%. For
6 all other fiscal years, the Annual Percentage shall be
7 calculated as a fraction, the numerator of which shall be
8 the amount of refunds approved for payment by the
9 Department during the preceding fiscal year as a result of
10 overpayment of tax liability under subsections (a) and
11 (b) (1), (2), and (3) of Section 201 of this Act plus the
12 amount of such refunds remaining approved but unpaid at the
13 end of the preceding fiscal year, minus the amounts
14 transferred into the Income Tax Refund Fund from the
15 Tobacco Settlement Recovery Fund, and the denominator of
16 which shall be the amounts which will be collected pursuant
17 to subsections (a) and (b) (1), (2), and (3) of Section 201
18 of this Act during the preceding fiscal year; except that
19 in State fiscal year 2002, the Annual Percentage shall in
20 no event exceed 7.6%. The Director of Revenue shall certify
21 the Annual Percentage to the Comptroller on the last
22 business day of the fiscal year immediately preceding the
23 fiscal year for which it is to be effective.

24 (2) Beginning on January 1, 1989 and thereafter, the
25 Department shall deposit a percentage of the amounts
26 collected pursuant to subsections (a) and (b) (6), (7), and

1 (8), (c) and (d) of Section 201 of this Act into a fund in
2 the State treasury known as the Income Tax Refund Fund. The
3 Department shall deposit 18% of such amounts during the
4 period beginning January 1, 1989 and ending on June 30,
5 1989. Beginning with State fiscal year 1990 and for each
6 fiscal year thereafter, the percentage deposited into the
7 Income Tax Refund Fund during a fiscal year shall be the
8 Annual Percentage. For fiscal years 1999, 2000, and 2001,
9 the Annual Percentage shall be 19%. For fiscal year 2003,
10 the Annual Percentage shall be 27%. For fiscal year 2004,
11 the Annual Percentage shall be 32%. Upon the effective date
12 of this amendatory Act of the 93rd General Assembly, the
13 Annual Percentage shall be 24% for fiscal year 2005. For
14 fiscal year 2006, the Annual Percentage shall be 20%. For
15 fiscal year 2007, the Annual Percentage shall be 17.5%. For
16 fiscal year 2008, the Annual Percentage shall be 15.5%. For
17 fiscal year 2009, the Annual Percentage shall be 17.5%. For
18 all other fiscal years, the Annual Percentage shall be
19 calculated as a fraction, the numerator of which shall be
20 the amount of refunds approved for payment by the
21 Department during the preceding fiscal year as a result of
22 overpayment of tax liability under subsections (a) and
23 (b) (6), (7), and (8), (c) and (d) of Section 201 of this
24 Act plus the amount of such refunds remaining approved but
25 unpaid at the end of the preceding fiscal year, and the
26 denominator of which shall be the amounts which will be

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

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

14 (d) Expenditures from Income Tax Refund Fund.

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

23 (2) The Director shall order payment of refunds
24 resulting from overpayment of tax liability under Section
25 201 of this Act from the Income Tax Refund Fund only to the
26 extent that amounts collected pursuant to Section 201 of

1 this Act and transfers pursuant to this subsection (d) and
2 item (3) of subsection (c) have been deposited and retained
3 in the Fund.

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

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

1 Refund Fund during the fiscal year.

2 (4.5) As soon as possible after the end of fiscal year
3 1999 and of each fiscal year thereafter, the Director shall
4 order transferred and the State Treasurer and State
5 Comptroller shall transfer from the Income Tax Refund Fund
6 to the General Revenue Fund any surplus remaining in the
7 Income Tax Refund Fund as of the end of such fiscal year;
8 excluding for fiscal years 2000, 2001, and 2002 amounts
9 attributable to transfers under item (3) of subsection (c)
10 less refunds resulting from the earned income tax credit.

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

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

17 On July 1, 1991, and thereafter, of the amounts collected
18 pursuant to subsections (a) and (b) of Section 201 of this Act,
19 minus deposits into the Income Tax Refund Fund, the Department
20 shall deposit 7.3% into the Education Assistance Fund in the
21 State Treasury. Beginning July 1, 1991, and continuing through
22 January 31, 1993, of the amounts collected pursuant to
23 subsections (a) and (b) of Section 201 of the Illinois Income
24 Tax Act, minus deposits into the Income Tax Refund Fund, the
25 Department shall deposit 3.0% into the Income Tax Surcharge
26 Local Government Distributive Fund in the State Treasury.

1 Beginning February 1, 1993 and continuing through June 30,
2 1993, of the amounts collected pursuant to subsections (a) and
3 (b) of Section 201 of the Illinois Income Tax Act, minus
4 deposits into the Income Tax Refund Fund, the Department shall
5 deposit 4.4% into the Income Tax Surcharge Local Government
6 Distributive Fund in the State Treasury. Beginning July 1,
7 1993, and continuing through June 30, 1994, of the amounts
8 collected under subsections (a) and (b) of Section 201 of this
9 Act, minus deposits into the Income Tax Refund Fund, the
10 Department shall deposit 1.475% into the Income Tax Surcharge
11 Local Government Distributive Fund in the State Treasury.

12 (Source: P.A. 94-91, eff. 7-1-05; 94-839, eff. 6-6-06; 95-707,
13 eff. 1-11-08; 95-744, eff. 7-18-08; revised 10-23-08.)

14 Section 99. Effective date. This Act takes effect upon
15 becoming law.