



Sen. Toi W. Hutchinson

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09700HB1883sam004

LRB097 08685 AMC 59678 a

1 AMENDMENT TO HOUSE BILL 1883

2 AMENDMENT NO. _____. Amend House Bill 1883 by replacing
3 everything after the enacting clause with the following:

4 "Section 3. The Economic Development Area Tax Increment
5 Allocation Act is amended by changing Sections 3, 4, 5, 8, 9,
6 and 11 and by adding Sections 4.5 and 4.7 as follows:

7 (20 ILCS 620/3) (from Ch. 67 1/2, par. 1003)

8 Sec. 3. Definitions. In this Act, words or terms shall have
9 the following meanings unless the context or usage clearly
10 indicates that another meaning is intended.

11 (a) "Department" means the Department of Commerce and
12 Economic Opportunity.

13 (b) "Economic development plan" means the written plan of a
14 municipality which sets forth an economic development program
15 for an economic development project area. Each economic
16 development plan shall include but not be limited to (1)

1 estimated economic development project costs, (2) the sources
2 of funds to pay such costs, (3) the nature and term of any
3 obligations to be issued by the municipality to pay such costs,
4 (4) the most recent equalized assessed valuation of the
5 economic development project area, (5) an estimate of the
6 equalized assessed valuation of the economic development
7 project area after completion of an economic development
8 project, (6) the estimated date of completion of any economic
9 development project proposed to be undertaken, (7) a general
10 description of any proposed developer, user, or tenant of any
11 property to be located or improved within the economic
12 development project area, (8) a description of the type,
13 structure and general character of the facilities to be
14 developed or improved in the economic development project area,
15 (9) a description of the general land uses to apply in the
16 economic development project area, (10) a description of the
17 type, class and number of employees to be employed in the
18 operation of the facilities to be developed or improved in the
19 economic development project area, and (11) a commitment by the
20 municipality to fair employment practices and an affirmative
21 action plan with respect to any economic development program to
22 be undertaken by the municipality.

23 (c) "Economic development project" means any development
24 project in furtherance of the objectives of this Act.

25 (d) "Economic development project area" means any improved
26 or vacant area which (1) is located within or partially within

1 or partially without the territorial limits of a municipality,
2 provided that no area without the territorial limits of a
3 municipality shall be included in an economic development
4 project area without the express consent of the Department,
5 acting as agent for the State, (2) is contiguous, (3) is not
6 less in the aggregate than three hundred twenty acres, (4) is
7 suitable for siting by any commercial, manufacturing,
8 industrial, research or transportation enterprise of
9 facilities to include but not be limited to commercial
10 businesses, offices, factories, mills, processing plants,
11 assembly plants, packing plants, fabricating plants,
12 industrial or commercial distribution centers, warehouses,
13 repair overhaul or service facilities, freight terminals,
14 research facilities, test facilities or transportation
15 facilities, whether or not such area has been used at any time
16 for such facilities and whether or not the area has been used
17 or is suitable for other uses, including commercial
18 agricultural purposes, and (5) which has been approved and
19 certified by the Department pursuant to this Act.

20 (e) "Economic development project costs" mean and include
21 the sum total of all reasonable or necessary costs incurred by
22 a municipality incidental to an economic development project,
23 including, without limitation, the following:

24 (1) Costs of studies, surveys, development of plans and
25 specifications, implementation and administration of an
26 economic development plan, personnel and professional service

1 costs for architectural, engineering, legal, marketing,
2 financial, planning, police, fire, public works or other
3 services, provided that no charges for professional services
4 may be based on a percentage of incremental tax revenues;

5 (2) Property assembly costs within an economic development
6 project area, including but not limited to acquisition of land
7 and other real or personal property or rights or interests
8 therein, and specifically including payments to developers or
9 other nongovernmental persons as reimbursement for property
10 assembly costs incurred by such developer or other
11 nongovernmental person;

12 (3) Site preparation costs, including but not limited to
13 clearance of any area within an economic development project
14 area by demolition or removal of any existing buildings,
15 structures, fixtures, utilities and improvements and clearing
16 and grading; and including installation, repair, construction,
17 reconstruction, or relocation of public streets, public
18 utilities, and other public site improvements within or without
19 an economic development project area which are essential to the
20 preparation of the economic development project area for use in
21 accordance with an economic development plan; and specifically
22 including payments to developers or other nongovernmental
23 persons as reimbursement for site preparation costs incurred by
24 such developer or nongovernmental person;

25 (4) Costs of renovation, rehabilitation, reconstruction,
26 relocation, repair or remodeling of any existing buildings,

1 improvements, and fixtures within an economic development
2 project area, and specifically including payments to
3 developers or other nongovernmental persons as reimbursement
4 for such costs incurred by such developer or nongovernmental
5 person;

6 (5) Costs of construction, acquisition, and operation
7 within an economic development project area of public
8 improvements, including but not limited to, publicly-owned
9 buildings, structures, works, utilities or fixtures;

10 (6) Financing costs, including but not limited to all
11 necessary and incidental expenses related to the issuance of
12 obligations, payment of any interest on any obligations issued
13 hereunder which accrues during the estimated period of
14 construction of any economic development project for which such
15 obligations are issued and for not exceeding 36 months
16 thereafter, and any reasonable reserves related to the issuance
17 of such obligations;

18 (7) All or a portion of a taxing district's capital costs
19 resulting from an economic development project necessarily
20 incurred or estimated to be incurred by a taxing district in
21 the furtherance of the objectives of an economic development
22 project, to the extent that the municipality by written
23 agreement accepts and approves such costs;

24 (8) Relocation costs to the extent that a municipality
25 determines that relocation costs shall be paid or is required
26 to make payment of relocation costs by federal or State law;

1 (9) The estimated tax revenues from real property in an
2 economic development project area acquired by a municipality
3 which, according to the economic development plan, is to be
4 used for a private use and which any taxing district would have
5 received had the municipality not adopted tax increment
6 allocation financing for an economic development project area
7 and which would result from such taxing district's levies made
8 after the time of the adoption by the municipality of tax
9 increment allocation financing to the time the current
10 equalized assessed value of real property in the economic
11 development project area exceeds the total initial equalized
12 value of real property in said area;

13 (10) Costs of job training, advanced vocational or career
14 education, including but not limited to courses in
15 occupational, semi-technical or technical fields leading
16 directly to employment, incurred by one or more taxing
17 districts, provided that such costs are related to the
18 establishment and maintenance of additional job training,
19 advanced vocational education or career education programs for
20 persons employed or to be employed by employers located in an
21 economic development project area, and further provided that
22 when such costs are incurred by a taxing district or taxing
23 districts other than the municipality they shall be set forth
24 in a written agreement by or among the municipality and the
25 taxing district or taxing districts, which agreement describes
26 the program to be undertaken, including but not limited to the

1 number of employees to be trained, a description of the
2 training and services to be provided, the number and type of
3 positions available or to be available, itemized costs of the
4 program and sources of funds to pay the same, and the term of
5 the agreement. Such costs include, specifically, the payment by
6 community college districts of costs pursuant to Sections 3-37,
7 3-38, 3-40 and 3-40.1 of the Public Community College Act and
8 by school districts of costs pursuant to Sections 10-22.20a and
9 10-23.3a of The School Code;

10 (11) Private financing costs incurred by developers or
11 other nongovernmental persons in connection with an economic
12 development project, and specifically including payments to
13 developers or other nongovernmental persons as reimbursement
14 for such costs incurred by such developer or other
15 nongovernmental person, provided that:

16 (A) private financing costs shall be paid or reimbursed by
17 a municipality only pursuant to the prior official action of
18 the municipality evidencing an intent to pay or reimburse such
19 private financing costs;

20 (B) except as provided in subparagraph (D), the aggregate
21 amount of such costs paid or reimbursed by a municipality in
22 any one year shall not exceed 30% of such costs paid or
23 incurred by the developer or other nongovernmental person in
24 that year;

25 (C) private financing costs shall be paid or reimbursed by
26 a municipality solely from the special tax allocation fund

1 established pursuant to this Act and shall not be paid or
2 reimbursed from the proceeds of any obligations issued by a
3 municipality;

4 (D) if there are not sufficient funds available in the
5 special tax allocation fund in any year to make such payment or
6 reimbursement in full, any amount of such interest cost
7 remaining to be paid or reimbursed by a municipality shall
8 accrue and be payable when funds are available in the special
9 tax allocation fund to make such payment; and

10 (E) in connection with its approval and certification of an
11 economic development project pursuant to Section 5 of this Act,
12 the Department shall review any agreement authorizing the
13 payment or reimbursement by a municipality of private financing
14 costs in its consideration of the impact on the revenues of the
15 municipality and the affected taxing districts of the use of
16 tax increment allocation financing.

17 (f) "Municipality" means a city, village or incorporated
18 town.

19 (g) "Obligations" means any instrument evidencing the
20 obligation of a municipality to pay money, including without
21 limitation, bonds, notes, installment or financing contracts,
22 certificates, tax anticipation warrants or notes, vouchers,
23 and any other evidence of indebtedness.

24 (h) "Taxing districts" means counties, townships,
25 municipalities, and school, road, park, sanitary, mosquito
26 abatement, forest preserve, public health, fire protection,

1 river conservancy, tuberculosis sanitarium and any other
2 municipal corporations or districts with the power to levy
3 taxes.

4 (Source: P.A. 94-793, eff. 5-19-06.)

5 (20 ILCS 620/4) (from Ch. 67 1/2, par. 1004)

6 Sec. 4. Establishment of economic development project
7 areas; ordinance; notice; hearing; changes in economic
8 development plan. Economic development project areas shall be
9 established as follows:

10 (a) The corporate authorities of a municipality shall by
11 ordinance propose the establishment of an economic development
12 project area and fix a time and place for a public hearing, and
13 shall submit a certified copy of the ordinance as adopted to
14 the Department.

15 (b) (1) Notice of the public hearing shall be given by
16 publication and mailing. Notice by publication shall be given
17 by publication at least twice, the first publication to be not
18 more than 30 nor less than 10 days prior to the hearing in a
19 newspaper of general circulation within the taxing districts
20 having property in the proposed economic development project
21 area. Notice by mailing shall be given by depositing such
22 notice together with a copy of the proposed economic
23 development plan in the United States mails by certified mail
24 addressed to the person or persons in whose name the general
25 taxes for the last preceding year were paid on each lot, block,

1 tract, or parcel of land lying within the economic development
2 project area. The notice shall be mailed not less than 10 days
3 prior to the date set for the public hearing. In the event
4 taxes for the last preceding year were not paid, the notice
5 shall also be sent to the persons last listed on the tax rolls
6 within the preceding 3 years as the owners of such property.

7 (2) The notices issued pursuant to this Section shall
8 include the following:

9 (A) The time and place of public hearing;

10 (B) The boundaries of the proposed economic development
11 project area by legal description and by street location where
12 possible;

13 (C) A notification that all interested persons will be
14 given an opportunity to be heard at the public hearing;

15 (D) An invitation for any person to submit alternative
16 proposals or bids for any proposed conveyance, lease, mortgage
17 or other disposition of land within the proposed economic
18 development project area;

19 (E) A description of the economic development plan or
20 economic development project if a plan or project is a subject
21 matter of the hearing; and

22 (F) Such other matters as the municipality may deem
23 appropriate.

24 (3) Not less than 30 days prior to the date set for
25 hearing, the municipality shall give notice by mail as provided
26 in this subsection (b) to all taxing districts, of which

1 taxable property is included in the economic development
2 project area, and to the Department. In addition to the other
3 requirements under this subsection (b), the notice shall
4 include an invitation to the Department and each taxing
5 district to submit comments to the municipality concerning the
6 subject matter of the hearing prior to the date of hearing.

7 (c) At the public hearing any interested person, the
8 Department or any affected taxing district may file written
9 objections with the municipal clerk and may be heard orally
10 with respect to any issues embodied in the notice. The
11 municipality shall hear and determine all alternate proposals
12 or bids for any proposed conveyance, lease, mortgage or other
13 disposition of land and all protests and objections at the
14 hearing, and the hearing may be adjourned to another date
15 without further notice other than a motion to be entered upon
16 the minutes fixing the time and place of the adjourned hearing.
17 Public hearings with regard to an economic development plan,
18 economic development project area, or economic development
19 project may be held simultaneously.

20 (d) At the public hearing or at any time prior to the
21 adoption by the municipality of an ordinance approving an
22 economic development plan, the municipality may make changes in
23 the economic development plan. Changes which (1) alter the
24 exterior boundaries of the proposed economic development
25 project area, (2) substantially affect the general land uses
26 established in the proposed economic development plan, (3)

1 substantially change the nature of the proposed economic
2 development project, (4) change the general description of any
3 proposed developer, user or tenant of any property to be
4 located or improved within the economic development project
5 area, or (5) change the description of the type, class and
6 number of employees to be employed in the operation of the
7 facilities to be developed or improved within the economic
8 development project area shall be made only after notice and
9 hearing pursuant to the procedures set forth in this Section.
10 Changes which do not (1) alter the exterior boundaries of a
11 proposed economic development project area, (2) substantially
12 affect the general land uses established in the proposed
13 economic development plan, (3) substantially change the nature
14 of the proposed economic development project, (4) change the
15 general description of any proposed developer, user or tenant
16 of any property to be located or improved within the economic
17 development project area, or (5) change the description of the
18 type, class and number of employees to be employed in the
19 operation of the facilities to be developed or improved within
20 the economic development project area may be made without
21 further hearing, provided that the municipality shall give
22 notice of its changes by mail to the Department and to each
23 affected taxing district and by publication in a newspaper or
24 newspapers of general circulation within the affected taxing
25 districts. Such notice by mail and by publication shall each
26 occur not later than 10 days following the adoption by

1 ordinance of such changes.

2 (e) At any time within 30 days of the final adjournment of
3 the public hearing, a municipality may, by ordinance, approve
4 the economic development plan, establish the economic
5 development project area, and authorize tax increment
6 allocation financing for such economic development project
7 area. Any ordinance adopted which approves an economic
8 development plan shall contain findings that the economic
9 development project shall create or retain not less than 4,250
10 ~~2,000~~ full-time equivalent jobs, that private investment in an
11 amount not less than \$100,000,000 shall occur in the economic
12 development project area, that the economic development
13 project will encourage the increase of commerce and industry
14 within the State, thereby reducing the evils attendant upon
15 unemployment and increasing opportunities for personal income,
16 and that the economic development project will increase or
17 maintain the property, sales and income tax bases of the
18 municipality and of the State. Any ordinance adopted which
19 establishes an economic development project area shall contain
20 the boundaries of such area by legal description and, where
21 possible, by street location. Any ordinance adopted which
22 authorizes tax increment allocation financing shall provide
23 that the ad valorem taxes, if any, arising from the levies upon
24 taxable real property in such economic development project area
25 by taxing districts and tax rates determined in the manner
26 provided in subsection (b) of Section 6 of this Act each year

1 after the effective date of the ordinance until economic
2 development project costs and all municipal obligations
3 financing economic development project costs incurred under
4 this Act have been paid shall be divided as follows:

5 (1) That portion of taxes levied upon each taxable lot,
6 block, tract or parcel of real property which is attributable
7 to the lower of the current equalized assessed value or the
8 initial equalized assessed value of each such taxable lot,
9 block, tract or parcel of real property in the economic
10 development project area shall be allocated to and when
11 collected shall be paid by the county collector to the
12 respective affected taxing districts in the manner required by
13 law in the absence of the adoption of tax increment allocation
14 financing.

15 (2) That portion, if any, of such taxes which is
16 attributable to the increase in the current equalized assessed
17 valuation of each taxable lot, block, tract or parcel of real
18 property in the economic development project area over and
19 above the initial equalized assessed value of each property in
20 the economic development project area shall be allocated to and
21 when collected shall be paid to the municipal treasurer who
22 shall deposit such taxes into a special fund called the special
23 tax allocation fund of the municipality for the purpose of
24 paying economic development project costs and obligations
25 incurred in the payment thereof.

26 (f) After a municipality has by ordinance approved an

1 economic development plan and established an economic
2 development project area, the plan may be amended and the
3 boundaries of the area may be altered only as herein provided.
4 Amendments which (1) alter the exterior boundaries of an
5 economic development project area, (2) substantially affect
6 the general land uses established pursuant to the economic
7 development plan, (3) substantially change the nature of the
8 economic development project, (4) change the general
9 description of any proposed developer, user, or tenant of any
10 property to be located or improved within the economic
11 development project area, or (5) change the description of the
12 type, class and number of employees to be employed in the
13 operation of the facilities to be developed or improved within
14 the economic development project area, shall be made only after
15 notice and hearing pursuant to the procedures set forth in this
16 Section. Amendments which do not (1) alter the boundaries of
17 the economic development project area, (2) substantially
18 affect the general land uses established in the economic
19 development plan, (3) substantially change the nature of the
20 economic development project, (4) change the general
21 description of any proposed developer, user, or tenant of any
22 property to be located or improved within the economic
23 development project area, or (5) change the description of the
24 type, class and number of employees to be employed in the
25 operation of the facilities to be developed or improved within
26 the economic development project area may be made without

1 further hearing, provided that the municipality shall give
2 notice of any amendment by mail to the Department and to each
3 taxing district and by publication in a newspaper or newspapers
4 of general circulation within the affected taxing districts.
5 Such notice by mail and by publication shall each occur not
6 later than 10 days following the adoption by ordinance of any
7 amendments.

8 (g) Extension of economic development project area;
9 allocations; payment of outstanding claims; changes in
10 equalized assessed valuation.

11 (1) Notwithstanding anything to the contrary set forth in
12 this Act, upon the effective date of this amendatory Act of the
13 97th General Assembly, the duration of any existing economic
14 development plan created pursuant to this Act is extended to
15 the maximum duration permitted under Section 8 of this Act.

16 (2) For the purposes of this Section, real estate taxes
17 paid on property within the Economic Development Project Area
18 during calendar year 2013 and remitted to the parties to the
19 Economic Development Agreement in 2014 shall be the "base
20 amount". Beginning with real estate taxes remitted in 2014, for
21 any economic development plan extended by operation of item (1)
22 of this subsection (g), until such time as all obligations to
23 the Developer have been satisfied, the allocation of the
24 special tax allocation fund shall be as follows:

25 (A) Municipality: All receipts up to and including \$5
26 million (inclusive of amounts due the municipality as a

1 participating taxing district);

2 (B) Developer: 55% of receipts above \$5 million;

3 (C) Taxing Districts: 45% of receipts above \$5 million
4 (excluding amounts due the municipality as a participating
5 taxing district).

6 Except as provided in this paragraph, after all current and
7 future obligations under the Economic Development Agreement to
8 the developer have been satisfied, the municipality shall
9 receive \$5 million annually (inclusive of the amount due the
10 municipality as a taxing district) and the taxing districts
11 shall receive the remainder in the same manner and proportion
12 as the most recent distribution by the county collector to
13 those taxing districts in the Economic Development Project
14 Area. In the event real estate taxes collected on property
15 within the Economic Development Project Area increase in any
16 year by an amount sufficient to generate a distribution of more
17 than \$5 million for the municipality, as determined by
18 calculating the distribution to the municipality in the same
19 manner and proportion as the most recent distribution by the
20 county collector to the municipality from real property taxes
21 from real property in the Economic Development Project Area,
22 without regard to the Economic Development Agreement, the
23 municipality shall be entitled to its proportionate share of
24 the increase as a taxing district.

25 (3) For real estate taxes paid in 2012 and remitted to the
26 parties to the Economic Development Agreement in 2013 and prior

1 years, the allocation formula contained in any economic
2 development plan in effect immediately prior to the effective
3 date of this amendatory Act of the 97th General Assembly shall
4 apply.

5 (4) All notes due and payable shall be processed and paid
6 in the order received, with the oldest notes to be processed
7 and paid first. Beginning January 1, 2012, all outstanding
8 interest bearing notes shall bear interest at the rate of 4%
9 until paid.

10 (5) Beginning with real estate taxes paid in 2014 and
11 remitted to the parties to the Economic Development Agreement
12 in 2015, and each year thereafter, in the event the taxes paid
13 within the Economic Development Project Area change from the
14 base amount, the allocation of the special tax allocation fund
15 shall be as follows:

16 (A) If the amount of current year taxes paid is less
17 than the base amount, then the municipality shall receive
18 the first \$5 million and the remaining allocations from the
19 special tax allocation fund to the developer and the taxing
20 districts shall be reduced pro rata.

21 (B) If the amount of current year taxes paid is greater
22 than the base amount, then 75% of the increase in real
23 estate tax receipts shall be payable to the developer, with
24 the remaining 25% of those additional receipts being
25 distributed in the taxing districts (including the
26 municipality) pursuant to the formula in this subsection.

1 Prorations required by this Section shall be made based
2 upon the actual taxes collected during the year, without
3 regard to the date of the levy.

4 (Source: P.A. 86-38.)

5 (20 ILCS 620/4.5 new)

6 Sec. 4.5. Recapture. In the event that the Developer
7 terminates all of its operations and vacates the redevelopment
8 area within 60 months after the effective date of this
9 amendatory Act of the 97th General Assembly, the developer
10 shall be required to remit to the Department an amount equal to
11 the payments disbursed to the developer in 2014 and subsequent
12 years under the Agreement. Within 30 days after receipt, the
13 Department shall remit such funds to the county collector. The
14 county collector shall thereafter make distribution to the
15 respective taxing districts in the same manner and proportion
16 as the most recent distribution by the county collector to
17 those taxing districts of real property taxes from real
18 property in the Economic Development Project Area.

19 (20 ILCS 620/4.7 new)

20 Sec. 4.7. Economic development project areas; electronic
21 submissions. After the effective date of this amendatory Act of
22 the 97th General Assembly, a municipality shall submit in an
23 electronic format the following information for each economic
24 development project area (i) to the State Comptroller under

1 Section 8-8-3.5 of the Illinois Municipal Code and (ii) to all
2 taxing districts overlapping the economic development project
3 area no later than 180 days after the close of each municipal
4 fiscal year or as soon thereafter as the audited financial
5 statements become available:

6 (1) Any amendments to the economic development plan or
7 the economic development project area.

8 (2) Audited financial statements of the special tax
9 allocation fund once a cumulative total of \$100,000 has
10 been deposited in the fund.

11 (3) Certification of the Chief Executive Officer of the
12 municipality that the municipality has complied with all of
13 the requirements of this Act during the preceding fiscal
14 year.

15 (4) An opinion of legal counsel that the municipality
16 is in compliance with this Act.

17 (5) An analysis of the special tax allocation fund that
18 sets forth:

19 (A) the balance in the special tax allocation fund
20 at the beginning of the fiscal year;

21 (B) all amounts deposited in the special tax
22 allocation fund by source;

23 (C) an itemized list of all expenditures from the
24 special tax allocation fund by category of permissible
25 economic development project cost; and

26 (D) the balance in the special tax allocation fund

1 at the end of the fiscal year, including a breakdown of
2 that balance by source and a breakdown of that balance
3 identifying any portion of the balance that is
4 required, pledged, earmarked, or otherwise designated
5 for payment of or securing of obligations and
6 anticipated economic development project costs; any
7 portion of such ending balance that has not been
8 identified or is not identified as being required,
9 pledged, earmarked, or otherwise designated for
10 payment of or securing of obligations or anticipated
11 economic development projects costs shall be
12 designated as surplus as set forth in Section 11-74.4-7
13 of the Illinois Municipal Code.

14 (6) A description of all property purchased by the
15 municipality within the economic development project area,
16 including:

17 (A) street address;

18 (B) approximate size or description of property;

19 (C) purchase price; and

20 (D) seller of property.

21 (7) A statement setting forth all activities
22 undertaken in furtherance of the objectives of the economic
23 development plan, including:

24 (A) any project implemented in the preceding
25 fiscal year;

26 (B) a description of the economic development

1 activities undertaken;

2 (C) a description of any agreements entered into by
3 the municipality with regard to the disposition or
4 redevelopment of any property within the economic
5 development project area;

6 (D) additional information on the use of all funds
7 received under this Division and steps taken by the
8 municipality to achieve the objectives of the economic
9 development plan;

10 (E) information regarding contracts that the
11 municipality's tax increment advisors or consultants
12 have entered into with entities or persons that have
13 received, or are receiving, payments financed by tax
14 increment revenues produced by the same economic
15 development project area; and

16 (F) a review of public and, to the extent possible,
17 private investment actually undertaken to date after
18 the effective date of this amendatory Act of the 97th
19 General Assembly and estimated to be undertaken during
20 the following fiscal year; this review shall, on a
21 project-by-project basis, set forth the estimated
22 amounts of public and private investment incurred
23 after the effective date of this amendatory Act of the
24 97th General Assembly and provide the ratio of private
25 investment to public investment to the date of the
26 report and as estimated to the completion of the

1 economic development project.

2 (8) With regard to any obligations issued by the
3 municipality:

4 (A) copies of any official statements; and

5 (B) an analysis prepared by financial advisor or
6 underwriter setting forth:

7 (i) nature and term of obligation; and

8 (ii) projected debt service including required
9 reserves and debt coverage.

10 (9) For special tax allocation funds that have
11 experienced cumulative deposits of incremental tax
12 revenues of \$100,000 or more, a certified audit report
13 reviewing compliance with this Act performed by an
14 independent public accountant certified and licensed by
15 the authority of the State of Illinois. The financial
16 portion of the audit must be conducted in accordance with
17 Standards for Audits of Governmental Organizations,
18 Programs, Activities, and Functions adopted by the
19 Comptroller General of the United States (1981), as
20 amended, or the standards specified by Section 8-8-5 of the
21 Illinois Municipal Auditing Law of the Illinois Municipal
22 Code. The audit report shall contain a letter from the
23 independent certified public accountant indicating
24 compliance or noncompliance with the requirements of
25 subsection (e) of Section 3 of this Act.

26 (10) A list of all intergovernmental agreements in

1 effect during the fiscal year to which the municipality is
2 a party and an accounting of any moneys transferred or
3 received by the municipality during that fiscal year
4 pursuant to those intergovernmental agreements.

5 (20 ILCS 620/5) (from Ch. 67 1/2, par. 1005)

6 Sec. 5. Submission to Department; certification by
7 Department; limitation on number of permissible economic
8 development project areas. (a) The municipality shall submit
9 certified copies of any ordinances adopted approving an
10 economic development plan, establishing an economic
11 development project area, and authorizing tax increment
12 allocation financing for such economic development project
13 area to the Department, together with (1) a map of the economic
14 development project area, (2) a copy of the economic
15 development plan as approved, (3) an analysis, and any
16 supporting documents and statistics, demonstrating that the
17 economic development project shall create or retain not less
18 than 4,250 ~~2,000~~ full-time equivalent jobs and that private
19 investment in the amount of not less than \$100,000,000 shall
20 occur in the economic development project area, (4) an estimate
21 of the economic impact of the economic development project and
22 the use of tax increment allocation financing upon the revenues
23 of the municipality and the affected taxing districts, (5) a
24 record of all public hearings had in connection with the
25 establishment of the economic development project area, and (6)

1 such other information as the Department by regulation may
2 require.

3 (b) Upon receipt of an application from a municipality the
4 Department shall review the application to determine whether
5 the economic development project area qualifies as an economic
6 development project area under this Act. At its discretion, the
7 Department may accept or reject the application or may request
8 such additional information as it deems necessary or advisable
9 to aid its review. If any such area is found to be qualified to
10 be an economic development project area, the Department shall
11 approve and certify such economic development project area and
12 shall provide written notice of its approval and certification
13 to the municipality and to the county clerk. In determining
14 whether an economic development project area shall be approved
15 and certified, the Department shall consider (1) whether,
16 without public intervention, the State would suffer
17 substantial economic dislocation, such as relocation of a
18 commercial business or industrial or manufacturing facility to
19 another state, territory or country, or would not otherwise
20 benefit from private investment offering substantial
21 employment opportunities and economic growth, and (2) the
22 impact on the revenues of the municipality and the affected
23 taxing districts of the use of tax increment allocation
24 financing in connection with the economic development project.

25 (c) On or before the date which is 18 months following the
26 date on which this Act becomes law, the Department shall submit

1 to the General Assembly a report detailing the number of
2 economic development project areas it has approved and
3 certified, the number and type of jobs created or retained
4 therein, the aggregate amount of private investment therein,
5 the impact on the revenues of municipalities and affected
6 taxing districts of the use of tax increment allocation
7 financing therein, and such additional information as the
8 Department may determine to be relevant. On or after the date
9 which is 20 months following the date on which this Act becomes
10 law the authority granted hereunder to municipalities to
11 establish economic development project areas and to adopt tax
12 increment allocation financing in connection therewith and to
13 the Department to approve and certify economic development
14 project areas shall expire unless the General Assembly shall
15 have authorized municipalities and the Department to continue
16 to exercise the powers granted to them hereunder.

17 (Source: P.A. 86-38.)

18 (20 ILCS 620/8) (from Ch. 67 1/2, par. 1008)

19 Sec. 8. Issuance of obligations for economic development
20 project costs. Obligations secured by the special tax
21 allocation fund provided for in Section 7 of this Act for an
22 economic development project area may be issued to provide for
23 economic development project costs. Those obligations, when so
24 issued, shall be retired in the manner provided in the
25 ordinance authorizing the issuance of the obligations by the

1 receipts of taxes levied as specified in Section 6 of this Act
2 against the taxable property included in the economic
3 development project area and by other revenue designated or
4 pledged by the municipality. A municipality may in the
5 ordinance pledge all or any part of the funds in and to be
6 deposited in the special tax allocation fund created pursuant
7 to Section 7 of this Act to the payment of the economic
8 development project costs and obligations. Whenever a
9 municipality pledges all of the funds to the credit of a
10 special tax allocation fund to secure obligations issued or to
11 be issued to pay economic development project costs, the
12 municipality may specifically provide that funds remaining to
13 the credit of such special tax allocation fund after the
14 payment of such obligations shall be accounted for annually and
15 shall be deemed to be "surplus" funds, and such "surplus" funds
16 shall be distributed as hereinafter provided. Whenever a
17 municipality pledges less than all of the monies to the credit
18 of a special tax allocation fund to secure obligations issued
19 or to be issued to pay economic development project costs, the
20 municipality shall provide that monies to the credit of the
21 special tax allocation fund and not subject to such pledge or
22 otherwise encumbered or required for payment of contractual
23 obligations for specific economic development project costs
24 shall be calculated annually and shall be deemed to be
25 "surplus" funds, and such "surplus" funds shall be distributed
26 as hereinafter provided. All funds to the credit of a special

1 tax allocation fund which are deemed to be "surplus" funds
2 shall be distributed annually within 180 days of the close of
3 the municipality's fiscal year by being paid by the municipal
4 treasurer to the county collector. The county collector shall
5 thereafter make distribution to the respective taxing
6 districts in the same manner and proportion as the most recent
7 distribution by the county collector to those taxing districts
8 of real property taxes from real property in the economic
9 development project area.

10 Without limiting the foregoing in this Section the
11 municipality may, in addition to obligations secured by the
12 special tax allocation fund, pledge for a period not greater
13 than the term of the obligations towards payment of those
14 obligations any part or any combination of the following: (i)
15 net revenues of all or part of any economic development
16 project; (ii) taxes levied and collected on any or all property
17 in the municipality, including, specifically, taxes levied or
18 imposed by the municipality in a special service area pursuant
19 to "An Act to provide the manner of levying or imposing taxes
20 for the provision of special services to areas within the
21 boundaries of home rule units and non-home rule municipalities
22 and counties", approved September 21, 1973, as now or hereafter
23 amended; (iii) the full faith and credit of the municipality;
24 (iv) a mortgage on part or all of the economic development
25 project; or (v) any other taxes or anticipated receipts that
26 the municipality may lawfully pledge.

1 Such obligations may be issued in one or more series
2 bearing interest at such rate or rates as the corporate
3 authorities of the municipality shall determine by ordinance,
4 which rate or rates may be variable or fixed, without regard to
5 any limitations contained in any law now in effect or hereafter
6 adopted. Such obligations shall bear such date or dates, mature
7 at such time or times not exceeding 38 ~~20~~ years from their
8 respective dates, but in no event exceeding 38 ~~23~~ years from
9 the date of establishment of the economic development project
10 area, be in such denomination, be in such form, whether coupon,
11 registered or book-entry, carry such registration, conversion
12 and exchange privileges, be executed in such manner, be payable
13 in such medium of payment at such place or places within or
14 without the State of Illinois, contain such covenants, terms
15 and conditions, be subject to redemption with or without
16 premium, be subject to defeasance upon such terms, and have
17 such rank or priority, as such ordinance shall provide.
18 Obligations issued pursuant to this Act may be sold at public
19 or private sale at such price as shall be determined by the
20 corporate authorities of the municipalities. Such obligations
21 may, but need not, be issued utilizing the provisions of any
22 one or more of the omnibus bond Acts specified in Section 1.33
23 of "An Act to revise the law in relation to the construction of
24 the statutes", approved March 5, 1874, as now or hereafter
25 amended. No referendum approval of the electors shall be
26 required as a condition to the issuance of obligations pursuant

1 to this Act except as provided in this Section.

2 Whenever a municipality issues bonds for the purpose of
3 financing economic development project costs, the municipality
4 may provide by ordinance for the appointment of a trustee,
5 which may be any trust company within the State, and for the
6 establishment of the funds or accounts to be maintained by such
7 trustee as the municipality shall deem necessary to provide for
8 the security and payment of the bonds. If the municipality
9 provides for the appointment of a trustee, the trustee shall be
10 considered the assignee of any payments assigned by the
11 municipality pursuant to the ordinance and this Section. Any
12 amounts paid to the trustee as assignee shall be deposited in
13 the funds or accounts established pursuant to the trust
14 agreement, and shall be held by the trustee in trust for the
15 benefit of the holders of the bonds, and the holders shall have
16 a lien on and a security interest in those bonds or accounts so
17 long as the bonds remain outstanding and unpaid. Upon
18 retirement of the bonds, the trustee shall pay over any excess
19 amounts held to the municipality for deposit in the special tax
20 allocation fund.

21 In the event the municipality authorizes the issuance of
22 obligations pursuant to the authority of this Act secured by
23 the full faith and credit of the municipality, or pledges ad
24 valorem taxes pursuant to clause (ii) of the second paragraph
25 of this Section, which obligations are other than obligations
26 which may be issued under home rule powers provided by Article

1 VII, Section 6 of the Illinois Constitution or which ad valorem
2 taxes are other than ad valorem taxes which may be pledged
3 under home rule powers provided by Article VII, Section 6 of
4 the Illinois Constitution or which are levied in a special
5 service area pursuant to "An Act to provide the manner of
6 levying or imposing taxes for the provision of special services
7 to areas within the boundaries of home rule units and non-home
8 rule municipalities and counties", approved September 21,
9 1973, as now or hereafter amended, the ordinance authorizing
10 the issuance of those obligations or pledging those taxes shall
11 be published within 10 days after the ordinance has been
12 adopted, in one or more newspapers having a general circulation
13 within the municipality. The publication of the ordinance shall
14 be accompanied by a notice of (1) the specific number of voters
15 required to sign a petition requesting the question of the
16 issuance of the obligations or pledging such ad valorem taxes
17 to be submitted to the electors; (2) the time within which the
18 petition must be filed; and (3) the date of the prospective
19 referendum. The municipal clerk shall provide a petition form
20 to any individual requesting one.

21 If no petition is filed with the municipal clerk, as
22 hereinafter provided in this Section, within 21 days after the
23 publication of the ordinance, the ordinance shall be in effect.
24 However, if within that 21 day period a petition is filed with
25 the municipal clerk, signed by electors numbering not less than
26 15% of the number of electors voting for the mayor or president

1 at the last general municipal election, asking that the
2 question of issuing obligations using full faith and credit of
3 the municipality as security for the cost of paying for
4 economic development project costs, or of pledging such ad
5 valorem taxes for the payment of those obligations, or both, be
6 submitted to the electors of the municipality, the municipality
7 shall not be authorized to issue obligations of the
8 municipality using the full faith and credit of the
9 municipality as security or pledging such ad valorem taxes for
10 the payment of those obligations, or both, until the
11 proposition has been submitted to and approved by a majority of
12 the voters voting on the proposition at a regularly scheduled
13 election. The municipality shall certify the proposition to the
14 proper election authorities for submission in accordance with
15 the general election law.

16 The ordinance authorizing the obligations may provide that
17 the obligations shall contain a recital that they are issued
18 pursuant to this Act, which recital shall be conclusive
19 evidence of their validity and of the regularity of their
20 issuance.

21 In the event the municipality authorizes issuance of
22 obligations pursuant to this Act secured by the full faith and
23 credit of the municipality, the ordinance authorizing the
24 obligations may provide for the levy and collection of a direct
25 annual tax upon all taxable property within the municipality
26 sufficient to pay the principal thereof and interest thereon as

1 it matures, which levy may be in addition to and exclusive of
2 the maximum of all other taxes authorized to be levied by the
3 municipality, which levy, however, shall be abated to the
4 extent that monies from other sources are available for payment
5 of the obligations and the municipality certifies the amount of
6 those monies available to the county clerk.

7 A certified copy of the ordinance shall be filed with the
8 county clerk of each county in which any portion of the
9 municipality is situated, and shall constitute the authority
10 for the extension and collection of the taxes to be deposited
11 in the special tax allocation fund.

12 A municipality may also issue its obligations to refund, in
13 whole or in part, obligations theretofore issued by the
14 municipality under the authority of this Act, whether at or
15 prior to maturity. However, the last maturity of the refunding
16 obligations shall not be expressed to mature later than 38 ~~23~~
17 years from the date of the ordinance establishing the economic
18 development project area.

19 In the event a municipality issues obligations under home
20 rule powers or other legislative authority, the proceeds of
21 which are pledged to pay for economic development project
22 costs, the municipality may, if it has followed the procedures
23 in conformance with this Act, retire those obligations from
24 funds in the special tax allocation fund in amounts and in such
25 manner as if those obligations had been issued pursuant to the
26 provisions of this Act.

1 No obligations issued pursuant to this Act shall be
2 regarded as indebtedness of the municipality issuing those
3 obligations or any other taxing district for the purpose of any
4 limitation imposed by law.

5 Obligations issued pursuant to this Act shall not be
6 subject to the provisions of "An Act to authorize public
7 corporations to issue bonds, other evidences of indebtedness
8 and tax anticipation warrants subject to interest rate
9 limitations set forth therein", approved May 26, 1970, as
10 amended.

11 (Source: P.A. 86-38.)

12 (20 ILCS 620/9) (from Ch. 67 1/2, par. 1009)

13 Sec. 9. Powers of municipalities. In addition to powers
14 which it may now have, any municipality has the power under
15 this Act:

16 (a) To make and enter into all contracts necessary or
17 incidental to the implementation and furtherance of an economic
18 development plan.

19 (b) Within an economic development project area, to acquire
20 by purchase, donation, lease or eminent domain, and to own,
21 convey, lease, mortgage or dispose of land and other real or
22 personal property or rights or interests therein; and to grant
23 or acquire licenses, easements and options with respect
24 thereto, all in the manner and at such price the municipality
25 determines is reasonably necessary to achieve the objectives of

1 the economic development project. No conveyance, lease,
2 mortgage, disposition of land or other property acquired by the
3 municipality, or agreement relating to the development of
4 property, shall be made or executed except pursuant to prior
5 official action of the municipality. No conveyance, lease,
6 mortgage or other disposition of land, and no agreement
7 relating to the development of property, shall be made without
8 making public disclosure of the terms and disposition of all
9 bids and proposals submitted to the municipality in connection
10 therewith.

11 (c) To clear any area within an economic development
12 project area by demolition or removal of any existing
13 buildings, structures, fixtures, utilities or improvements,
14 and to clear and grade land.

15 (d) To install, repair, construct, reconstruct or relocate
16 public streets, public utilities, and other public site
17 improvements within or without an economic development project
18 area which are essential to the preparation of an economic
19 development project area for use in accordance with an economic
20 development plan.

21 (e) To renovate, rehabilitate, reconstruct, relocate,
22 repair or remodel any existing buildings, improvements, and
23 fixtures within an economic development project area.

24 (f) To construct, acquire, and operate public
25 improvements, including but not limited to, publicly-owned
26 buildings, structures, works, utilities or fixtures within any

1 economic development project area.

2 (g) To issue obligations as in this Act provided.

3 (h) To fix, charge and collect fees, rents and charges for
4 the use of any building, facility or property or any portion
5 thereof owned or leased by the municipality within an economic
6 development project area.

7 (i) To accept grants, guarantees, donations of property or
8 labor, or any other thing of value for use in connection with
9 an economic development project.

10 (j) To pay or cause to be paid economic development project
11 costs. Any payments to be made by the municipality to
12 developers or other nongovernmental persons for economic
13 development project costs incurred by such developer or other
14 nongovernmental person shall be made only pursuant to the prior
15 official action of the municipality evidencing an intent to pay
16 or cause to be paid such economic development project costs. A
17 municipality is not required to obtain any right, title or
18 interest in any real or personal property in order to pay
19 economic development project costs associated with such
20 property. The municipality shall adopt such accounting
21 procedures as may be necessary to determine that such economic
22 development project costs are properly paid.

23 (k) To exercise any and all other powers necessary to
24 effectuate the purposes of this Act.

25 (l) To create a commission of not less than 5 or more than
26 15 persons to be appointed by the mayor or president of the

1 municipality with the consent of the majority of the corporate
2 authorities of the municipality. Members of a commission shall
3 be appointed for initial terms of 1, 2, 3, 4, and 5 years,
4 respectively, in such numbers as to provide that the terms of
5 not more than 1/3 of all such members shall expire in any one
6 year. Their successors shall be appointed for a term of 5
7 years. The commission, subject to approval of the corporate
8 authorities, may exercise the powers enumerated in this
9 Section. The commission shall also have the power to hold the
10 public hearings required by this Act and make recommendations
11 to the corporate authorities concerning the approval of
12 economic development plans, the establishment of economic
13 development project areas, and the adoption of tax increment
14 allocation financing for economic development project areas.

15 (Source: P.A. 91-357, eff. 7-29-99.)

16 (20 ILCS 620/11) (from Ch. 67 1/2, par. 1011)

17 Sec. 11. Payment of project costs; revenues from municipal
18 property. Revenues received by a municipality from any
19 property, building or facility owned, leased or operated by the
20 municipality or any agency or authority established by the
21 municipality may be used to pay economic development project
22 costs, or reduce outstanding obligations of the municipality
23 incurred under this Act for economic development project costs.
24 The municipality may place those revenues in the special tax
25 allocation fund which shall be held by the municipal treasurer

1 or other person designated by the municipality. Revenue
2 received by the municipality from the sale or other disposition
3 of real or personal property or rights or interests therein
4 acquired by the municipality with the proceeds of obligations
5 funded by tax increment allocation financing may be used to
6 acquire and operate other municipal property within the
7 economic development project area or shall be deposited by the
8 municipality in the special tax allocation fund.

9 (Source: P.A. 86-38.)

10 Section 5. The Illinois Income Tax Act is amended by
11 changing Sections 201, 203, 204, 207, 212, 304, and 804 as
12 follows:

13 (35 ILCS 5/201) (from Ch. 120, par. 2-201)

14 Sec. 201. Tax Imposed.

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

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

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

5 (2) In the case of an individual, trust or estate, for
6 taxable years beginning prior to July 1, 1989 and ending
7 after June 30, 1989, an amount equal to the sum of (i) 2
8 1/2% of the taxpayer's net income for the period prior to
9 July 1, 1989, as calculated under Section 202.3, and (ii)
10 3% of the taxpayer's net income for the period after June
11 30, 1989, as calculated under Section 202.3.

12 (3) In the case of an individual, trust or estate, for
13 taxable years beginning after June 30, 1989, and ending
14 prior to January 1, 2011, an amount equal to 3% of the
15 taxpayer's net income for the taxable year.

16 (4) In the case of an individual, trust, or estate, for
17 taxable years beginning prior to January 1, 2011, and
18 ending after December 31, 2010, an amount equal to the sum
19 of (i) 3% of the taxpayer's net income for the period prior
20 to January 1, 2011, as calculated under Section 202.5, and
21 (ii) 5% of the taxpayer's net income for the period after
22 December 31, 2010, as calculated under Section 202.5.

23 (5) In the case of an individual, trust, or estate, for
24 taxable years beginning on or after January 1, 2011, and
25 ending prior to January 1, 2015, an amount equal to 5% of
26 the taxpayer's net income for the taxable year.

1 (5.1) In the case of an individual, trust, or estate,
2 for taxable years beginning prior to January 1, 2015, and
3 ending after December 31, 2014, an amount equal to the sum
4 of (i) 5% of the taxpayer's net income for the period prior
5 to January 1, 2015, as calculated under Section 202.5, and
6 (ii) 3.75% of the taxpayer's net income for the period
7 after December 31, 2014, as calculated under Section 202.5.

8 (5.2) In the case of an individual, trust, or estate,
9 for taxable years beginning on or after January 1, 2015,
10 and ending prior to January 1, 2025, an amount equal to
11 3.75% of the taxpayer's net income for the taxable year.

12 (5.3) In the case of an individual, trust, or estate,
13 for taxable years beginning prior to January 1, 2025, and
14 ending after December 31, 2024, an amount equal to the sum
15 of (i) 3.75% of the taxpayer's net income for the period
16 prior to January 1, 2025, as calculated under Section
17 202.5, and (ii) 3.25% of the taxpayer's net income for the
18 period after December 31, 2024, as calculated under Section
19 202.5.

20 (5.4) In the case of an individual, trust, or estate,
21 for taxable years beginning on or after January 1, 2025, an
22 amount equal to 3.25% of the taxpayer's net income for the
23 taxable year.

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

1 (7) In the case of a corporation, for taxable years
2 beginning prior to July 1, 1989 and ending after June 30,
3 1989, an amount equal to the sum of (i) 4% of the
4 taxpayer's net income for the period prior to July 1, 1989,
5 as calculated under Section 202.3, and (ii) 4.8% of the
6 taxpayer's net income for the period after June 30, 1989,
7 as calculated under Section 202.3.

8 (8) In the case of a corporation, for taxable years
9 beginning after June 30, 1989, and ending prior to January
10 1, 2011, an amount equal to 4.8% of the taxpayer's net
11 income for the taxable year.

12 (9) In the case of a corporation, for taxable years
13 beginning prior to January 1, 2011, and ending after
14 December 31, 2010, an amount equal to the sum of (i) 4.8%
15 of the taxpayer's net income for the period prior to
16 January 1, 2011, as calculated under Section 202.5, and
17 (ii) 7% of the taxpayer's net income for the period after
18 December 31, 2010, as calculated under Section 202.5.

19 (10) In the case of a corporation, for taxable years
20 beginning on or after January 1, 2011, and ending prior to
21 January 1, 2015, an amount equal to 7% of the taxpayer's
22 net income for the taxable year.

23 (11) In the case of a corporation, for taxable years
24 beginning prior to January 1, 2015, and ending after
25 December 31, 2014, an amount equal to the sum of (i) 7% of
26 the taxpayer's net income for the period prior to January

1 1, 2015, as calculated under Section 202.5, and (ii) 5.25%
2 of the taxpayer's net income for the period after December
3 31, 2014, as calculated under Section 202.5.

4 (12) In the case of a corporation, for taxable years
5 beginning on or after January 1, 2015, and ending prior to
6 January 1, 2025, an amount equal to 5.25% of the taxpayer's
7 net income for the taxable year.

8 (13) In the case of a corporation, for taxable years
9 beginning prior to January 1, 2025, and ending after
10 December 31, 2024, an amount equal to the sum of (i) 5.25%
11 of the taxpayer's net income for the period prior to
12 January 1, 2025, as calculated under Section 202.5, and
13 (ii) 4.8% of the taxpayer's net income for the period after
14 December 31, 2024, as calculated under Section 202.5.

15 (14) In the case of a corporation, for taxable years
16 beginning on or after January 1, 2025, an amount equal to
17 4.8% of the taxpayer's net income for the taxable year.

18 The rates under this subsection (b) are subject to the
19 provisions of Section 201.5.

20 (c) Personal Property Tax Replacement Income Tax.
21 Beginning on July 1, 1979 and thereafter, in addition to such
22 income tax, there is also hereby imposed the Personal Property
23 Tax Replacement Income Tax measured by net income on every
24 corporation (including Subchapter S corporations), partnership
25 and trust, for each taxable year ending after June 30, 1979.
26 Such taxes are imposed on the privilege of earning or receiving

1 income in or as a resident of this State. The Personal Property
2 Tax Replacement Income Tax shall be in addition to the income
3 tax imposed by subsections (a) and (b) of this Section and in
4 addition to all other occupation or privilege taxes imposed by
5 this State or by any municipal corporation or political
6 subdivision thereof.

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

19 (d-1) Rate reduction for certain foreign insurers. In the
20 case of a foreign insurer, as defined by Section 35A-5 of the
21 Illinois Insurance Code, whose state or country of domicile
22 imposes on insurers domiciled in Illinois a retaliatory tax
23 (excluding any insurer whose premiums from reinsurance assumed
24 are 50% or more of its total insurance premiums as determined
25 under paragraph (2) of subsection (b) of Section 304, except
26 that for purposes of this determination premiums from

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

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

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

23 (B) the privilege tax imposed by Section 409 of the
24 Illinois Insurance Code, the fire insurance company
25 tax imposed by Section 12 of the Fire Investigation
26 Act, and the fire department taxes imposed under

1 Section 11-10-1 of the Illinois Municipal Code,
2 equals 1.25% for taxable years ending prior to December 31,
3 2003, or 1.75% for taxable years ending on or after
4 December 31, 2003, of the net taxable premiums written for
5 the taxable year, as described by subsection (1) of Section
6 409 of the Illinois Insurance Code. This paragraph will in
7 no event increase the rates imposed under subsections (b)
8 and (d).

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

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

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

21 (1) A taxpayer shall be allowed a credit equal to .5%
22 of the basis of qualified property placed in service during
23 the taxable year, provided such property is placed in
24 service on or after July 1, 1984. There shall be allowed an
25 additional credit equal to .5% of the basis of qualified
26 property placed in service during the taxable year,

1 provided such property is placed in service on or after
2 July 1, 1986, and the taxpayer's base employment within
3 Illinois has increased by 1% or more over the preceding
4 year as determined by the taxpayer's employment records
5 filed with the Illinois Department of Employment Security.
6 Taxpayers who are new to Illinois shall be deemed to have
7 met the 1% growth in base employment for the first year in
8 which they file employment records with the Illinois
9 Department of Employment Security. The provisions added to
10 this Section by Public Act 85-1200 (and restored by Public
11 Act 87-895) shall be construed as declaratory of existing
12 law and not as a new enactment. If, in any year, the
13 increase in base employment within Illinois over the
14 preceding year is less than 1%, the additional credit shall
15 be limited to that percentage times a fraction, the
16 numerator of which is .5% and the denominator of which is
17 1%, but shall not exceed .5%. The investment credit shall
18 not be allowed to the extent that it would reduce a
19 taxpayer's liability in any tax year below zero, nor may
20 any credit for qualified property be allowed for any year
21 other than the year in which the property was placed in
22 service in Illinois. For tax years ending on or after
23 December 31, 1987, and on or before December 31, 1988, the
24 credit shall be allowed for the tax year in which the
25 property is placed in service, or, if the amount of the
26 credit exceeds the tax liability for that year, whether it

1 exceeds the original liability or the liability as later
2 amended, such excess may be carried forward and applied to
3 the tax liability of the 5 taxable years following the
4 excess credit years if the taxpayer (i) makes investments
5 which cause the creation of a minimum of 2,000 full-time
6 equivalent jobs in Illinois, (ii) is located in an
7 enterprise zone established pursuant to the Illinois
8 Enterprise Zone Act and (iii) is certified by the
9 Department of Commerce and Community Affairs (now
10 Department of Commerce and Economic Opportunity) as
11 complying with the requirements specified in clause (i) and
12 (ii) by July 1, 1986. The Department of Commerce and
13 Community Affairs (now Department of Commerce and Economic
14 Opportunity) shall notify the Department of Revenue of all
15 such certifications immediately. For tax years ending
16 after December 31, 1988, the credit shall be allowed for
17 the tax year in which the property is placed in service,
18 or, if the amount of the credit exceeds the tax liability
19 for that year, whether it exceeds the original liability or
20 the liability as later amended, such excess may be carried
21 forward and applied to the tax liability of the 5 taxable
22 years following the excess credit years. The credit shall
23 be applied to the earliest year for which there is a
24 liability. If there is credit from more than one tax year
25 that is available to offset a liability, earlier credit
26 shall be applied first.

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

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

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

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

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

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

1 (3) For purposes of this subsection (e),
2 "manufacturing" means the material staging and production
3 of tangible personal property by procedures commonly
4 regarded as manufacturing, processing, fabrication, or
5 assembling which changes some existing material into new
6 shapes, new qualities, or new combinations. For purposes of
7 this subsection (e) the term "mining" shall have the same
8 meaning as the term "mining" in Section 613(c) of the
9 Internal Revenue Code. For purposes of this subsection (e),
10 the term "retailing" means the sale of tangible personal
11 property for use or consumption and not for resale, or
12 services rendered in conjunction with the sale of tangible
13 personal property for use or consumption and not for
14 resale. For purposes of this subsection (e), "tangible
15 personal property" has the same meaning as when that term
16 is used in the Retailers' Occupation Tax Act, and, for
17 taxable years ending after December 31, 2008, does not
18 include the generation, transmission, or distribution of
19 electricity.

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

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

1 date of such increase in basis.

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

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

20 (8) Unless the investment credit is extended by law,
21 the basis of qualified property shall not include costs
22 incurred after December 31, 2013, except for costs incurred
23 pursuant to a binding contract entered into on or before
24 December 31, 2013.

25 (9) Each taxable year ending before December 31, 2000,
26 a partnership may elect to pass through to its partners the

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

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

1 Revenue Code. This paragraph is exempt from the provisions
2 of Section 250.

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

5 (1) A taxpayer shall be allowed a credit against the
6 tax imposed by subsections (a) and (b) of this Section for
7 investment in qualified property which is placed in service
8 in an Enterprise Zone created pursuant to the Illinois
9 Enterprise Zone Act or, for property placed in service on
10 or after July 1, 2006, a River Edge Redevelopment Zone
11 established pursuant to the River Edge Redevelopment Zone
12 Act. For partners, shareholders of Subchapter S
13 corporations, and owners of limited liability companies,
14 if the liability company is treated as a partnership for
15 purposes of federal and State income taxation, there shall
16 be allowed a credit under this subsection (f) to be
17 determined in accordance with the determination of income
18 and distributive share of income under Sections 702 and 704
19 and Subchapter S of the Internal Revenue Code. The credit
20 shall be .5% of the basis for such property. The credit
21 shall be available only in the taxable year in which the
22 property is placed in service in the Enterprise Zone or
23 River Edge Redevelopment Zone and shall not be allowed to
24 the extent that it would reduce a taxpayer's liability for
25 the tax imposed by subsections (a) and (b) of this Section
26 to below zero. For tax years ending on or after December

1 31, 1985, the credit shall be allowed for the tax year in
2 which the property is placed in service, or, if the amount
3 of the credit exceeds the tax liability for that year,
4 whether it exceeds the original liability or the liability
5 as later amended, such excess may be carried forward and
6 applied to the tax liability of the 5 taxable years
7 following the excess credit year. The credit shall be
8 applied to the earliest year for which there is a
9 liability. If there is credit from more than one tax year
10 that is available to offset a liability, the credit
11 accruing first in time shall be applied first.

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

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

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

20 (C) is acquired by purchase as defined in Section
21 179(d) of the Internal Revenue Code;

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

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

1 subsection (e).

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

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

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

13 (6) If during any taxable year, any property ceases to
14 be qualified property in the hands of the taxpayer within
15 48 months after being placed in service, or the situs of
16 any qualified property is moved outside the Enterprise Zone
17 or River Edge Redevelopment Zone within 48 months after
18 being placed in service, the tax imposed under subsections
19 (a) and (b) of this Section for such taxable year shall be
20 increased. Such increase shall be determined by (i)
21 recomputing the investment credit which would have been
22 allowed for the year in which credit for such property was
23 originally allowed by eliminating such property from such
24 computation, and (ii) subtracting such recomputed credit
25 from the amount of credit previously allowed. For the
26 purposes of this paragraph (6), a reduction of the basis of

1 qualified property resulting from a redetermination of the
2 purchase price shall be deemed a disposition of qualified
3 property to the extent of such reduction.

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

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

23 (1) A taxpayer conducting a trade or business in an
24 enterprise zone or a High Impact Business designated by the
25 Department of Commerce and Economic Opportunity or for
26 taxable years ending on or after December 31, 2006, in a

1 River Edge Redevelopment Zone conducting a trade or
2 business in a federally designated Foreign Trade Zone or
3 Sub-Zone shall be allowed a credit against the tax imposed
4 by subsections (a) and (b) of this Section in the amount of
5 \$500 per eligible employee hired to work in the zone during
6 the taxable year.

7 (2) To qualify for the credit:

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

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

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

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

25 (A) Certified by the Department of Commerce and
26 Economic Opportunity as "eligible for services"

1 pursuant to regulations promulgated in accordance with
2 Title II of the Job Training Partnership Act, Training
3 Services for the Disadvantaged or Title III of the Job
4 Training Partnership Act, Employment and Training
5 Assistance for Dislocated Workers Program.

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

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

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

18 (4) For tax years ending on or after December 31, 1985
19 and prior to December 31, 1988, the credit shall be allowed
20 for the tax year in which the eligible employees are hired.
21 For tax years ending on or after December 31, 1988, the
22 credit shall be allowed for the tax year immediately
23 following the tax year in which the eligible employees are
24 hired. If the amount of the credit exceeds the tax
25 liability for that year, whether it exceeds the original
26 liability or the liability as later amended, such excess

1 may be carried forward and applied to the tax liability of
2 the 5 taxable years following the excess credit year. The
3 credit shall be applied to the earliest year for which
4 there is a liability. If there is credit from more than one
5 tax year that is available to offset a liability, earlier
6 credit shall be applied first.

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

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

12 (h) Investment credit; High Impact Business.

13 (1) Subject to subsections (b) and (b-5) of Section 5.5
14 of the Illinois Enterprise Zone Act, a taxpayer shall be
15 allowed a credit against the tax imposed by subsections (a)
16 and (b) of this Section for investment in qualified
17 property which is placed in service by a Department of
18 Commerce and Economic Opportunity designated High Impact
19 Business. The credit shall be .5% of the basis for such
20 property. The credit shall not be available (i) until the
21 minimum investments in qualified property set forth in
22 subdivision (a)(3)(A) of Section 5.5 of the Illinois
23 Enterprise Zone Act have been satisfied or (ii) until the
24 time authorized in subsection (b-5) of the Illinois
25 Enterprise Zone Act for entities designated as High Impact
26 Businesses under subdivisions (a)(3)(B), (a)(3)(C), and

1 (a) (3) (D) of Section 5.5 of the Illinois Enterprise Zone
2 Act, and shall not be allowed to the extent that it would
3 reduce a taxpayer's liability for the tax imposed by
4 subsections (a) and (b) of this Section to below zero. The
5 credit applicable to such investments shall be taken in the
6 taxable year in which such investments have been completed.
7 The credit for additional investments beyond the minimum
8 investment by a designated high impact business authorized
9 under subdivision (a) (3) (A) of Section 5.5 of the Illinois
10 Enterprise Zone Act shall be available only in the taxable
11 year in which the property is placed in service and shall
12 not be allowed to the extent that it would reduce a
13 taxpayer's liability for the tax imposed by subsections (a)
14 and (b) of this Section to below zero. For tax years ending
15 on or after December 31, 1987, the credit shall be allowed
16 for the tax year in which the property is placed in
17 service, or, if the amount of the credit exceeds the tax
18 liability for that year, whether it exceeds the original
19 liability or the liability as later amended, such excess
20 may be carried forward and applied to the tax liability of
21 the 5 taxable years following the excess credit year. The
22 credit shall be applied to the earliest year for which
23 there is a liability. If there is credit from more than one
24 tax year that is available to offset a liability, the
25 credit accruing first in time shall be applied first.

26 Changes made in this subdivision (h) (1) by Public Act

1 88-670 restore changes made by Public Act 85-1182 and
2 reflect existing law.

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

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

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

11 (C) is acquired by purchase as defined in Section
12 179(d) of the Internal Revenue Code; and

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

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

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

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

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

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

1 facility by an amount equal to the amount of credit
2 received by the taxpayer under this subsection (h).

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

13 Any credit earned on or after December 31, 1986 under this
14 subsection which is unused in the year the credit is computed
15 because it exceeds the tax liability imposed by subsections (a)
16 and (b) for that year (whether it exceeds the original
17 liability or the liability as later amended) may be carried
18 forward and applied to the tax liability imposed by subsections
19 (a) and (b) of the 5 taxable years following the excess credit
20 year, provided that no credit may be carried forward to any
21 year ending on or after December 31, 2003. This credit shall be
22 applied first to the earliest year for which there is a
23 liability. If there is a credit under this subsection from more
24 than one tax year that is available to offset a liability the
25 earliest credit arising under this subsection shall be applied
26 first.

1 If, during any taxable year ending on or after December 31,
2 1986, the tax imposed by subsections (c) and (d) of this
3 Section for which a taxpayer has claimed a credit under this
4 subsection (i) is reduced, the amount of credit for such tax
5 shall also be reduced. Such reduction shall be determined by
6 recomputing the credit to take into account the reduced tax
7 imposed by subsections (c) and (d). If any portion of the
8 reduced amount of credit has been carried to a different
9 taxable year, an amended return shall be filed for such taxable
10 year to reduce the amount of credit claimed.

11 (j) Training expense credit. Beginning with tax years
12 ending on or after December 31, 1986 and prior to December 31,
13 2003, a taxpayer shall be allowed a credit against the tax
14 imposed by subsections (a) and (b) under this Section for all
15 amounts paid or accrued, on behalf of all persons employed by
16 the taxpayer in Illinois or Illinois residents employed outside
17 of Illinois by a taxpayer, for educational or vocational
18 training in semi-technical or technical fields or semi-skilled
19 or skilled fields, which were deducted from gross income in the
20 computation of taxable income. The credit against the tax
21 imposed by subsections (a) and (b) shall be 1.6% of such
22 training expenses. For partners, shareholders of subchapter S
23 corporations, and owners of limited liability companies, if the
24 liability company is treated as a partnership for purposes of
25 federal and State income taxation, there shall be allowed a
26 credit under this subsection (j) to be determined in accordance

1 with the determination of income and distributive share of
2 income under Sections 702 and 704 and subchapter S of the
3 Internal Revenue Code.

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

14 (k) Research and development credit.

15 For tax years ending after July 1, 1990 and prior to
16 December 31, 2003, and beginning again for tax years ending on
17 or after December 31, 2004, and ending prior to January 1, 2016
18 ~~January 1, 2011~~, a taxpayer shall be allowed a credit against
19 the tax imposed by subsections (a) and (b) of this Section for
20 increasing research activities in this State. The credit
21 allowed against the tax imposed by subsections (a) and (b)
22 shall be equal to 6 1/2% of the qualifying expenditures for
23 increasing research activities in this State. For partners,
24 shareholders of subchapter S corporations, and owners of
25 limited liability companies, if the liability company is
26 treated as a partnership for purposes of federal and State

1 income taxation, there shall be allowed a credit under this
2 subsection to be determined in accordance with the
3 determination of income and distributive share of income under
4 Sections 702 and 704 and subchapter S of the Internal Revenue
5 Code.

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

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

1 ~~carried forward to any taxable year ending on or after January~~
2 ~~1, 2011.~~

3 If an unused credit is carried forward to a given year from
4 2 or more earlier years, that credit arising in the earliest
5 year will be applied first against the tax liability for the
6 given year. If a tax liability for the given year still
7 remains, the credit from the next earliest year will then be
8 applied, and so on, until all credits have been used or no tax
9 liability for the given year remains. Any remaining unused
10 credit or credits then will be carried forward to the next
11 following year in which a tax liability is incurred, except
12 that no credit can be carried forward to a year which is more
13 than 5 years after the year in which the expense for which the
14 credit is given was incurred.

15 No inference shall be drawn from this amendatory Act of the
16 91st General Assembly in construing this Section for taxable
17 years beginning before January 1, 1999.

18 (1) Environmental Remediation Tax Credit.

19 (i) For tax years ending after December 31, 1997 and on
20 or before December 31, 2001, a taxpayer shall be allowed a
21 credit against the tax imposed by subsections (a) and (b)
22 of this Section for certain amounts paid for unreimbursed
23 eligible remediation costs, as specified in this
24 subsection. For purposes of this Section, "unreimbursed
25 eligible remediation costs" means costs approved by the
26 Illinois Environmental Protection Agency ("Agency") under

1 Section 58.14 of the Environmental Protection Act that were
2 paid in performing environmental remediation at a site for
3 which a No Further Remediation Letter was issued by the
4 Agency and recorded under Section 58.10 of the
5 Environmental Protection Act. The credit must be claimed
6 for the taxable year in which Agency approval of the
7 eligible remediation costs is granted. The credit is not
8 available to any taxpayer if the taxpayer or any related
9 party caused or contributed to, in any material respect, a
10 release of regulated substances on, in, or under the site
11 that was identified and addressed by the remedial action
12 pursuant to the Site Remediation Program of the
13 Environmental Protection Act. After the Pollution Control
14 Board rules are adopted pursuant to the Illinois
15 Administrative Procedure Act for the administration and
16 enforcement of Section 58.9 of the Environmental
17 Protection Act, determinations as to credit availability
18 for purposes of this Section shall be made consistent with
19 those rules. For purposes of this Section, "taxpayer"
20 includes a person whose tax attributes the taxpayer has
21 succeeded to under Section 381 of the Internal Revenue Code
22 and "related party" includes the persons disallowed a
23 deduction for losses by paragraphs (b), (c), and (f)(1) of
24 Section 267 of the Internal Revenue Code by virtue of being
25 a related taxpayer, as well as any of its partners. The
26 credit allowed against the tax imposed by subsections (a)

1 and (b) shall be equal to 25% of the unreimbursed eligible
2 remediation costs in excess of \$100,000 per site, except
3 that the \$100,000 threshold shall not apply to any site
4 contained in an enterprise zone as determined by the
5 Department of Commerce and Community Affairs (now
6 Department of Commerce and Economic Opportunity). The
7 total credit allowed shall not exceed \$40,000 per year with
8 a maximum total of \$150,000 per site. For partners and
9 shareholders of subchapter S corporations, there shall be
10 allowed a credit under this subsection to be determined in
11 accordance with the determination of income and
12 distributive share of income under Sections 702 and 704 and
13 subchapter S of the Internal Revenue Code.

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

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

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

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

1 from the provisions of Section 250 of this Act.

2 For purposes of this subsection:

3 "Qualifying pupils" means individuals who (i) are
4 residents of the State of Illinois, (ii) are under the age of
5 21 at the close of the school year for which a credit is
6 sought, and (iii) during the school year for which a credit is
7 sought were full-time pupils enrolled in a kindergarten through
8 twelfth grade education program at any school, as defined in
9 this subsection.

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

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

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

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

26 (i) For tax years ending on or after December 31, 2006,

1 a taxpayer shall be allowed a credit against the tax
2 imposed by subsections (a) and (b) of this Section for
3 certain amounts paid for unreimbursed eligible remediation
4 costs, as specified in this subsection. For purposes of
5 this Section, "unreimbursed eligible remediation costs"
6 means costs approved by the Illinois Environmental
7 Protection Agency ("Agency") under Section 58.14a of the
8 Environmental Protection Act that were paid in performing
9 environmental remediation at a site within a River Edge
10 Redevelopment Zone for which a No Further Remediation
11 Letter was issued by the Agency and recorded under Section
12 58.10 of the Environmental Protection Act. The credit must
13 be claimed for the taxable year in which Agency approval of
14 the eligible remediation costs is granted. The credit is
15 not available to any taxpayer if the taxpayer or any
16 related party caused or contributed to, in any material
17 respect, a release of regulated substances on, in, or under
18 the site that was identified and addressed by the remedial
19 action pursuant to the Site Remediation Program of the
20 Environmental Protection Act. Determinations as to credit
21 availability for purposes of this Section shall be made
22 consistent with rules adopted by the Pollution Control
23 Board pursuant to the Illinois Administrative Procedure
24 Act for the administration and enforcement of Section 58.9
25 of the Environmental Protection Act. For purposes of this
26 Section, "taxpayer" includes a person whose tax attributes

1 the taxpayer has succeeded to under Section 381 of the
2 Internal Revenue Code and "related party" includes the
3 persons disallowed a deduction for losses by paragraphs
4 (b), (c), and (f) (1) of Section 267 of the Internal Revenue
5 Code by virtue of being a related taxpayer, as well as any
6 of its partners. The credit allowed against the tax imposed
7 by subsections (a) and (b) shall be equal to 25% of the
8 unreimbursed eligible remediation costs in excess of
9 \$100,000 per site.

10 (ii) A credit allowed under this subsection that is
11 unused in the year the credit is earned may be carried
12 forward to each of the 5 taxable years following the year
13 for which the credit is first earned until it is used. This
14 credit shall be applied first to the earliest year for
15 which there is a liability. If there is a credit under this
16 subsection from more than one tax year that is available to
17 offset a liability, the earliest credit arising under this
18 subsection shall be applied first. A credit allowed under
19 this subsection may be sold to a buyer as part of a sale of
20 all or part of the remediation site for which the credit
21 was granted. The purchaser of a remediation site and the
22 tax credit shall succeed to the unused credit and remaining
23 carry-forward period of the seller. To perfect the
24 transfer, the assignor shall record the transfer in the
25 chain of title for the site and provide written notice to
26 the Director of the Illinois Department of Revenue of the

1 assignor's intent to sell the remediation site and the
2 amount of the tax credit to be transferred as a portion of
3 the sale. In no event may a credit be transferred to any
4 taxpayer if the taxpayer or a related party would not be
5 eligible under the provisions of subsection (i).

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

9 (Source: P.A. 96-115, eff. 7-31-09; 96-116, eff. 7-31-09;
10 96-937, eff. 6-23-10; 96-1000, eff. 7-2-10; 96-1496, eff.
11 1-13-11; 97-2, eff. 5-6-11.)

12 (35 ILCS 5/203) (from Ch. 120, par. 2-203)

13 Sec. 203. Base income defined.

14 (a) Individuals.

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

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

22 (A) An amount equal to all amounts paid or accrued
23 to the taxpayer as interest or dividends during the
24 taxable year to the extent excluded from gross income
25 in the computation of adjusted gross income, except

1 stock dividends of qualified public utilities
2 described in Section 305(e) of the Internal Revenue
3 Code;

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

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

20 (D) 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 adjusted gross income;

24 (D-5) An amount, to the extent not included in
25 adjusted gross income, equal to the amount of money
26 withdrawn by the taxpayer in the taxable year from a

1 medical care savings account and the interest earned on
2 the account in the taxable year of a withdrawal
3 pursuant to subsection (b) of Section 20 of the Medical
4 Care Savings Account Act or subsection (b) of Section
5 20 of the Medical Care Savings Account Act of 2000;

6 (D-10) For taxable years ending after December 31,
7 1997, an amount equal to any eligible remediation costs
8 that the individual deducted in computing adjusted
9 gross income and for which the individual claims a
10 credit under subsection (l) of Section 201;

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

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

23 If the taxpayer continues to own property through
24 the last day of the last tax year for which a
25 subtraction is allowed with respect to that property
26 under subparagraph (Z), the taxpayer may claim a

1 ~~depreciation deduction for federal income tax purposes~~
2 and for which the taxpayer was allowed in any taxable
3 year to make a subtraction modification under
4 subparagraph (Z), then an amount equal to that
5 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 person who
12 is subject in a foreign country or state, other
13 than a state which requires mandatory unitary
14 reporting, to a tax on or measured by net income
15 with respect to such interest; or

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

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

24 (b) the transaction giving rise to the
25 interest expense between the taxpayer and the
26 person did not have as a principal purpose the

1 avoidance of Illinois income tax, and is paid
2 pursuant to a contract or agreement that
3 reflects an arm's-length interest rate and
4 terms; or

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

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

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

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

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

20 This paragraph shall not apply to the following:

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

1 to such item; or

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

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

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

18 (iii) any item of intangible expense or cost
19 paid, accrued, or incurred, directly or
20 indirectly, from a transaction with a person if the
21 taxpayer establishes by clear and convincing
22 evidence, that the adjustments are unreasonable;
23 or if the taxpayer and the Director agree in
24 writing to the application or use of an alternative
25 method of apportionment under Section 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-19) For taxable years ending on or after
10 December 31, 2008, an amount equal to the amount of
11 insurance premium expenses and costs otherwise allowed
12 as a deduction in computing base income, and that were
13 paid, accrued, or incurred, directly or indirectly, to
14 a 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 and costs were
4 directly or indirectly paid, incurred, or accrued. The
5 preceding sentence does not apply to the extent that
6 the same dividends caused a reduction to the addition
7 modification required under Section 203(a)(2)(D-17) or
8 Section 203(a)(2)(D-18) of this Act.

9 (D-20) For taxable years beginning on or after
10 January 1, 2002 and ending on or before December 31,
11 2006, in the case of a distribution from a qualified
12 tuition program under Section 529 of the Internal
13 Revenue Code, other than (i) a distribution from a
14 College Savings Pool created under Section 16.5 of the
15 State Treasurer Act or (ii) a distribution from the
16 Illinois Prepaid Tuition Trust Fund, an amount equal to
17 the amount excluded from gross income under Section
18 529(c)(3)(B). For taxable years beginning on or after
19 January 1, 2007, in the case of a distribution from a
20 qualified tuition program under Section 529 of the
21 Internal Revenue Code, other than (i) a distribution
22 from a College Savings Pool created under Section 16.5
23 of the State Treasurer Act, (ii) a distribution from
24 the Illinois Prepaid Tuition Trust Fund, or (iii) a
25 distribution from a qualified tuition program under
26 Section 529 of the Internal Revenue Code that (I)

1 adopts and determines that its offering materials
2 comply with the College Savings Plans Network's
3 disclosure principles and (II) has made reasonable
4 efforts to inform in-state residents of the existence
5 of in-state qualified tuition programs by informing
6 Illinois residents directly and, where applicable, to
7 inform financial intermediaries distributing the
8 program to inform in-state residents of the existence
9 of in-state qualified tuition programs at least
10 annually, an amount equal to the amount excluded from
11 gross income under Section 529(c) (3) (B).

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

24 (D-21) For taxable years beginning on or after
25 January 1, 2007, in the case of transfer of moneys from
26 a qualified tuition program under Section 529 of the

1 Internal Revenue Code that is administered by the State
2 to an out-of-state program, an amount equal to the
3 amount of moneys previously deducted from base income
4 under subsection (a) (2) (Y) of this Section;

5 (D-22) For taxable years beginning on or after
6 January 1, 2009, in the case of a nonqualified
7 withdrawal or refund of moneys from a qualified tuition
8 program under Section 529 of the Internal Revenue Code
9 administered by the State that is not used for
10 qualified expenses at an eligible education
11 institution, an amount equal to the contribution
12 component of the nonqualified withdrawal or refund
13 that was previously deducted from base income under
14 subsection (a) (2) (y) of this Section, provided that
15 the withdrawal or refund did not result from the
16 beneficiary's death or disability;

17 (D-23) An amount equal to the credit allowable to
18 the taxpayer under Section 218(a) of this Act,
19 determined without regard to Section 218(c) of this
20 Act;

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

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

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

1 exempt from the provisions of Section 250;

2 (F) An amount equal to all amounts included in such
3 total pursuant to the provisions of Sections 402(a),
4 402(c), 403(a), 403(b), 406(a), 407(a), and 408 of the
5 Internal Revenue Code, or included in such total as
6 distributions under the provisions of any retirement
7 or disability plan for employees of any governmental
8 agency or unit, or retirement payments to retired
9 partners, which payments are excluded in computing net
10 earnings from self employment by Section 1402 of the
11 Internal Revenue Code and regulations adopted pursuant
12 thereto;

13 (G) The valuation limitation amount;

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

17 (I) An amount equal to all amounts included in such
18 total pursuant to the provisions of Section 111 of the
19 Internal Revenue Code as a recovery of items previously
20 deducted from adjusted gross income in the computation
21 of taxable income;

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

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

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

15 (L) For taxable years ending after December 31,
16 1983, an amount equal to all social security benefits
17 and railroad retirement benefits included in such
18 total pursuant to Sections 72(r) and 86 of the Internal
19 Revenue Code;

20 (M) With the exception of any amounts subtracted
21 under subparagraph (N), an amount equal to the sum of
22 all amounts disallowed as deductions by (i) Sections
23 171(a) (2), and 265(2) of the Internal Revenue Code,
24 and all amounts of expenses allocable to interest and
25 disallowed as deductions by Section 265(1) of the
26 Internal Revenue Code; and (ii) for taxable years

1 ending on or after August 13, 1999, Sections 171(a)(2),
2 265, 280C, and 832(b)(5)(B)(i) of the Internal Revenue
3 Code, plus, for taxable years ending on or after
4 December 31, 2011, Section 45G(e)(3) of the Internal
5 Revenue Code and, for taxable years ending on or after
6 December 31, 2008, any amount included in gross income
7 under Section 87 of the Internal Revenue Code; the
8 provisions of this subparagraph are exempt from the
9 provisions of Section 250;

10 (N) An amount equal to all amounts included in such
11 total which are exempt from taxation by this State
12 either by reason of its statutes or Constitution or by
13 reason of the Constitution, treaties or statutes of the
14 United States; provided that, in the case of any
15 statute of this State that exempts income derived from
16 bonds or other obligations from the tax imposed under
17 this Act, the amount exempted shall be the interest net
18 of bond premium amortization;

19 (O) An amount equal to any contribution made to a
20 job training project established pursuant to the Tax
21 Increment Allocation Redevelopment Act;

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

1 taken from adjusted gross income in the computation of
2 taxable income for restoration of substantial amounts
3 held under claim of right for the taxable year;

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

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

11 (S) An amount, to the extent included in adjusted
12 gross income, equal to the amount of a contribution
13 made in the taxable year on behalf of the taxpayer to a
14 medical care savings account established under the
15 Medical Care Savings Account Act or the Medical Care
16 Savings Account Act of 2000 to the extent the
17 contribution is accepted by the account administrator
18 as provided in that Act;

19 (T) An amount, to the extent included in adjusted
20 gross income, equal to the amount of interest earned in
21 the taxable year on a medical care savings account
22 established under the Medical Care Savings Account Act
23 or the Medical Care Savings Account Act of 2000 on
24 behalf of the taxpayer, other than interest added
25 pursuant to item (D-5) of this paragraph (2);

26 (U) For one taxable year beginning on or after

1 January 1, 1994, an amount equal to the total amount of
2 tax imposed and paid under subsections (a) and (b) of
3 Section 201 of this Act on grant amounts received by
4 the taxpayer under the Nursing Home Grant Assistance
5 Act during the taxpayer's taxable years 1992 and 1993;

6 (V) Beginning with tax years ending on or after
7 December 31, 1995 and ending with tax years ending on
8 or before December 31, 2004, an amount equal to the
9 amount paid by a taxpayer who is a self-employed
10 taxpayer, a partner of a partnership, or a shareholder
11 in a Subchapter S corporation for health insurance or
12 long-term care insurance for that taxpayer or that
13 taxpayer's spouse or dependents, to the extent that the
14 amount paid for that health insurance or long-term care
15 insurance may be deducted under Section 213 of the
16 Internal Revenue Code, has not been deducted on the
17 federal income tax return of the taxpayer, and does not
18 exceed the taxable income attributable to that
19 taxpayer's income, self-employment income, or
20 Subchapter S corporation income; except that no
21 deduction shall be allowed under this item (V) if the
22 taxpayer is eligible to participate in any health
23 insurance or long-term care insurance plan of an
24 employer of the taxpayer or the taxpayer's spouse. The
25 amount of the health insurance and long-term care
26 insurance subtracted under this item (V) shall be

1 determined by multiplying total health insurance and
2 long-term care insurance premiums paid by the taxpayer
3 times a number that represents the fractional
4 percentage of eligible medical expenses under Section
5 213 of the Internal Revenue Code of 1986 not actually
6 deducted on the taxpayer's federal income tax return;

7 (W) For taxable years beginning on or after January
8 1, 1998, all amounts included in the taxpayer's federal
9 gross income in the taxable year from amounts converted
10 from a regular IRA to a Roth IRA. This paragraph is
11 exempt from the provisions of Section 250;

12 (X) For taxable year 1999 and thereafter, an amount
13 equal to the amount of any (i) distributions, to the
14 extent includible in gross income for federal income
15 tax purposes, made to the taxpayer because of his or
16 her status as a victim of persecution for racial or
17 religious reasons by Nazi Germany or any other Axis
18 regime or as an heir of the victim and (ii) items of
19 income, to the extent includible in gross income for
20 federal income tax purposes, attributable to, derived
21 from or in any way related to assets stolen from,
22 hidden from, or otherwise lost to a victim of
23 persecution for racial or religious reasons by Nazi
24 Germany or any other Axis regime immediately prior to,
25 during, and immediately after World War II, including,
26 but not limited to, interest on the proceeds receivable

1 as insurance under policies issued to a victim of
2 persecution for racial or religious reasons by Nazi
3 Germany or any other Axis regime by European insurance
4 companies immediately prior to and during World War II;
5 provided, however, this subtraction from federal
6 adjusted gross income does not apply to assets acquired
7 with such assets or with the proceeds from the sale of
8 such assets; provided, further, this paragraph shall
9 only apply to a taxpayer who was the first recipient of
10 such assets after their recovery and who is a victim of
11 persecution for racial or religious reasons by Nazi
12 Germany or any other Axis regime or as an heir of the
13 victim. The amount of and the eligibility for any
14 public assistance, benefit, or similar entitlement is
15 not affected by the inclusion of items (i) and (ii) of
16 this paragraph in gross income for federal income tax
17 purposes. This paragraph is exempt from the provisions
18 of Section 250;

19 (Y) For taxable years beginning on or after January
20 1, 2002 and ending on or before December 31, 2004,
21 moneys contributed in the taxable year to a College
22 Savings Pool account under Section 16.5 of the State
23 Treasurer Act, except that amounts excluded from gross
24 income under Section 529(c)(3)(C)(i) of the Internal
25 Revenue Code shall not be considered moneys
26 contributed under this subparagraph (Y). For taxable

1 years beginning on or after January 1, 2005, a maximum
2 of \$10,000 contributed in the taxable year to (i) a
3 College Savings Pool account under Section 16.5 of the
4 State Treasurer Act or (ii) the Illinois Prepaid
5 Tuition Trust Fund, except that amounts excluded from
6 gross income under Section 529(c)(3)(C)(i) of the
7 Internal Revenue Code shall not be considered moneys
8 contributed under this subparagraph (Y). For purposes
9 of this subparagraph, contributions made by an
10 employer on behalf of an employee, or matching
11 contributions made by an employee, shall be treated as
12 made by the employee. This subparagraph (Y) is exempt
13 from the provisions of Section 250;

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

20 (1) "y" equals the amount of the depreciation
21 deduction taken for the taxable year on the
22 taxpayer's federal income tax return on property
23 for which the bonus depreciation deduction was
24 taken in any year under subsection (k) of Section
25 168 of the Internal Revenue Code, but not including
26 the bonus depreciation deduction;

1 (2) for taxable years ending on or before
2 December 31, 2005, "x" equals "y" multiplied by 30
3 and then divided by 70 (or "y" multiplied by
4 0.429); and

5 (3) for taxable years ending after December
6 31, 2005:

7 (i) for property on which a bonus
8 depreciation deduction of 30% of the adjusted
9 basis was taken, "x" equals "y" multiplied by
10 30 and then divided by 70 (or "y" multiplied by
11 0.429); ~~and~~

12 (ii) for property on which a bonus
13 depreciation deduction of 50% of the adjusted
14 basis was taken, "x" equals "y" multiplied by
15 1.0; and -

16 (iii) for property on which a bonus
17 depreciation deduction of 100% of the adjusted
18 basis was taken in a taxable year ending on or
19 after December 31, 2011, in the tax year in
20 which a bonus depreciation deduction of 100% of
21 the adjusted basis was taken, "x" equals 42.5%
22 of the adjusted basis plus 57.5% of the amount
23 that would be allowed on the subject property
24 if the taxpayer had made the election under
25 Section 168(k)(2)(D)(iii) of the Internal
26 Revenue Code not to claim bonus depreciation on

1 that property; in all other tax years, 57.5% of
2 the amount that would be allowed on the subject
3 property if the taxpayer had made the election
4 under Section 168(k)(2)(D)(iii) of the
5 Internal Revenue Code not to claim bonus
6 depreciation on that property; the penalty
7 imposed by subsection (a) of Section 804 of
8 this Act shall not be imposed on any
9 underpayments of estimated tax due for tax
10 years ending on December 31, 2011 that are
11 attributable to the change in this Section
12 regarding the calculation of depreciation or
13 bonus depreciation.

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 (Z) is exempt from the provisions of
21 Section 250;

22 (AA) If the taxpayer sells, transfers, abandons,
23 or otherwise disposes of property for which the
24 taxpayer was required in any taxable year to make an
25 addition modification under subparagraph (D-15), then
26 an amount 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 a
3 subtraction is allowed with respect to that property
4 under subparagraph (Z), ~~the taxpayer may claim a~~
5 ~~depreciation deduction for federal income tax purposes~~
6 and for which the taxpayer was required in any taxable
7 year to make an addition modification under
8 subparagraph (D-15), then an amount equal to that
9 addition modification.

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

13 This subparagraph (AA) is exempt from the
14 provisions of Section 250;

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

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

1 allocable thereto) taken into account for the taxable
2 year with respect to a transaction with a taxpayer that
3 is required to make an addition modification with
4 respect to such transaction under Section
5 203(a)(2)(D-18), 203(b)(2)(E-13), 203(c)(2)(G-13), or
6 203(d)(2)(D-8), but not to exceed the amount of that
7 addition modification. This subparagraph (CC) is
8 exempt from the provisions of Section 250;

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

1 indirectly, to the same person. This subparagraph (DD)
2 is exempt from the provisions of Section 250;

3 (EE) An amount equal to the income from intangible
4 property taken into account for the taxable year (net
5 of the 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(a)(2)(D-18) for
20 intangible expenses and costs paid, accrued, or
21 incurred, directly or indirectly, to the same foreign
22 person. This subparagraph (EE) is exempt from the
23 provisions of Section 250;

24 (FF) An amount equal to any amount awarded to the
25 taxpayer during the taxable year by the Court of Claims
26 under subsection (c) of Section 8 of the Court of

1 Claims Act for time unjustly served in a State prison.
2 This subparagraph (FF) is exempt from the provisions of
3 Section 250; and

4 (GG) For taxable years ending on or after December
5 31, 2011, in the case of a taxpayer who was required to
6 add back any insurance premiums under Section
7 203(a)(2)(D-19), such taxpayer may elect to subtract
8 that part of a reimbursement received from the
9 insurance company equal to the amount of the expense or
10 loss (including expenses incurred by the insurance
11 company) that would have been taken into account as a
12 deduction for federal income tax purposes if the
13 expense or loss had been uninsured. If a taxpayer makes
14 the election provided for by this subparagraph (GG),
15 the insurer to which the premiums were paid must add
16 back to income the amount subtracted by the taxpayer
17 pursuant to this subparagraph (GG). This subparagraph
18 (GG) is exempt from the provisions of Section 250.

19 (b) Corporations.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

5 This paragraph shall not apply to the following:

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

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

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

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

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

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

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

23 (E-13) An amount equal to the amount of intangible
24 expenses and costs otherwise allowed as a deduction in
25 computing base income, and that were paid, accrued, or
26 incurred, directly or indirectly, (i) for taxable

1 years ending on or after December 31, 2004, to a
2 foreign person who would be a member of the same
3 unitary business group but for the fact that the
4 foreign person's business activity outside the United
5 States is 80% or more of that person's total business
6 activity and (ii) for taxable years ending on or after
7 December 31, 2008, to a person who would be a member of
8 the same unitary business group but for the fact that
9 the person is prohibited under Section 1501(a)(27)
10 from being included in the unitary business group
11 because he or she is ordinarily required to apportion
12 business income under different subsections of Section
13 304. The addition modification required by this
14 subparagraph shall be reduced to the extent that
15 dividends were included in base income of the unitary
16 group for the same taxable year and received by the
17 taxpayer or by a member of the taxpayer's unitary
18 business group (including amounts included in gross
19 income pursuant to Sections 951 through 964 of the
20 Internal Revenue Code and amounts included in gross
21 income under Section 78 of the Internal Revenue Code)
22 with respect to the stock of the same person to whom
23 the intangible expenses and costs were directly or
24 indirectly paid, incurred, or accrued. The preceding
25 sentence shall not apply to the extent that the same
26 dividends caused a reduction to the addition

1 modification required under Section 203(b)(2)(E-12) of
2 this Act. As used in this subparagraph, the term
3 "intangible expenses and costs" includes (1) expenses,
4 losses, and costs for, or related to, the direct or
5 indirect acquisition, use, maintenance or management,
6 ownership, sale, exchange, or any other disposition of
7 intangible property; (2) losses incurred, directly or
8 indirectly, from factoring transactions or discounting
9 transactions; (3) royalty, patent, technical, and
10 copyright fees; (4) licensing fees; and (5) other
11 similar expenses and costs. For purposes of this
12 subparagraph, "intangible property" includes patents,
13 patent applications, trade names, trademarks, service
14 marks, copyrights, mask works, trade secrets, and
15 similar types of intangible assets.

16 This paragraph shall not apply to the following:

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

24 (ii) any item of intangible expense or cost
25 paid, accrued, or incurred, directly or
26 indirectly, if the taxpayer can establish, based

1 on a preponderance of the evidence, both of the
2 following:

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

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

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

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

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

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

1 preceding sentence does not apply to the extent that
2 the same dividends caused a reduction to the addition
3 modification required under Section 203(b) (2) (E-12) or
4 Section 203(b) (2) (E-13) of this Act;

5 (E-15) For taxable years beginning after December
6 31, 2008, any deduction for dividends paid by a captive
7 real estate investment trust that is allowed to a real
8 estate investment trust under Section 857(b) (2) (B) of
9 the Internal Revenue Code for dividends paid;

10 (E-16) An amount equal to the credit allowable to
11 the taxpayer under Section 218(a) of this Act,
12 determined without regard to Section 218(c) of this
13 Act;

14 and by deducting from the total so obtained the sum of the
15 following amounts:

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

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

21 (H) In the case of a regulated investment company,
22 an amount equal to the amount of exempt interest
23 dividends as defined in subsection (b) (5) of Section
24 852 of the Internal Revenue Code, paid to shareholders
25 for the taxable year;

26 (I) With the exception of any amounts subtracted

1 under subparagraph (J), an amount equal to the sum of
2 all amounts disallowed as deductions by (i) Sections
3 171(a) (2), and 265(a)(2) and amounts disallowed as
4 interest expense by Section 291(a)(3) of the Internal
5 Revenue Code, and all amounts of expenses allocable to
6 interest and disallowed as deductions by Section
7 265(a)(1) of the Internal Revenue Code; and (ii) for
8 taxable years ending on or after August 13, 1999,
9 Sections 171(a)(2), 265, 280C, 291(a)(3), and
10 832(b)(5)(B)(i) of the Internal Revenue Code, plus,
11 for tax years ending on or after December 31, 2011,
12 amounts disallowed as deductions by Section 45G(e)(3)
13 of the Internal Revenue Code and, for taxable years
14 ending on or after December 31, 2008, any amount
15 included in gross income under Section 87 of the
16 Internal Revenue Code and the policyholders' share of
17 tax-exempt interest of a life insurance company under
18 Section 807(a)(2)(B) of the Internal Revenue Code (in
19 the case of a life insurance company with gross income
20 from a decrease in reserves for the tax year) or
21 Section 807(b)(1)(B) of the Internal Revenue Code (in
22 the case of a life insurance company allowed a
23 deduction for an increase in reserves for the tax
24 year); the provisions of this subparagraph are exempt
25 from the provisions of Section 250;

26 (J) An amount equal to all amounts included in such

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

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

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

1 this subparagraph (L);

2 (M) For any taxpayer that is a financial
3 organization within the meaning of Section 304(c) of
4 this Act, an amount included in such total as interest
5 income from a loan or loans made by such taxpayer to a
6 borrower, to the extent that such a loan is secured by
7 property which is eligible for the Enterprise Zone
8 Investment Credit or the River Edge Redevelopment Zone
9 Investment Credit. To determine the portion of a loan
10 or loans that is secured by property eligible for a
11 Section 201(f) investment credit to the borrower, the
12 entire principal amount of the loan or loans between
13 the taxpayer and the borrower should be divided into
14 the basis of the Section 201(f) investment credit
15 property which secures the loan or loans, using for
16 this purpose the original basis of such property on the
17 date that it was placed in service in the Enterprise
18 Zone or the River Edge Redevelopment Zone. The
19 subtraction modification available to taxpayer in any
20 year under this subsection shall be that portion of the
21 total interest paid by the borrower with respect to
22 such loan attributable to the eligible property as
23 calculated under the previous sentence. This
24 subparagraph (M) is exempt from the provisions of
25 Section 250;

26 (M-1) For any taxpayer that is a financial

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

25 (N) Two times any contribution made during the
26 taxable year to a designated zone organization to the

1 extent that the contribution (i) qualifies as a
2 charitable contribution under subsection (c) of
3 Section 170 of the Internal Revenue Code and (ii) must,
4 by its terms, be used for a project approved by the
5 Department of Commerce and Economic Opportunity under
6 Section 11 of the Illinois Enterprise Zone Act or under
7 Section 10-10 of the River Edge Redevelopment Zone Act.
8 This subparagraph (N) is exempt from the provisions of
9 Section 250;

10 (O) An amount equal to: (i) 85% for taxable years
11 ending on or before December 31, 1992, or, a percentage
12 equal to the percentage allowable under Section
13 243(a)(1) of the Internal Revenue Code of 1986 for
14 taxable years ending after December 31, 1992, of the
15 amount by which dividends included in taxable income
16 and received from a corporation that is not created or
17 organized under the laws of the United States or any
18 state or political subdivision thereof, including, for
19 taxable years ending on or after December 31, 1988,
20 dividends received or deemed received or paid or deemed
21 paid under Sections 951 through 965 of the Internal
22 Revenue Code, exceed the amount of the modification
23 provided under subparagraph (G) of paragraph (2) of
24 this subsection (b) which is related to such dividends,
25 and including, for taxable years ending on or after
26 December 31, 2008, dividends received from a captive

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

18 (P) An amount equal to any contribution made to a
19 job training project established pursuant to the Tax
20 Increment Allocation Redevelopment Act;

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

26 (R) On and after July 20, 1999, in the case of an

1 attorney-in-fact with respect to whom an interinsurer
2 or a reciprocal insurer has made the election under
3 Section 835 of the Internal Revenue Code, 26 U.S.C.
4 835, an amount equal to the excess, if any, of the
5 amounts paid or incurred by that interinsurer or
6 reciprocal insurer in the taxable year to the
7 attorney-in-fact over the deduction allowed to that
8 interinsurer or reciprocal insurer with respect to the
9 attorney-in-fact under Section 835(b) of the Internal
10 Revenue Code for the taxable year; the provisions of
11 this subparagraph are exempt from the provisions of
12 Section 250;

13 (S) For taxable years ending on or after December
14 31, 1997, in the case of a Subchapter S corporation, an
15 amount equal to all amounts of income allocable to a
16 shareholder subject to the Personal Property Tax
17 Replacement Income Tax imposed by subsections (c) and
18 (d) of Section 201 of this Act, including amounts
19 allocable to organizations exempt from federal income
20 tax by reason of Section 501(a) of the Internal Revenue
21 Code. This subparagraph (S) is exempt from the
22 provisions of Section 250;

23 (T) For taxable years 2001 and thereafter, for the
24 taxable year in which the bonus depreciation deduction
25 is taken on the taxpayer's federal income tax return
26 under subsection (k) of Section 168 of the Internal

1 Revenue Code and for each applicable taxable year
2 thereafter, an amount equal to "x", where:

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

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

14 (3) for taxable years ending after December
15 31, 2005:

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

21 (ii) for property on which a bonus
22 depreciation deduction of 50% of the adjusted
23 basis was taken, "x" equals "y" multiplied by
24 1.0; and ~~and~~

25 (iii) for property on which a bonus
26 depreciation deduction of 100% of the adjusted

1 basis was taken in a taxable year ending on or
2 after December 31, 2011, in the tax year in
3 which a bonus depreciation deduction of 100% of
4 the adjusted basis was taken, "x" equals 42.5%
5 of the adjusted basis plus 57.5% of the amount
6 that would be allowed on the subject property
7 if the taxpayer had made the election under
8 Section 168(k)(2)(D)(iii) of the Internal
9 Revenue Code not to claim bonus depreciation on
10 that property; in all other tax years, 57.5% of
11 the amount that would be allowed on the subject
12 property if the taxpayer had made the election
13 under Section 168(k)(2)(D)(iii) of the
14 Internal Revenue Code not to claim bonus
15 depreciation on that property; the penalty
16 imposed by subsection (a) of Section 804 of
17 this Act shall not be imposed on any
18 underpayments of estimated tax due for tax
19 years ending on December 31, 2011 that are
20 attributable to the change in this Section
21 regarding the calculation of depreciation or
22 bonus depreciation.

23 The aggregate amount deducted under this
24 subparagraph in all taxable years for any one piece of
25 property may not exceed the amount of the bonus
26 depreciation deduction taken on that property on the

1 taxpayer's federal income tax return under subsection
2 (k) of Section 168 of the Internal Revenue Code. This
3 subparagraph (T) is exempt from the provisions of
4 Section 250;

5 (U) If the taxpayer sells, transfers, abandons, or
6 otherwise disposes of property for which the taxpayer
7 was required in any taxable year to make an addition
8 modification under subparagraph (E-10), then an amount
9 equal to that addition modification.

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

19 The taxpayer is allowed to take the deduction under
20 this subparagraph only once with respect to any one
21 piece of property.

22 This subparagraph (U) is exempt from the
23 provisions of Section 250;

24 (V) The amount of: (i) any interest income (net of
25 the deductions allocable thereto) taken into account
26 for the taxable year with respect to a transaction with

1 a taxpayer that is required to make an addition
2 modification with respect to such transaction under
3 Section 203(a)(2)(D-17), 203(b)(2)(E-12),
4 203(c)(2)(G-12), or 203(d)(2)(D-7), but not to exceed
5 the amount of such addition modification, (ii) any
6 income from intangible property (net of the deductions
7 allocable thereto) taken into account for the taxable
8 year with respect to a transaction with a taxpayer that
9 is required to make an addition modification with
10 respect to such transaction under Section
11 203(a)(2)(D-18), 203(b)(2)(E-13), 203(c)(2)(G-13), or
12 203(d)(2)(D-8), but not to exceed the amount of such
13 addition modification, and (iii) any insurance premium
14 income (net of deductions allocable thereto) taken
15 into account for the taxable year with respect to a
16 transaction with a taxpayer that is required to make an
17 addition modification with respect to such transaction
18 under Section 203(a)(2)(D-19), Section
19 203(b)(2)(E-14), Section 203(c)(2)(G-14), or Section
20 203(d)(2)(D-9), but not to exceed the amount of that
21 addition modification. This subparagraph (V) is exempt
22 from the provisions of Section 250;

23 (W) An amount equal to the interest income taken
24 into account for the taxable year (net of the
25 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-12) for
14 interest paid, accrued, or incurred, directly or
15 indirectly, to the same person. This subparagraph (W)
16 is exempt from the provisions of Section 250;

17 (X) An amount equal to the income from intangible
18 property taken into account for the taxable year (net
19 of the deductions allocable thereto) with respect to
20 transactions with (i) a foreign person who would be a
21 member of the taxpayer's unitary business group but for
22 the fact that the foreign person's business activity
23 outside the United States is 80% or more of that
24 person's total business activity and (ii) for taxable
25 years ending on or after December 31, 2008, to a person
26 who would be a member of the same unitary business

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

12 (Y) For taxable years ending on or after December
13 31, 2011, in the case of a taxpayer who was required to
14 add back any insurance premiums under Section
15 203(b)(2)(E-14), such taxpayer may elect to subtract
16 that part of a reimbursement received from the
17 insurance company equal to the amount of the expense or
18 loss (including expenses incurred by the insurance
19 company) that would have been taken into account as a
20 deduction for federal income tax purposes if the
21 expense or loss had been uninsured. If a taxpayer makes
22 the election provided for by this subparagraph (Y), the
23 insurer to which the premiums were paid must add back
24 to income the amount subtracted by the taxpayer
25 pursuant to this subparagraph (Y). This subparagraph
26 (Y) is exempt from the provisions of Section 250; and

1 (Z) The difference between the nondeductible
2 controlled foreign corporation dividends under Section
3 965(e) (3) of the Internal Revenue Code over the taxable
4 income of the taxpayer, computed without regard to
5 Section 965(e) (2) (A) of the Internal Revenue Code, and
6 without regard to any net operating loss deduction.
7 This subparagraph (Z) is exempt from the provisions of
8 Section 250.

9 (3) Special rule. For purposes of paragraph (2) (A),
10 "gross income" in the case of a life insurance company, for
11 tax years ending on and after December 31, 1994, and prior
12 to December 31, 2011, shall mean the gross investment
13 income for the taxable year and, for tax years ending on or
14 after December 31, 2011, shall mean all amounts included in
15 life insurance gross income under Section 803(a) (3) of the
16 Internal Revenue Code.

17 (c) Trusts and estates.

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

21 (2) Modifications. Subject to the provisions of
22 paragraph (3), the taxable income referred to in paragraph
23 (1) shall be modified by adding thereto the sum of the
24 following amounts:

25 (A) An amount equal to all amounts paid or accrued

1 to the taxpayer as interest or dividends during the
2 taxable year to the extent excluded from gross income
3 in the computation of taxable income;

4 (B) In the case of (i) an estate, \$600; (ii) a
5 trust which, under its governing instrument, is
6 required to distribute all of its income currently,
7 \$300; and (iii) any other trust, \$100, but in each such
8 case, only to the extent such amount was deducted in
9 the computation of taxable income;

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

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

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

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

9 (ii) the addition modification relating to the
10 net operating loss carried back or forward to the
11 taxable year from any taxable year ending prior to
12 December 31, 1986 shall not exceed the amount of
13 such carryback or carryforward;

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

21 (F) For taxable years ending on or after January 1,
22 1989, an amount equal to the tax deducted pursuant to
23 Section 164 of the Internal Revenue Code if the trust
24 or estate is claiming the same tax for purposes of the
25 Illinois foreign tax credit under Section 601 of this
26 Act;

1 (G) An amount equal to the amount of the capital
2 gain deduction allowable under the Internal Revenue
3 Code, to the extent deducted from gross income in the
4 computation of taxable income;

5 (G-5) For taxable years ending after December 31,
6 1997, an amount equal to any eligible remediation costs
7 that the trust or estate deducted in computing adjusted
8 gross income and for which the trust or estate claims a
9 credit under subsection (l) of Section 201;

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

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

22 If the taxpayer continues to own property through
23 the last day of the last tax year for which a
24 subtraction is allowed with respect to that property
25 under subparagraph (R), the taxpayer may claim a
26 depreciation deduction for federal income tax purposes

1 and for which the taxpayer was allowed in any taxable
2 year to make a subtraction modification under
3 subparagraph (R), then an amount equal to that
4 subtraction modification.

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

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

1 received by the taxpayer or by a member of the
2 taxpayer's unitary business group (including amounts
3 included in gross income pursuant to Sections 951
4 through 964 of the Internal Revenue Code and amounts
5 included in gross income under Section 78 of the
6 Internal Revenue Code) with respect to the stock of the
7 same person to whom the interest was paid, accrued, or
8 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 person who
12 is subject in a foreign country or state, other
13 than a state which requires mandatory unitary
14 reporting, to a tax on or measured by net income
15 with respect to such interest; or

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

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

24 (b) the transaction giving rise to the
25 interest expense between the taxpayer and the
26 person did not have as a principal purpose the

1 avoidance of Illinois income tax, and is paid
2 pursuant to a contract or agreement that
3 reflects an arm's-length interest rate and
4 terms; or

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

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

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

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

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

20 This paragraph shall not apply to the following:

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

1 to such item; or

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

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

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

18 (iii) any item of intangible expense or cost
19 paid, accrued, or incurred, directly or
20 indirectly, from a transaction with a person if the
21 taxpayer establishes by clear and convincing
22 evidence, that the adjustments are unreasonable;
23 or if the taxpayer and the Director agree in
24 writing to the application or use of an alternative
25 method of apportionment under Section 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 (G-14) For taxable years ending on or after
10 December 31, 2008, an amount equal to the amount of
11 insurance premium expenses and costs otherwise allowed
12 as a deduction in computing base income, and that were
13 paid, accrued, or incurred, directly or indirectly, to
14 a 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 and costs were
4 directly or indirectly paid, incurred, or accrued. The
5 preceding sentence does not apply to the extent that
6 the same dividends caused a reduction to the addition
7 modification required under Section 203(c) (2) (G-12) or
8 Section 203(c) (2) (G-13) of this Act;

9 (G-15) An amount equal to the credit allowable to
10 the taxpayer under Section 218(a) of this Act,
11 determined without regard to Section 218(c) of this
12 Act;

13 and by deducting from the total so obtained the sum of the
14 following amounts:

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

26 (I) The valuation limitation amount;

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

4 (K) An amount equal to all amounts included in
5 taxable income as modified by subparagraphs (A), (B),
6 (C), (D), (E), (F) and (G) which are exempt from
7 taxation by this State either by reason of its statutes
8 or Constitution or by reason of the Constitution,
9 treaties or statutes of the United States; provided
10 that, in the case of any statute of this State that
11 exempts income derived from bonds or other obligations
12 from the tax imposed under this Act, the amount
13 exempted shall be the interest net of bond premium
14 amortization;

15 (L) With the exception of any amounts subtracted
16 under subparagraph (K), an amount equal to the sum of
17 all amounts disallowed as deductions by (i) Sections
18 171(a) (2) and 265(a) (2) of the Internal Revenue Code,
19 and all amounts of expenses allocable to interest and
20 disallowed as deductions by Section 265(1) of the
21 Internal Revenue Code; and (ii) for taxable years
22 ending on or after August 13, 1999, Sections 171(a) (2),
23 265, 280C, and 832(b) (5) (B) (i) of the Internal Revenue
24 Code, plus, (iii) for taxable years ending on or after
25 December 31, 2011, Section 45G(e) (3) of the Internal
26 Revenue Code and, for taxable years ending on or after

1 December 31, 2008, any amount included in gross income
2 under Section 87 of the Internal Revenue Code; the
3 provisions of this subparagraph are exempt from the
4 provisions of Section 250;

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

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

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

1 (P) 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;

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

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

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

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

26 (2) for taxable years ending on or before

1 December 31, 2005, "x" equals "y" multiplied by 30
2 and then divided by 70 (or "y" multiplied by
3 0.429); and

4 (3) for taxable years ending after December
5 31, 2005:

6 (i) for property on which a bonus
7 depreciation deduction of 30% of the adjusted
8 basis was taken, "x" equals "y" multiplied by
9 30 and then divided by 70 (or "y" multiplied by
10 0.429); ~~and~~

11 (ii) for property on which a bonus
12 depreciation deduction of 50% of the adjusted
13 basis was taken, "x" equals "y" multiplied by
14 1.0; and ~~and~~

15 (iii) for property on which a bonus
16 depreciation deduction of 100% of the adjusted
17 basis was taken in a taxable year ending on or
18 after December 31, 2011, in the tax year in
19 which a bonus depreciation deduction of 100% of
20 the adjusted basis was taken, "x" equals 42.5%
21 of the adjusted basis plus 57.5% of the amount
22 that would be allowed on the subject property
23 if the taxpayer had made the election under
24 Section 168(k)(2)(D)(iii) of the Internal
25 Revenue Code not to claim bonus depreciation on
26 that property; in all other tax years, 57.5% of

1 the amount that would be allowed on the subject
2 property if the taxpayer had made the election
3 under Section 168(k)(2)(D)(iii) of the
4 Internal Revenue Code not to claim bonus
5 depreciation on that property; the penalty
6 imposed by subsection (a) of Section 804 of
7 this Act shall not be imposed on any
8 underpayments of estimated tax due for tax
9 years ending on December 31, 2011 that are
10 attributable to the change in this Section
11 regarding the calculation of depreciation or
12 bonus depreciation.

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 a
2 subtraction is allowed with respect to that property
3 under subparagraph (R), ~~the taxpayer may claim a~~
4 ~~depreciation deduction for federal income tax purposes~~
5 and for which the taxpayer was required in any taxable
6 year to make an addition modification under
7 subparagraph (G-10), then an amount equal to that
8 addition modification.

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

12 This subparagraph (S) is exempt from the
13 provisions of Section 250;

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

1 203(a)(2)(D-18), 203(b)(2)(E-13), 203(c)(2)(G-13), or
2 203(d)(2)(D-8), but not to exceed the amount of such
3 addition modification. This subparagraph (T) is exempt
4 from the provisions of Section 250;

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

25 (V) An amount equal to the income from intangible
26 property taken into account for the taxable year (net

1 of the 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(c)(2)(G-13) for
16 intangible expenses and costs paid, accrued, or
17 incurred, directly or indirectly, to the same foreign
18 person. This subparagraph (V) is exempt from the
19 provisions of Section 250;

20 (W) in the case of an estate, an amount equal to
21 all amounts included in such total pursuant to the
22 provisions of Section 111 of the Internal Revenue Code
23 as a recovery of items previously deducted by the
24 decedent from adjusted gross income in the computation
25 of taxable income. This subparagraph (W) is exempt from
26 Section 250;

1 (X) an amount equal to the refund included in such
2 total of any tax deducted for federal income tax
3 purposes, to the extent that deduction was added back
4 under subparagraph (F). This subparagraph (X) is
5 exempt from the provisions of Section 250; and

6 (Y) For taxable years ending on or after December
7 31, 2011, in the case of a taxpayer who was required to
8 add back any insurance premiums under Section
9 203(c)(2)(G-14), such taxpayer may elect to subtract
10 that part of a reimbursement received from the
11 insurance company equal to the amount of the expense or
12 loss (including expenses incurred by the insurance
13 company) that would have been taken into account as a
14 deduction for federal income tax purposes if the
15 expense or loss had been uninsured. If a taxpayer makes
16 the election provided for by this subparagraph (Y), the
17 insurer to which the premiums were paid must add back
18 to income the amount subtracted by the taxpayer
19 pursuant to this subparagraph (Y). This subparagraph
20 (Y) is exempt from the provisions of Section 250.

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

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

2 (d) Partnerships.

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

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

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

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

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

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

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

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

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

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

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

22 (D-7) An amount equal to the amount otherwise
23 allowed as a deduction in computing base income for
24 interest paid, accrued, or incurred, directly or
25 indirectly, (i) for taxable years ending on or after
26 December 31, 2004, to a foreign person who would be a

1 member of the same unitary business group but for the
2 fact the foreign person's business activity outside
3 the United States is 80% or more of the foreign
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. The addition modification
12 required by this subparagraph shall be reduced to the
13 extent that dividends were included in base income of
14 the unitary group for the same taxable year and
15 received by the taxpayer or by a member of the
16 taxpayer's unitary business group (including amounts
17 included in gross income pursuant to Sections 951
18 through 964 of the Internal Revenue Code and amounts
19 included in gross income under Section 78 of the
20 Internal Revenue Code) with respect to the stock of the
21 same person to whom the interest was paid, accrued, or
22 incurred.

23 This paragraph shall not apply to the following:

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

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

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

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

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

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

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

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

15 (D-8) An amount equal to the amount of intangible
16 expenses and costs otherwise allowed as a deduction in
17 computing base income, and that were paid, accrued, or
18 incurred, directly or indirectly, (i) for taxable
19 years ending on or after December 31, 2004, to a
20 foreign person who would be a member of the same
21 unitary business group but for the fact that the
22 foreign person's business activity outside the United
23 States is 80% or more of that person's total business
24 activity and (ii) for taxable years ending on or after
25 December 31, 2008, to a person who would be a member of
26 the same unitary business group but for the fact that

1 the person is prohibited under Section 1501(a)(27)
2 from being included in the unitary business group
3 because he or she is ordinarily required to apportion
4 business income under different subsections of Section
5 304. The addition modification required by this
6 subparagraph shall be reduced to the extent that
7 dividends were included in base income of the unitary
8 group for the same taxable year and received by the
9 taxpayer or by a member of the taxpayer's unitary
10 business group (including amounts included in gross
11 income pursuant to Sections 951 through 964 of the
12 Internal Revenue Code and amounts included in gross
13 income under Section 78 of the Internal Revenue Code)
14 with respect to the stock of the same person to whom
15 the intangible expenses and costs were directly or
16 indirectly paid, incurred or accrued. The preceding
17 sentence shall not apply to the extent that the same
18 dividends caused a reduction to the addition
19 modification required under Section 203(d)(2)(D-7) of
20 this Act. As used in this subparagraph, the term
21 "intangible expenses and costs" includes (1) expenses,
22 losses, and costs for, or related to, the direct or
23 indirect acquisition, use, maintenance or management,
24 ownership, sale, exchange, or any other disposition of
25 intangible property; (2) losses incurred, directly or
26 indirectly, from factoring transactions or discounting

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

8 This paragraph shall not apply to the following:

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

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

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

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

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

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

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

23 (D-9) For taxable years ending on or after December
24 31, 2008, an amount equal to the amount of insurance
25 premium expenses and costs otherwise allowed as a
26 deduction in computing base income, and that were paid,

1 accrued, or incurred, directly or indirectly, to a
2 person who would be a member of the same unitary
3 business group but for the fact that the person is
4 prohibited under Section 1501(a)(27) from being
5 included in the unitary business group because he or
6 she is ordinarily required to apportion business
7 income under different subsections of Section 304. The
8 addition modification required by this subparagraph
9 shall be reduced to the extent that dividends were
10 included in base income of the unitary group for the
11 same taxable year and received by the taxpayer or by a
12 member of the taxpayer's unitary business group
13 (including amounts included in gross income under
14 Sections 951 through 964 of the Internal Revenue Code
15 and amounts included in gross income under Section 78
16 of the Internal Revenue Code) with respect to the stock
17 of the same person to whom the premiums and costs were
18 directly or indirectly paid, incurred, or accrued. The
19 preceding sentence does not apply to the extent that
20 the same dividends caused a reduction to the addition
21 modification required under Section 203(d)(2)(D-7) or
22 Section 203(d)(2)(D-8) of this Act;

23 (D-10) An amount equal to the credit allowable to
24 the taxpayer under Section 218(a) of this Act,
25 determined without regard to Section 218(c) of this
26 Act;

1 and by deducting from the total so obtained the following
2 amounts:

3 (E) The valuation limitation amount;

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

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

17 (H) Any income of the partnership which
18 constitutes personal service income as defined in
19 Section 1348 (b) (1) of the Internal Revenue Code (as
20 in effect December 31, 1981) or a reasonable allowance
21 for compensation paid or accrued for services rendered
22 by partners to the partnership, whichever is greater;
23 this subparagraph (H) is exempt from the provisions of
24 Section 250;

25 (I) An amount equal to all amounts of income
26 distributable to an entity subject to the Personal

1 Property Tax Replacement Income Tax imposed by
2 subsections (c) and (d) of Section 201 of this Act
3 including amounts distributable to organizations
4 exempt from federal income tax by reason of Section
5 501(a) of the Internal Revenue Code; this subparagraph
6 (I) is exempt from the provisions of Section 250;

7 (J) With the exception of any amounts subtracted
8 under subparagraph (G), an amount equal to the sum of
9 all amounts disallowed as deductions by (i) Sections
10 171(a) (2), and 265(2) of the Internal Revenue Code,
11 and all amounts of expenses allocable to interest and
12 disallowed as deductions by Section 265(1) of the
13 Internal Revenue Code; and (ii) for taxable years
14 ending on or after August 13, 1999, Sections 171(a) (2),
15 265, 280C, and 832(b) (5) (B) (i) of the Internal Revenue
16 Code, plus, (iii) for taxable years ending on or after
17 December 31, 2011, Section 45G(e) (3) of the Internal
18 Revenue Code and, for taxable years ending on or after
19 December 31, 2008, any amount included in gross income
20 under Section 87 of the Internal Revenue Code; the
21 provisions of this subparagraph are exempt from the
22 provisions of Section 250;

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

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

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

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

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

25 (O) For taxable years 2001 and thereafter, for the
26 taxable year in which the bonus depreciation deduction

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

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

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

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

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

23 (ii) for property on which a bonus
24 depreciation deduction of 50% of the adjusted
25 basis was taken, "x" equals "y" multiplied by
26 1.0; and -

1 (iii) for property on which a bonus
2 depreciation deduction of 100% of the adjusted
3 basis was taken in a taxable year ending on or
4 after December 31, 2011, in the tax year in
5 which a bonus depreciation deduction of 100% of
6 the adjusted basis was taken, "x" equals 42.5%
7 of the adjusted basis plus 57.5% of the amount
8 that would be allowed on the subject property
9 if the taxpayer had made the election under
10 Section 168(k)(2)(D)(iii) of the Internal
11 Revenue Code not to claim bonus depreciation on
12 that property; in all other tax years, 57.5% of
13 the amount that would be allowed on the subject
14 property if the taxpayer had made the election
15 under Section 168(k)(2)(D)(iii) of the
16 Internal Revenue Code not to claim bonus
17 depreciation on that property; the penalty
18 imposed by subsection (a) of Section 804 of
19 this Act shall not be imposed on any
20 underpayments of estimated tax due for tax
21 years ending on December 31, 2011 that are
22 attributable to the change in this Section
23 regarding the calculation of depreciation or
24 bonus depreciation.

25 The aggregate amount deducted under this
26 subparagraph in all taxable years for any one piece of

1 property may not exceed the amount of the bonus
2 depreciation deduction taken on that property on the
3 taxpayer's federal income tax return under subsection
4 (k) of Section 168 of the Internal Revenue Code. This
5 subparagraph (O) is exempt from the provisions of
6 Section 250;

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

12 If the taxpayer continues to own property through
13 the last day of the last tax year for which a
14 subtraction is allowed with respect to that property
15 under subparagraph (O), ~~the taxpayer may claim a~~
16 ~~depreciation deduction for federal income tax purposes~~
17 and for which the taxpayer was required in any taxable
18 year to make an addition modification under
19 subparagraph (D-5), then an amount equal to that
20 addition modification.

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

24 This subparagraph (P) is exempt from the
25 provisions of Section 250;

26 (Q) The amount of (i) any interest income (net of

1 the deductions allocable thereto) taken into account
2 for the taxable year with respect to a transaction with
3 a taxpayer that is required to make an addition
4 modification with respect to such transaction under
5 Section 203(a)(2)(D-17), 203(b)(2)(E-12),
6 203(c)(2)(G-12), or 203(d)(2)(D-7), but not to exceed
7 the amount of such addition modification and (ii) any
8 income from intangible property (net of the deductions
9 allocable thereto) taken into account for the taxable
10 year with respect to a transaction with a taxpayer that
11 is required to make an addition modification with
12 respect to such transaction under Section
13 203(a)(2)(D-18), 203(b)(2)(E-13), 203(c)(2)(G-13), or
14 203(d)(2)(D-8), but not to exceed the amount of such
15 addition modification. This subparagraph (Q) is exempt
16 from Section 250;

17 (R) An amount equal to the interest income taken
18 into account for the taxable year (net of the
19 deductions allocable thereto) with respect to
20 transactions with (i) a foreign person who would be a
21 member of the taxpayer's unitary business group but for
22 the fact that the foreign person's business activity
23 outside the United States is 80% or more of that
24 person's total business activity and (ii) for taxable
25 years ending on or after December 31, 2008, to a person
26 who would be a member of the same unitary business

1 group but for the fact that the person is prohibited
2 under Section 1501(a)(27) from being included in the
3 unitary business group because he or she is ordinarily
4 required to apportion business income under different
5 subsections of Section 304, but not to exceed the
6 addition modification required to be made for the same
7 taxable year under Section 203(d)(2)(D-7) for interest
8 paid, accrued, or incurred, directly or indirectly, to
9 the same person. This subparagraph (R) is exempt from
10 Section 250;

11 (S) An amount equal to the income from intangible
12 property taken into account for the taxable year (net
13 of the deductions allocable thereto) with respect to
14 transactions with (i) a foreign person who would be a
15 member of the taxpayer's unitary business group but for
16 the fact that the foreign person's business activity
17 outside the United States is 80% or more of that
18 person's total business activity and (ii) for taxable
19 years ending on or after December 31, 2008, to a person
20 who would be a member of the same unitary business
21 group but for the fact that the person is prohibited
22 under Section 1501(a)(27) from being included in the
23 unitary business group because he or she is ordinarily
24 required to apportion business income under different
25 subsections of Section 304, but not to exceed the
26 addition modification required to be made for the same

1 taxable year under Section 203(d)(2)(D-8) for
2 intangible expenses and costs paid, accrued, or
3 incurred, directly or indirectly, to the same person.
4 This subparagraph (S) is exempt from Section 250; and

5 (T) For taxable years ending on or after December
6 31, 2011, in the case of a taxpayer who was required to
7 add back any insurance premiums under Section
8 203(d)(2)(D-9), such taxpayer may elect to subtract
9 that part of a reimbursement received from the
10 insurance company equal to the amount of the expense or
11 loss (including expenses incurred by the insurance
12 company) that would have been taken into account as a
13 deduction for federal income tax purposes if the
14 expense or loss had been uninsured. If a taxpayer makes
15 the election provided for by this subparagraph (T), the
16 insurer to which the premiums were paid must add back
17 to income the amount subtracted by the taxpayer
18 pursuant to this subparagraph (T). This subparagraph
19 (T) is exempt from the provisions of Section 250.

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

21 (1) In general. Subject to the provisions of paragraph
22 (2) and subsection (b) (3), for purposes of this Section
23 and Section 803(e), a taxpayer's gross income, adjusted
24 gross income, or taxable income for the taxable year shall
25 mean the amount of gross income, adjusted gross income or

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

1 Revenue Code.

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

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

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

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

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

24 (E) Consolidated corporations. In the case of a
25 corporation which is a member of an affiliated group of
26 corporations filing a consolidated income tax return

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

10 (F) Cooperatives. In the case of a cooperative
11 corporation or association, the taxable income of such
12 organization determined in accordance with the
13 provisions of Section 1381 through 1388 of the Internal
14 Revenue Code, but without regard to the prohibition
15 against offsetting losses from patronage activities
16 against income from nonpatronage activities; except
17 that a cooperative corporation or association may make
18 an election to follow its federal income tax treatment
19 of patronage losses and nonpatronage losses. In the
20 event such election is made, such losses shall be
21 computed and carried over in a manner consistent with
22 subsection (a) of Section 207 of this Act and
23 apportioned by the apportionment factor reported by
24 the cooperative on its Illinois income tax return filed
25 for the taxable year in which the losses are incurred.
26 The election shall be effective for all taxable years

1 with original returns due on or after the date of the
2 election. In addition, the cooperative may file an
3 amended return or returns, as allowed under this Act,
4 to provide that the election shall be effective for
5 losses incurred or carried forward for taxable years
6 occurring prior to the date of the election. Once made,
7 the election may only be revoked upon approval of the
8 Director. The Department shall adopt rules setting
9 forth requirements for documenting the elections and
10 any resulting Illinois net loss and the standards to be
11 used by the Director in evaluating requests to revoke
12 elections. Public Act 96-932 is declaratory of
13 existing law;

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

1 effect on July 1, 1982, the taxable income of such
2 corporation determined in accordance with the federal
3 Subchapter S rules as in effect on July 1, 1982; and

4 (H) Partnerships. In the case of a partnership,
5 taxable income determined in accordance with Section
6 703 of the Internal Revenue Code, except that taxable
7 income shall take into account those items which are
8 required by Section 703(a)(1) to be separately stated
9 but which would be taken into account by an individual
10 in calculating his taxable income.

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

1 taxable years.

2 (f) Valuation limitation amount.

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

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

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

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

20 (A) If the fair market value of property referred
21 to in paragraph (1) was readily ascertainable on August
22 1, 1969, the pre-August 1, 1969 appreciation amount for
23 such property is the lesser of (i) the excess of such
24 fair market value over the taxpayer's basis (for
25 determining gain) for such property on that date

1 (determined under the Internal Revenue Code as in
2 effect on that date), or (ii) the total gain realized
3 and reportable for federal income tax purposes in
4 respect of the sale, exchange or other disposition of
5 such property.

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

17 (C) The Department shall prescribe such
18 regulations as may be necessary to carry out the
19 purposes of this paragraph.

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

23 (h) Legislative intention. Except as expressly provided by
24 this Section there shall be no modifications or limitations on

1 the amounts of income, gain, loss or deduction taken into
2 account in determining gross income, adjusted gross income or
3 taxable income for federal income tax purposes for the taxable
4 year, or in the amount of such items entering into the
5 computation of base income and net income under this Act for
6 such taxable year, whether in respect of property values as of
7 August 1, 1969 or otherwise.

8 (Source: P.A. 96-45, eff. 7-15-09; 96-120, eff. 8-4-09; 96-198,
9 eff. 8-10-09; 96-328, eff. 8-11-09; 96-520, eff. 8-14-09;
10 96-835, eff. 12-16-09; 96-932, eff. 1-1-11; 96-935, eff.
11 6-21-10; 96-1214, eff. 7-22-10; 97-333, eff. 8-12-11; 97-507,
12 eff. 8-23-11.)

13 (35 ILCS 5/204) (from Ch. 120, par. 2-204)

14 Sec. 204. Standard Exemption.

15 (a) Allowance of exemption. In computing net income under
16 this Act, there shall be allowed as an exemption the sum of the
17 amounts determined under subsections (b), (c) and (d),
18 multiplied by a fraction the numerator of which is the amount
19 of the taxpayer's base income allocable to this State for the
20 taxable year and the denominator of which is the taxpayer's
21 total base income for the taxable year.

22 (b) Basic amount. For the purpose of subsection (a) of this
23 Section, except as provided by subsection (a) of Section 205
24 and in this subsection, each taxpayer shall be allowed a basic
25 amount of \$1000, except that for corporations the basic amount

1 shall be zero for tax years ending on or after December 31,
2 2003, and for individuals the basic amount shall be:

3 (1) for taxable years ending on or after December 31,
4 1998 and prior to December 31, 1999, \$1,300;

5 (2) for taxable years ending on or after December 31,
6 1999 and prior to December 31, 2000, \$1,650;

7 (3) for taxable years ending on or after December 31,
8 2000 and prior to December 31, 2012, \$2,000; ~~and~~

9 (4) for taxable years ending on or after December 31,
10 2012, \$2,000 plus the cost-of-living adjustment under
11 subsection (d-5).

12 For taxable years ending on or after December 31, 1992, a
13 taxpayer whose Illinois base income exceeds the basic amount
14 and who is claimed as a dependent on another person's tax
15 return under the Internal Revenue Code shall not be allowed any
16 basic amount under this subsection.

17 (c) Additional amount for individuals. In the case of an
18 individual taxpayer, there shall be allowed for the purpose of
19 subsection (a), in addition to the basic amount provided by
20 subsection (b), an additional exemption equal to the basic
21 amount for each exemption in excess of one allowable to such
22 individual taxpayer for the taxable year under Section 151 of
23 the Internal Revenue Code.

24 (d) Additional exemptions for an individual taxpayer and
25 his or her spouse. In the case of an individual taxpayer and
26 his or her spouse, he or she shall each be allowed additional

1 exemptions as follows:

2 (1) Additional exemption for taxpayer or spouse 65
3 years of age or older.

4 (A) For taxpayer. An additional exemption of
5 \$1,000 for the taxpayer if he or she has attained the
6 age of 65 before the end of the taxable year.

7 (B) For spouse when a joint return is not filed. An
8 additional exemption of \$1,000 for the spouse of the
9 taxpayer if a joint return is not made by the taxpayer
10 and his spouse, and if the spouse has attained the age
11 of 65 before the end of such taxable year, and, for the
12 calendar year in which the taxable year of the taxpayer
13 begins, has no gross income and is not the dependent of
14 another taxpayer.

15 (2) Additional exemption for blindness of taxpayer or
16 spouse.

17 (A) For taxpayer. An additional exemption of
18 \$1,000 for the taxpayer if he or she is blind at the
19 end of the taxable year.

20 (B) For spouse when a joint return is not filed. An
21 additional exemption of \$1,000 for the spouse of the
22 taxpayer if a separate return is made by the taxpayer,
23 and if the spouse is blind and, for the calendar year
24 in which the taxable year of the taxpayer begins, has
25 no gross income and is not the dependent of another
26 taxpayer. For purposes of this paragraph, the

1 determination of whether the spouse is blind shall be
2 made as of the end of the taxable year of the taxpayer;
3 except that if the spouse dies during such taxable year
4 such determination shall be made as of the time of such
5 death.

6 (C) Blindness defined. For purposes of this
7 subsection, an individual is blind only if his or her
8 central visual acuity does not exceed 20/200 in the
9 better eye with correcting lenses, or if his or her
10 visual acuity is greater than 20/200 but is accompanied
11 by a limitation in the fields of vision such that the
12 widest diameter of the visual fields subtends an angle
13 no greater than 20 degrees.

14 (d-5) Cost-of-living adjustment. For purposes of item (4)
15 of subsection (b), the cost-of-living adjustment for any
16 calendar year and for taxable years ending prior to the end of
17 the subsequent calendar year is equal to \$2,000 times the
18 percentage (if any) by which:

19 (1) the Consumer Price Index for the preceding calendar
20 year, exceeds

21 (2) the Consumer Price Index for the calendar year
22 2010.

23 The Consumer Price Index for any calendar year is the
24 average of the Consumer Price Index as of the close of the
25 12-month period ending on August 31 of that calendar year.

26 The term "Consumer Price Index" means the last Consumer

1 Price Index for All Urban Consumers published by the United
2 States Department of Labor or any successor agency.

3 If any cost-of-living adjustment is not a multiple of \$25,
4 that adjustment shall be rounded to the next lowest multiple of
5 \$25.

6 (e) Cross reference. See Article 3 for the manner of
7 determining base income allocable to this State.

8 (f) Application of Section 250. Section 250 does not apply
9 to the amendments to this Section made by Public Act 90-613.

10 (Source: P.A. 97-507, eff. 8-23-11.)

11 (35 ILCS 5/207) (from Ch. 120, par. 2-207)

12 Sec. 207. Net Losses.

13 (a) If after applying all of the (i) modifications provided
14 for in paragraph (2) of Section 203(b), paragraph (2) of
15 Section 203(c) and paragraph (2) of Section 203(d) and (ii) the
16 allocation and apportionment provisions of Article 3 of this
17 Act and subsection (c) of this Section, the taxpayer's net
18 income results in a loss;

19 (1) for any taxable year ending prior to December 31,
20 1999, such loss shall be allowed as a carryover or
21 carryback deduction in the manner allowed under Section 172
22 of the Internal Revenue Code;

23 (2) for any taxable year ending on or after December
24 31, 1999 and prior to December 31, 2003, such loss shall be
25 allowed as a carryback to each of the 2 taxable years

1 preceding the taxable year of such loss and shall be a net
2 operating loss carryover to each of the 20 taxable years
3 following the taxable year of such loss; and

4 (3) for any taxable year ending on or after December
5 31, 2003, such loss shall be allowed as a net operating
6 loss carryover to each of the 12 taxable years following
7 the taxable year of such loss, ~~except as provided in~~
8 ~~subsection (d).~~

9 (a-5) Election to relinquish carryback and order of
10 application of losses.

11 (A) For losses incurred in tax years ending prior
12 to December 31, 2003, the taxpayer may elect to
13 relinquish the entire carryback period with respect to
14 such loss. Such election shall be made in the form and
15 manner prescribed by the Department and shall be made
16 by the due date (including extensions of time) for
17 filing the taxpayer's return for the taxable year in
18 which such loss is incurred, and such election, once
19 made, shall be irrevocable.

20 (B) The entire amount of such loss shall be carried
21 to the earliest taxable year to which such loss may be
22 carried. The amount of such loss which shall be carried
23 to each of the other taxable years shall be the excess,
24 if any, of the amount of such loss over the sum of the
25 deductions for carryback or carryover of such loss
26 allowable for each of the prior taxable years to which

1 such loss may be carried.

2 (b) Any loss determined under subsection (a) of this
3 Section must be carried back or carried forward in the same
4 manner for purposes of subsections (a) and (b) of Section 201
5 of this Act as for purposes of subsections (c) and (d) of
6 Section 201 of this Act.

7 (c) Notwithstanding any other provision of this Act, for
8 each taxable year ending on or after December 31, 2008, for
9 purposes of computing the loss for the taxable year under
10 subsection (a) of this Section and the deduction taken into
11 account for the taxable year for a net operating loss carryover
12 under paragraphs (1), (2), and (3) of subsection (a) of this
13 Section, the loss and net operating loss carryover shall be
14 reduced in an amount equal to the reduction to the net
15 operating loss and net operating loss carryover to the taxable
16 year, respectively, required under Section 108(b)(2)(A) of the
17 Internal Revenue Code, multiplied by a fraction, the numerator
18 of which is the amount of discharge of indebtedness income that
19 is excluded from gross income for the taxable year (but only if
20 the taxable year ends on or after December 31, 2008) under
21 Section 108(a) of the Internal Revenue Code and that would have
22 been allocated and apportioned to this State under Article 3 of
23 this Act but for that exclusion, and the denominator of which
24 is the total amount of discharge of indebtedness income
25 excluded from gross income under Section 108(a) of the Internal
26 Revenue Code for the taxable year. The reduction required under

1 this subsection (c) shall be made after the determination of
2 Illinois net income for the taxable year in which the
3 indebtedness is discharged.

4 (d) (Blank). ~~In the case of a corporation (other than a~~
5 ~~Subchapter S corporation), no carryover deduction shall be~~
6 ~~allowed under this Section for any taxable year ending after~~
7 ~~December 31, 2010 and prior to December 31, 2014; provided~~
8 ~~that, for purposes of determining the taxable years to which a~~
9 ~~net loss may be carried under subsection (a) of this Section,~~
10 ~~no taxable year for which a deduction is disallowed under this~~
11 ~~subsection shall be counted.~~

12 (e) In the case of a residual interest holder in a real
13 estate mortgage investment conduit subject to Section 860E of
14 the Internal Revenue Code, the net loss in subsection (a) shall
15 be equal to:

16 (1) the amount computed under subsection (a), without
17 regard to this subsection (e), or if that amount is
18 positive, zero;

19 (2) minus an amount equal to the amount computed under
20 subsection (a), without regard to this subsection (e),
21 minus the amount that would be computed under subsection
22 (a) if the taxpayer's federal taxable income were computed
23 without regard to Section 860E of the Internal Revenue Code
24 and without regard to this subsection (e).

25 The modification in this subsection (e) is exempt from the
26 provisions of Section 250.

1 (Source: P.A. 96-1496, eff. 1-13-11; 97-507, eff. 8-23-11.)

2 (35 ILCS 5/212)

3 Sec. 212. Earned income tax credit.

4 (a) With respect to the federal earned income tax credit
5 allowed for the taxable year under Section 32 of the federal
6 Internal Revenue Code, 26 U.S.C. 32, each individual taxpayer
7 is entitled to a credit against the tax imposed by subsections
8 (a) and (b) of Section 201 in an amount equal to 5% of the
9 federal tax credit for each taxable year beginning on or after
10 January 1, 2000 and ending prior to December 31, 2012; (ii) 10%
11 of the federal tax credit for each taxable year beginning on or
12 after January 1, 2012 and ending prior to December 31, 2013;
13 and (iii) 15% of the federal tax credit for each taxable year
14 beginning on or after January 1, 2013.

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

18 (b) For taxable years beginning before January 1, 2003, in
19 no event shall a credit under this Section reduce the
20 taxpayer's liability to less than zero. For each taxable year
21 beginning on or after January 1, 2003, if the amount of the
22 credit exceeds the income tax liability for the applicable tax
23 year, then the excess credit shall be refunded to the taxpayer.
24 The amount of a refund shall not be included in the taxpayer's
25 income or resources for the purposes of determining eligibility

1 or benefit level in any means-tested benefit program
2 administered by a governmental entity unless required by
3 federal law.

4 (c) This Section is exempt from the provisions of Section
5 250.

6 (Source: P.A. 95-333, eff. 8-21-07.)

7 (35 ILCS 5/304) (from Ch. 120, par. 3-304)

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

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

1 compute their apportionment factor by weighting their
2 property, payroll, and sales factors as provided in subsection
3 (h) of this Section.

4 (1) Property factor.

5 (A) The property factor is a fraction, the numerator of
6 which is the average value of the person's real and
7 tangible personal property owned or rented and used in the
8 trade or business in this State during the taxable year and
9 the denominator of which is the average value of all the
10 person's real and tangible personal property owned or
11 rented and used in the trade or business during the taxable
12 year.

13 (B) Property owned by the person is valued at its
14 original cost. Property rented by the person is valued at 8
15 times the net annual rental rate. Net annual rental rate is
16 the annual rental rate paid by the person less any annual
17 rental rate received by the person from sub-rentals.

18 (C) The average value of property shall be determined
19 by averaging the values at the beginning and ending of the
20 taxable year but the Director may require the averaging of
21 monthly values during the taxable year if reasonably
22 required to reflect properly the average value of the
23 person's property.

24 (2) Payroll factor.

25 (A) The payroll factor is a fraction, the numerator of
26 which is the total amount paid in this State during the

1 taxable year by the person for compensation, and the
2 denominator of which is the total compensation paid
3 everywhere during the taxable year.

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

5 (i) The individual's service is performed entirely
6 within this State;

7 (ii) The individual's service is performed both
8 within and without this State, but the service
9 performed without this State is incidental to the
10 individual's service performed within this State; or

11 (iii) Some of the service is performed within this
12 State and either the base of operations, or if there is
13 no base of operations, the place from which the service
14 is directed or controlled is within this State, or the
15 base of operations or the place from which the service
16 is directed or controlled is not in any state in which
17 some part of the service is performed, but the
18 individual's residence is in this State.

19 (iv) Compensation paid to nonresident professional
20 athletes.

21 (a) General. The Illinois source income of a
22 nonresident individual who is a member of a
23 professional athletic team includes the portion of the
24 individual's total compensation for services performed
25 as a member of a professional athletic team during the
26 taxable year which the number of duty days spent within

1 this State performing services for the team in any
2 manner during the taxable year bears to the total
3 number of duty days spent both within and without this
4 State during the taxable year.

5 (b) Travel days. Travel days that do not involve
6 either a game, practice, team meeting, or other similar
7 team event are not considered duty days spent in this
8 State. However, such travel days are considered in the
9 total duty days spent both within and without this
10 State.

11 (c) Definitions. For purposes of this subpart
12 (iv):

13 (1) The term "professional athletic team"
14 includes, but is not limited to, any professional
15 baseball, basketball, football, soccer, or hockey
16 team.

17 (2) The term "member of a professional
18 athletic team" includes those employees who are
19 active players, players on the disabled list, and
20 any other persons required to travel and who travel
21 with and perform services on behalf of a
22 professional athletic team on a regular basis.
23 This includes, but is not limited to, coaches,
24 managers, and trainers.

25 (3) Except as provided in items (C) and (D) of
26 this subpart (3), the term "duty days" means all

1 days during the taxable year from the beginning of
2 the professional athletic team's official
3 pre-season training period through the last game
4 in which the team competes or is scheduled to
5 compete. Duty days shall be counted for the year in
6 which they occur, including where a team's
7 official pre-season training period through the
8 last game in which the team competes or is
9 scheduled to compete, occurs during more than one
10 tax year.

11 (A) Duty days shall also include days on
12 which a member of a professional athletic team
13 performs service for a team on a date that does
14 not fall within the foregoing period (e.g.,
15 participation in instructional leagues, the
16 "All Star Game", or promotional "caravans").
17 Performing a service for a professional
18 athletic team includes conducting training and
19 rehabilitation activities, when such
20 activities are conducted at team facilities.

21 (B) Also included in duty days are game
22 days, practice days, days spent at team
23 meetings, promotional caravans, preseason
24 training camps, and days served with the team
25 through all post-season games in which the team
26 competes or is scheduled to compete.

1 (C) Duty days for any person who joins a
2 team during the period from the beginning of
3 the professional athletic team's official
4 pre-season training period through the last
5 game in which the team competes, or is
6 scheduled to compete, shall begin on the day
7 that person joins the team. Conversely, duty
8 days for any person who leaves a team during
9 this period shall end on the day that person
10 leaves the team. Where a person switches teams
11 during a taxable year, a separate duty-day
12 calculation shall be made for the period the
13 person was with each team.

14 (D) Days for which a member of a
15 professional athletic team is not compensated
16 and is not performing services for the team in
17 any manner, including days when such member of
18 a professional athletic team has been
19 suspended without pay and prohibited from
20 performing any services for the team, shall not
21 be treated as duty days.

22 (E) Days for which a member of a
23 professional athletic team is on the disabled
24 list and does not conduct rehabilitation
25 activities at facilities of the team, and is
26 not otherwise performing services for the team

1 in Illinois, shall not be considered duty days
2 spent in this State. All days on the disabled
3 list, however, are considered to be included in
4 total duty days spent both within and without
5 this State.

6 (4) The term "total compensation for services
7 performed as a member of a professional athletic
8 team" means the total compensation received during
9 the taxable year for services performed:

10 (A) from the beginning of the official
11 pre-season training period through the last
12 game in which the team competes or is scheduled
13 to compete during that taxable year; and

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

18 This compensation shall include, but is not
19 limited to, salaries, wages, bonuses as described
20 in this subpart, and any other type of compensation
21 paid during the taxable year to a member of a
22 professional athletic team for services performed
23 in that year. This compensation does not include
24 strike benefits, severance pay, termination pay,
25 contract or option year buy-out payments,
26 expansion or relocation payments, or any other

1 payments not related to services performed for the
2 team.

3 For purposes of this subparagraph, "bonuses"
4 included in "total compensation for services
5 performed as a member of a professional athletic
6 team" subject to the allocation described in
7 Section 302(c)(1) are: bonuses earned as a result
8 of play (i.e., performance bonuses) during the
9 season, including bonuses paid for championship,
10 playoff or "bowl" games played by a team, or for
11 selection to all-star league or other honorary
12 positions; and bonuses paid for signing a
13 contract, unless the payment of the signing bonus
14 is not conditional upon the signee playing any
15 games for the team or performing any subsequent
16 services for the team or even making the team, the
17 signing bonus is payable separately from the
18 salary and any other compensation, and the signing
19 bonus is nonrefundable.

20 (3) Sales factor.

21 (A) The sales factor is a fraction, the numerator of
22 which is the total sales of the person in this State during
23 the taxable year, and the denominator of which is the total
24 sales of the person everywhere during the taxable year.

25 (B) Sales of tangible personal property are in this
26 State if:

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

5 (ii) The property is shipped from an office, store,
6 warehouse, factory or other place of storage in this
7 State and either the purchaser is the United States
8 government or the person is not taxable in the state of
9 the purchaser; provided, however, that premises owned
10 or leased by a person who has independently contracted
11 with the seller for the printing of newspapers,
12 periodicals or books shall not be deemed to be an
13 office, store, warehouse, factory or other place of
14 storage for purposes of this Section. Sales of tangible
15 personal property are not in this State if the seller
16 and purchaser would be members of the same unitary
17 business group but for the fact that either the seller
18 or purchaser is a person with 80% or more of total
19 business activity outside of the United States and the
20 property is purchased for resale.

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

23 (i) Gross receipts from the licensing, sale, or
24 other disposition of a patent, copyright, trademark,
25 or similar item of intangible personal property, other
26 than gross receipts governed by paragraph (B-7) of this

1 item (3), are in this State to the extent the item is
2 utilized in this State during the year the gross
3 receipts are included in gross income.

4 (ii) Place of utilization.

5 (I) A patent is utilized in a state to the
6 extent that it is employed in production,
7 fabrication, manufacturing, or other processing in
8 the state or to the extent that a patented product
9 is produced in the state. If a patent is utilized
10 in more than one state, the extent to which it is
11 utilized in any one state shall be a fraction equal
12 to the gross receipts of the licensee or purchaser
13 from sales or leases of items produced,
14 fabricated, manufactured, or processed within that
15 state using the patent and of patented items
16 produced within that state, divided by the total of
17 such gross receipts for all states in which the
18 patent is utilized.

19 (II) A copyright is utilized in a state to the
20 extent that printing or other publication
21 originates in the state. If a copyright is utilized
22 in more than one state, the extent to which it is
23 utilized in any one state shall be a fraction equal
24 to the gross receipts from sales or licenses of
25 materials printed or published in that state
26 divided by the total of such gross receipts for all

1 states in which the copyright is utilized.

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

6 (iii) If the state of utilization of an item of
7 property governed by this paragraph (B-1) cannot be
8 determined from the taxpayer's books and records or
9 from the books and records of any person related to the
10 taxpayer within the meaning of Section 267(b) of the
11 Internal Revenue Code, 26 U.S.C. 267, the gross
12 receipts attributable to that item shall be excluded
13 from both the numerator and the denominator of the
14 sales factor.

15 (B-2) Gross receipts from the license, sale, or other
16 disposition of patents, copyrights, trademarks, and
17 similar items of intangible personal property, other than
18 gross receipts governed by paragraph (B-7) of this item
19 (3), may be included in the numerator or denominator of the
20 sales factor only if gross receipts from licenses, sales,
21 or other disposition of such items comprise more than 50%
22 of the taxpayer's total gross receipts included in gross
23 income during the tax year and during each of the 2
24 immediately preceding tax years; provided that, when a
25 taxpayer is a member of a unitary business group, such
26 determination shall be made on the basis of the gross

1 receipts of the entire unitary business group.

2 (B-5) For taxable years ending on or after December 31,
3 2008, except as provided in subsections (ii) through (vii),
4 receipts from the sale of telecommunications service or
5 mobile telecommunications service are in this State if the
6 customer's service address is in this State.

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

9 "Ancillary services" means services that are
10 associated with or incidental to the provision of
11 "telecommunications services", including but not
12 limited to "detailed telecommunications billing",
13 "directory assistance", "vertical service", and "voice
14 mail services".

15 "Air-to-Ground Radiotelephone service" means a
16 radio service, as that term is defined in 47 CFR 22.99,
17 in which common carriers are authorized to offer and
18 provide radio telecommunications service for hire to
19 subscribers in aircraft.

20 "Call-by-call Basis" means any method of charging
21 for telecommunications services where the price is
22 measured by individual calls.

23 "Communications Channel" means a physical or
24 virtual path of communications over which signals are
25 transmitted between or among customer channel
26 termination points.

1 "Conference bridging service" means an "ancillary
2 service" that links two or more participants of an
3 audio or video conference call and may include the
4 provision of a telephone number. "Conference bridging
5 service" does not include the "telecommunications
6 services" used to reach the conference bridge.

7 "Customer Channel Termination Point" means the
8 location where the customer either inputs or receives
9 the communications.

10 "Detailed telecommunications billing service"
11 means an "ancillary service" of separately stating
12 information pertaining to individual calls on a
13 customer's billing statement.

14 "Directory assistance" means an "ancillary
15 service" of providing telephone number information,
16 and/or address information.

17 "Home service provider" means the facilities based
18 carrier or reseller with which the customer contracts
19 for the provision of mobile telecommunications
20 services.

21 "Mobile telecommunications service" means
22 commercial mobile radio service, as defined in Section
23 20.3 of Title 47 of the Code of Federal Regulations as
24 in effect on June 1, 1999.

25 "Place of primary use" means the street address
26 representative of where the customer's use of the

1 telecommunications service primarily occurs, which
2 must be the residential street address or the primary
3 business street address of the customer. In the case of
4 mobile telecommunications services, "place of primary
5 use" must be within the licensed service area of the
6 home service provider.

7 "Post-paid telecommunication service" means the
8 telecommunications service obtained by making a
9 payment on a call-by-call basis either through the use
10 of a credit card or payment mechanism such as a bank
11 card, travel card, credit card, or debit card, or by
12 charge made to a telephone number which is not
13 associated with the origination or termination of the
14 telecommunications service. A post-paid calling
15 service includes telecommunications service, except a
16 prepaid wireless calling service, that would be a
17 prepaid calling service except it is not exclusively a
18 telecommunication service.

19 "Prepaid telecommunication service" means the
20 right to access exclusively telecommunications
21 services, which must be paid for in advance and which
22 enables the origination of calls using an access number
23 or authorization code, whether manually or
24 electronically dialed, and that is sold in
25 predetermined units or dollars of which the number
26 declines with use in a known amount.

1 "Prepaid Mobile telecommunication service" means a
2 telecommunications service that provides the right to
3 utilize mobile wireless service as well as other
4 non-telecommunication services, including but not
5 limited to ancillary services, which must be paid for
6 in advance that is sold in predetermined units or
7 dollars of which the number declines with use in a
8 known amount.

9 "Private communication service" means a
10 telecommunication service that entitles the customer
11 to exclusive or priority use of a communications
12 channel or group of channels between or among
13 termination points, regardless of the manner in which
14 such channel or channels are connected, and includes
15 switching capacity, extension lines, stations, and any
16 other associated services that are provided in
17 connection with the use of such channel or channels.

18 "Service address" means:

19 (a) The location of the telecommunications
20 equipment to which a customer's call is charged and
21 from which the call originates or terminates,
22 regardless of where the call is billed or paid;

23 (b) If the location in line (a) is not known,
24 service address means the origination point of the
25 signal of the telecommunications services first
26 identified by either the seller's

1 telecommunications system or in information
2 received by the seller from its service provider
3 where the system used to transport such signals is
4 not that of the seller; and

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

8 "Telecommunications service" means the electronic
9 transmission, conveyance, or routing of voice, data,
10 audio, video, or any other information or signals to a
11 point, or between or among points. The term
12 "telecommunications service" includes such
13 transmission, conveyance, or routing in which computer
14 processing applications are used to act on the form,
15 code or protocol of the content for purposes of
16 transmission, conveyance or routing without regard to
17 whether such service is referred to as voice over
18 Internet protocol services or is classified by the
19 Federal Communications Commission as enhanced or value
20 added. "Telecommunications service" does not include:

21 (a) Data processing and information services
22 that allow data to be generated, acquired, stored,
23 processed, or retrieved and delivered by an
24 electronic transmission to a purchaser when such
25 purchaser's primary purpose for the underlying
26 transaction is the processed data or information;

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

3 (c) Tangible personal property;

4 (d) Advertising, including but not limited to
5 directory advertising.

6 (e) Billing and collection services provided
7 to third parties;

8 (f) Internet access service;

9 (g) Radio and television audio and video
10 programming services, regardless of the medium,
11 including the furnishing of transmission,
12 conveyance and routing of such services by the
13 programming service provider. Radio and television
14 audio and video programming services shall include
15 but not be limited to cable service as defined in
16 47 USC 522(6) and audio and video programming
17 services delivered by commercial mobile radio
18 service providers, as defined in 47 CFR 20.3;

19 (h) "Ancillary services"; or

20 (i) Digital products "delivered
21 electronically", including but not limited to
22 software, music, video, reading materials or ring
23 tones.

24 "Vertical service" means an "ancillary service"
25 that is offered in connection with one or more
26 "telecommunications services", which offers advanced

1 calling features that allow customers to identify
2 callers and to manage multiple calls and call
3 connections, including "conference bridging services".

4 "Voice mail service" means an "ancillary service"
5 that enables the customer to store, send or receive
6 recorded messages. "Voice mail service" does not
7 include any "vertical services" that the customer may
8 be required to have in order to utilize the "voice mail
9 service".

10 (ii) Receipts from the sale of telecommunications
11 service sold on an individual call-by-call basis are in
12 this State if either of the following applies:

13 (a) The call both originates and terminates in
14 this State.

15 (b) The call either originates or terminates
16 in this State and the service address is located in
17 this State.

18 (iii) Receipts from the sale of postpaid
19 telecommunications service at retail are in this State
20 if the origination point of the telecommunication
21 signal, as first identified by the service provider's
22 telecommunication system or as identified by
23 information received by the seller from its service
24 provider if the system used to transport
25 telecommunication signals is not the seller's, is
26 located in this State.

1 (iv) Receipts from the sale of prepaid
2 telecommunications service or prepaid mobile
3 telecommunications service at retail are in this State
4 if the purchaser obtains the prepaid card or similar
5 means of conveyance at a location in this State.
6 Receipts from recharging a prepaid telecommunications
7 service or mobile telecommunications service is in
8 this State if the purchaser's billing information
9 indicates a location in this State.

10 (v) Receipts from the sale of private
11 communication services are in this State as follows:

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

14 (b) 100% of receipts from charges for the total
15 channel mileage between each channel termination
16 point in this State.

17 (c) 50% of the total receipts from charges for
18 service segments when those segments are between 2
19 customer channel termination points, 1 of which is
20 located in this State and the other is located
21 outside of this State, which segments are
22 separately charged.

23 (d) The receipts from charges for service
24 segments with a channel termination point located
25 in this State and in two or more other states, and
26 which segments are not separately billed, are in

1 this State based on a percentage determined by
2 dividing the number of customer channel
3 termination points in this State by the total
4 number of customer channel termination points.

5 (vi) Receipts from charges for ancillary services
6 for telecommunications service sold to customers at
7 retail are in this State if the customer's primary
8 place of use of telecommunications services associated
9 with those ancillary services is in this State. If the
10 seller of those ancillary services cannot determine
11 where the associated telecommunications are located,
12 then the ancillary services shall be based on the
13 location of the purchaser.

14 (vii) Receipts to access a carrier's network or
15 from the sale of telecommunication services or
16 ancillary services for resale are in this State as
17 follows:

18 (a) 100% of the receipts from access fees
19 attributable to intrastate telecommunications
20 service that both originates and terminates in
21 this State.

22 (b) 50% of the receipts from access fees
23 attributable to interstate telecommunications
24 service if the interstate call either originates
25 or terminates in this State.

26 (c) 100% of the receipts from interstate end

1 user access line charges, if the customer's
2 service address is in this State. As used in this
3 subdivision, "interstate end user access line
4 charges" includes, but is not limited to, the
5 surcharge approved by the federal communications
6 commission and levied pursuant to 47 CFR 69.

7 (d) Gross receipts from sales of
8 telecommunication services or from ancillary
9 services for telecommunications services sold to
10 other telecommunication service providers for
11 resale shall be sourced to this State using the
12 apportionment concepts used for non-resale
13 receipts of telecommunications services if the
14 information is readily available to make that
15 determination. If the information is not readily
16 available, then the taxpayer may use any other
17 reasonable and consistent method.

18 (B-7) For taxable years ending on or after December 31,
19 2008, receipts from the sale of broadcasting services are
20 in this State if the broadcasting services are received in
21 this State. For purposes of this paragraph (B-7), the
22 following terms have the following meanings:

23 "Advertising revenue" means consideration received
24 by the taxpayer in exchange for broadcasting services
25 or allowing the broadcasting of commercials or
26 announcements in connection with the broadcasting of

1 film or radio programming, from sponsorships of the
2 programming, or from product placements in the
3 programming.

4 "Audience factor" means the ratio that the
5 audience or subscribers located in this State of a
6 station, a network, or a cable system bears to the
7 total audience or total subscribers for that station,
8 network, or cable system. The audience factor for film
9 or radio programming shall be determined by reference
10 to the books and records of the taxpayer or by
11 reference to published rating statistics provided the
12 method used by the taxpayer is consistently used from
13 year to year for this purpose and fairly represents the
14 taxpayer's activity in this State.

15 "Broadcast" or "broadcasting" or "broadcasting
16 services" means the transmission or provision of film
17 or radio programming, whether through the public
18 airwaves, by cable, by direct or indirect satellite
19 transmission, or by any other means of communication,
20 either through a station, a network, or a cable system.

21 "Film" or "film programming" means the broadcast
22 on television of any and all performances, events, or
23 productions, including but not limited to news,
24 sporting events, plays, stories, or other literary,
25 commercial, educational, or artistic works, either
26 live or through the use of video tape, disc, or any

1 other type of format or medium. Each episode of a
2 series of films produced for television shall
3 constitute separate "film" notwithstanding that the
4 series relates to the same principal subject and is
5 produced during one or more tax periods.

6 "Radio" or "radio programming" means the broadcast
7 on radio of any and all performances, events, or
8 productions, including but not limited to news,
9 sporting events, plays, stories, or other literary,
10 commercial, educational, or artistic works, either
11 live or through the use of an audio tape, disc, or any
12 other format or medium. Each episode in a series of
13 radio programming produced for radio broadcast shall
14 constitute a separate "radio programming"
15 notwithstanding that the series relates to the same
16 principal subject and is produced during one or more
17 tax periods.

18 (i) In the case of advertising revenue from
19 broadcasting, the customer is the advertiser and
20 the service is received in this State if the
21 commercial domicile of the advertiser is in this
22 State.

23 (ii) In the case where film or radio
24 programming is broadcast by a station, a network,
25 or a cable system for a fee or other remuneration
26 received from the recipient of the broadcast, the

1 portion of the service that is received in this
2 State is measured by the portion of the recipients
3 of the broadcast located in this State.
4 Accordingly, the fee or other remuneration for
5 such service that is included in the Illinois
6 numerator of the sales factor is the total of those
7 fees or other remuneration received from
8 recipients in Illinois. For purposes of this
9 paragraph, a taxpayer may determine the location
10 of the recipients of its broadcast using the
11 address of the recipient shown in its contracts
12 with the recipient or using the billing address of
13 the recipient in the taxpayer's records.

14 (iii) In the case where film or radio
15 programming is broadcast by a station, a network,
16 or a cable system for a fee or other remuneration
17 from the person providing the programming, the
18 portion of the broadcast service that is received
19 by such station, network, or cable system in this
20 State is measured by the portion of recipients of
21 the broadcast located in this State. Accordingly,
22 the amount of revenue related to such an
23 arrangement that is included in the Illinois
24 numerator of the sales factor is the total fee or
25 other total remuneration from the person providing
26 the programming related to that broadcast

1 multiplied by the Illinois audience factor for
2 that broadcast.

3 (iv) In the case where film or radio
4 programming is provided by a taxpayer that is a
5 network or station to a customer for broadcast in
6 exchange for a fee or other remuneration from that
7 customer the broadcasting service is received at
8 the location of the office of the customer from
9 which the services were ordered in the regular
10 course of the customer's trade or business.
11 Accordingly, in such a case the revenue derived by
12 the taxpayer that is included in the taxpayer's
13 Illinois numerator of the sales factor is the
14 revenue from such customers who receive the
15 broadcasting service in Illinois.

16 (v) In the case where film or radio programming
17 is provided by a taxpayer that is not a network or
18 station to another person for broadcasting in
19 exchange for a fee or other remuneration from that
20 person, the broadcasting service is received at
21 the location of the office of the customer from
22 which the services were ordered in the regular
23 course of the customer's trade or business.
24 Accordingly, in such a case the revenue derived by
25 the taxpayer that is included in the taxpayer's
26 Illinois numerator of the sales factor is the

1 revenue from such customers who receive the
2 broadcasting service in Illinois.

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

6 (i) The income-producing activity is performed in
7 this State; or

8 (ii) The income-producing activity is performed
9 both within and without this State and a greater
10 proportion of the income-producing activity is
11 performed within this State than without this State,
12 based on performance costs.

13 (C-5) For taxable years ending on or after December 31,
14 2008, sales, other than sales governed by paragraphs (B),
15 (B-1), (B-2), (B-5), and (B-7), are in this State if any of
16 the following criteria are met:

17 (i) Sales from the sale or lease of real property
18 are in this State if the property is located in this
19 State.

20 (ii) Sales from the lease or rental of tangible
21 personal property are in this State if the property is
22 located in this State during the rental period. Sales
23 from the lease or rental of tangible personal property
24 that is characteristically moving property, including,
25 but not limited to, motor vehicles, rolling stock,
26 aircraft, vessels, or mobile equipment are in this

1 State to the extent that the property is used in this
2 State.

3 (iii) In the case of interest, net gains (but not
4 less than zero) and other items of income from
5 intangible personal property, the sale is in this State
6 if:

7 (a) in the case of a taxpayer who is a dealer
8 in the item of intangible personal property within
9 the meaning of Section 475 of the Internal Revenue
10 Code, the income or gain is received from a
11 customer in this State. For purposes of this
12 subparagraph, a customer is in this State if the
13 customer is an individual, trust or estate who is a
14 resident of this State and, for all other
15 customers, if the customer's commercial domicile
16 is in this State. Unless the dealer has actual
17 knowledge of the residence or commercial domicile
18 of a customer during a taxable year, the customer
19 shall be deemed to be a customer in this State if
20 the billing address of the customer, as shown in
21 the records of the dealer, is in this State; or

22 (b) in all other cases, if the
23 income-producing activity of the taxpayer is
24 performed in this State or, if the
25 income-producing activity of the taxpayer is
26 performed both within and without this State, if a

1 greater proportion of the income-producing
2 activity of the taxpayer is performed within this
3 State than in any other state, based on performance
4 costs.

5 (iv) Sales of services are in this State if the
6 services are received in this State. For the purposes
7 of this section, gross receipts from the performance of
8 services provided to a corporation, partnership, or
9 trust may only be attributed to a state where that
10 corporation, partnership, or trust has a fixed place of
11 business. If the state where the services are received
12 is not readily determinable or is a state where the
13 corporation, partnership, or trust receiving the
14 service does not have a fixed place of business, the
15 services shall be deemed to be received at the location
16 of the office of the customer from which the services
17 were ordered in the regular course of the customer's
18 trade or business. If the ordering office cannot be
19 determined, the services shall be deemed to be received
20 at the office of the customer to which the services are
21 billed. If the taxpayer is not taxable in the state in
22 which the services are received, the sale must be
23 excluded from both the numerator and the denominator of
24 the sales factor. The Department shall adopt rules
25 prescribing where specific types of service are
26 received, including, but not limited to, publishing,

1 and utility service.

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

11 (E) Paragraphs (B-1) and (B-2) shall apply to tax years
12 ending on or after December 31, 1999, provided that a
13 taxpayer may elect to apply the provisions of these
14 paragraphs to prior tax years. Such election shall be made
15 in the form and manner prescribed by the Department, shall
16 be irrevocable, and shall apply to all tax years; provided
17 that, if a taxpayer's Illinois income tax liability for any
18 tax year, as assessed under Section 903 prior to January 1,
19 1999, was computed in a manner contrary to the provisions
20 of paragraphs (B-1) or (B-2), no refund shall be payable to
21 the taxpayer for that tax year to the extent such refund is
22 the result of applying the provisions of paragraph (B-1) or
23 (B-2) retroactively. In the case of a unitary business
24 group, such election shall apply to all members of such
25 group for every tax year such group is in existence, but
26 shall not apply to any taxpayer for any period during which

1 that taxpayer is not a member of such group.

2 (b) Insurance companies.

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

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

1 (iii) direct premiums written for insurance upon property
2 or risk everywhere, plus (iv) premiums written for
3 reinsurance accepted in respect of property or risk
4 everywhere. For purposes of this paragraph, premiums
5 written for reinsurance accepted in respect of property or
6 risk in this State, whether or not otherwise determinable,
7 may, at the election of the company, be determined on the
8 basis of the proportion which premiums written for
9 reinsurance accepted from companies commercially domiciled
10 in Illinois bears to premiums written for reinsurance
11 accepted from all sources, or, alternatively, in the
12 proportion which the sum of the direct premiums written for
13 insurance upon property or risk in this State by each
14 ceding company from which reinsurance is accepted bears to
15 the sum of the total direct premiums written by each such
16 ceding company for the taxable year. The election made by a
17 company under this paragraph for its first taxable year
18 ending on or after December 31, 2011, shall be binding for
19 that company for that taxable year and for all subsequent
20 taxable years, and may be altered only with the written
21 permission of the Department, which shall not be
22 unreasonably withheld.

23 (c) Financial organizations.

24 (1) In general. For taxable years ending before
25 December 31, 2008, business income of a financial
26 organization shall be apportioned to this State by

1 multiplying such income by a fraction, the numerator of
2 which is its business income from sources within this
3 State, and the denominator of which is its business income
4 from all sources. For the purposes of this subsection, the
5 business income of a financial organization from sources
6 within this State is the sum of the amounts referred to in
7 subparagraphs (A) through (E) following, but excluding the
8 adjusted income of an international banking facility as
9 determined in paragraph (2):

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

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

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

16 (D) Interest charged to customers at places of
17 business maintained within this State for carrying
18 debit balances of margin accounts, without deduction
19 of any costs incurred in carrying such accounts; and

20 (E) Any other gross income resulting from the
21 operation as a financial organization within this
22 State. In computing the amounts referred to in
23 paragraphs (A) through (E) of this subsection, any
24 amount received by a member of an affiliated group
25 (determined under Section 1504(a) of the Internal
26 Revenue Code but without reference to whether any such

1 corporation is an "includible corporation" under
2 Section 1504(b) of the Internal Revenue Code) from
3 another member of such group shall be included only to
4 the extent such amount exceeds expenses of the
5 recipient directly related thereto.

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

8 (A) Adjusted Income. The adjusted income of an
9 international banking facility is its income reduced
10 by the amount of the floor amount.

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

15 (i) The numerator shall be:

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

1 other regulatory authorities, for the year 1980,
2 minus

3 The average aggregate, determined on a
4 quarterly basis, of such loans (other than loans of
5 an international banking facility), as reported by
6 the financial institution for its branches,
7 agencies and offices within the state, on the
8 corresponding Schedule and lines of the
9 Consolidated Report of Condition for the current
10 taxable year, provided, however, that in no case
11 shall the amount determined in this clause (the
12 subtrahend) exceed the amount determined in the
13 preceding clause (the minuend); and

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

22 (C) Change to Consolidated Report of Condition and
23 in Qualification. In the event the Consolidated Report
24 of Condition which is filed with the Federal Deposit
25 Insurance Corporation and other regulatory authorities
26 is altered so that the information required for

1 determining the floor amount is not found on Schedule
2 A, lines 2.c., 5.b. and 7.a., the financial institution
3 shall notify the Department and the Department may, by
4 regulations or otherwise, prescribe or authorize the
5 use of an alternative source for such information. The
6 financial institution shall also notify the Department
7 should its international banking facility fail to
8 qualify as such, in whole or in part, or should there
9 be any amendment or change to the Consolidated Report
10 of Condition, as originally filed, to the extent such
11 amendment or change alters the information used in
12 determining the floor amount.

13 (3) For taxable years ending on or after December 31,
14 2008, the business income of a financial organization shall
15 be apportioned to this State by multiplying such income by
16 a fraction, the numerator of which is its gross receipts
17 from sources in this State or otherwise attributable to
18 this State's marketplace and the denominator of which is
19 its gross receipts everywhere during the taxable year.
20 "Gross receipts" for purposes of this subparagraph (3)
21 means gross income, including net taxable gain on
22 disposition of assets, including securities and money
23 market instruments, when derived from transactions and
24 activities in the regular course of the financial
25 organization's trade or business. The following examples
26 are illustrative:

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

10 (ii) Interest income, commissions, fees, gains on
11 disposition, and other receipts from assets in the
12 nature of loans that are secured primarily by real
13 estate or tangible personal property are from sources
14 in this State if the security is located in this State.

15 (iii) Interest income, commissions, fees, gains on
16 disposition, and other receipts from consumer loans
17 that are not secured by real or tangible personal
18 property are from sources in this State if the debtor
19 is a resident of this State.

20 (iv) Interest income, commissions, fees, gains on
21 disposition, and other receipts from commercial loans
22 and installment obligations that are not secured by
23 real or tangible personal property are from sources in
24 this State if the proceeds of the loan are to be
25 applied in this State. If it cannot be determined where
26 the funds are to be applied, the income and receipts

1 are from sources in this State if the office of the
2 borrower from which the loan was negotiated in the
3 regular course of business is located in this State. If
4 the location of this office cannot be determined, the
5 income and receipts shall be excluded from the
6 numerator and denominator of the sales factor.

7 (v) Interest income, fees, gains on disposition,
8 service charges, merchant discount income, and other
9 receipts from credit card receivables are from sources
10 in this State if the card charges are regularly billed
11 to a customer in this State.

12 (vi) Receipts from the performance of services,
13 including, but not limited to, fiduciary, advisory,
14 and brokerage services, are in this State if the
15 services are received in this State within the meaning
16 of subparagraph (a) (3) (C-5) (iv) of this Section.

17 (vii) Receipts from the issuance of travelers
18 checks and money orders are from sources in this State
19 if the checks and money orders are issued from a
20 location within this State.

21 (viii) Receipts from investment assets and
22 activities and trading assets and activities are
23 included in the receipts factor as follows:

24 (1) Interest, dividends, net gains (but not
25 less than zero) and other income from investment
26 assets and activities from trading assets and

1 activities shall be included in the receipts
2 factor. Investment assets and activities and
3 trading assets and activities include but are not
4 limited to: investment securities; trading account
5 assets; federal funds; securities purchased and
6 sold under agreements to resell or repurchase;
7 options; futures contracts; forward contracts;
8 notional principal contracts such as swaps;
9 equities; and foreign currency transactions. With
10 respect to the investment and trading assets and
11 activities described in subparagraphs (A) and (B)
12 of this paragraph, the receipts factor shall
13 include the amounts described in such
14 subparagraphs.

15 (A) The receipts factor shall include the
16 amount by which interest from federal funds
17 sold and securities purchased under resale
18 agreements exceeds interest expense on federal
19 funds purchased and securities sold under
20 repurchase agreements.

21 (B) The receipts factor shall include the
22 amount by which interest, dividends, gains and
23 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, exceed amounts paid in lieu of
2 interest, amounts paid in lieu of dividends,
3 and losses from such assets and activities.

4 (2) The numerator of the receipts factor
5 includes interest, dividends, net gains (but not
6 less than zero), and other income from investment
7 assets and activities and from trading assets and
8 activities described in paragraph (1) of this
9 subsection that are attributable to this State.

10 (A) The amount of interest, dividends, net
11 gains (but not less than zero), and other
12 income from investment assets and activities
13 in the investment account to be attributed to
14 this State and included in the numerator is
15 determined by multiplying all such income from
16 such assets and activities by a fraction, the
17 numerator of which is the gross income from
18 such assets and activities which are properly
19 assigned to a fixed place of business of the
20 taxpayer within this State and the denominator
21 of which is the gross income from all such
22 assets and activities.

23 (B) The amount of interest from federal
24 funds sold and purchased and from securities
25 purchased under resale agreements and
26 securities sold under repurchase agreements

1 attributable to this State and included in the
2 numerator is determined by multiplying the
3 amount described in subparagraph (A) of
4 paragraph (1) of this subsection from such
5 funds and such securities by a fraction, the
6 numerator of which is the gross income from
7 such funds and such securities which are
8 properly assigned to a fixed place of business
9 of the taxpayer within this State and the
10 denominator of which is the gross income from
11 all such funds and such securities.

12 (C) The amount of interest, dividends,
13 gains, and other income from trading assets and
14 activities, including but not limited to
15 assets and activities in the matched book, in
16 the arbitrage book and foreign currency
17 transactions (but excluding amounts described
18 in subparagraphs (A) or (B) of this paragraph),
19 attributable to this State and included in the
20 numerator is determined by multiplying the
21 amount described in subparagraph (B) of
22 paragraph (1) of this subsection by a fraction,
23 the numerator of which is the gross income from
24 such trading assets and activities which are
25 properly assigned to a fixed place of business
26 of the taxpayer within this State and the

1 denominator of which is the gross income from
2 all such assets and activities.

3 (D) Properly assigned, for purposes of
4 this paragraph (2) of this subsection, means
5 the investment or trading asset or activity is
6 assigned to the fixed place of business with
7 which it has a preponderance of substantive
8 contacts. An investment or trading asset or
9 activity assigned by the taxpayer to a fixed
10 place of business without the State shall be
11 presumed to have been properly assigned if:

12 (i) the taxpayer has assigned, in the
13 regular course of its business, such asset
14 or activity on its records to a fixed place
15 of business consistent with federal or
16 state regulatory requirements;

17 (ii) such assignment on its records is
18 based upon substantive contacts of the
19 asset or activity to such fixed place of
20 business; and

21 (iii) the taxpayer uses such records
22 reflecting assignment of such assets or
23 activities for the filing of all state and
24 local tax returns for which an assignment
25 of such assets or activities to a fixed
26 place of business is required.

1 (E) The presumption of proper assignment
2 of an investment or trading asset or activity
3 provided in subparagraph (D) of paragraph (2)
4 of this subsection may be rebutted upon a
5 showing by the Department, supported by a
6 preponderance of the evidence, that the
7 preponderance of substantive contacts
8 regarding such asset or activity did not occur
9 at the fixed place of business to which it was
10 assigned on the taxpayer's records. If the
11 fixed place of business that has a
12 preponderance of substantive contacts cannot
13 be determined for an investment or trading
14 asset or activity to which the presumption in
15 subparagraph (D) of paragraph (2) of this
16 subsection does not apply or with respect to
17 which that presumption has been rebutted, that
18 asset or activity is properly assigned to the
19 state in which the taxpayer's commercial
20 domicile is located. For purposes of this
21 subparagraph (E), it shall be presumed,
22 subject to rebuttal, that taxpayer's
23 commercial domicile is in the state of the
24 United States or the District of Columbia to
25 which the greatest number of employees are
26 regularly connected with the management of the

1 investment or trading income or out of which
2 they are working, irrespective of where the
3 services of such employees are performed, as of
4 the last day of the taxable year.

5 (4) (Blank).

6 (5) (Blank).

7 (c-1) Federally-Regulated Exchanges. For taxable years
8 ending on or after December 31, 2012, business income of a
9 federally-regulated exchange shall, at the option of the
10 federally-regulated exchange, be apportioned to this State by
11 multiplying such income by a fraction, the numerator of which
12 is its business income from sources within this State, and the
13 denominator of which is its business income from all sources.
14 For purposes of this subsection, the business income within
15 this State of a federally-regulated exchange is the sum of the
16 following:

17 (1) Receipts attributable to transactions executed on
18 a physical trading floor if that physical trading floor is
19 located in this State.

20 (2) Receipts attributable to all other matching,
21 execution, or clearing transactions, including without
22 limitation receipts from the provision of matching,
23 execution, or clearing services to another entity,
24 multiplied by 27.54%.

25 (3) In the case of interest, net gains (but not less
26 than zero), and other items of income from intangible

1 personal property, the sale is in this State if:

2 (A) in the case of a taxpayer who is a dealer in
3 the item of intangible personal property within the
4 meaning of Section 475 of the Internal Revenue Code, or
5 who regularly engages in the sale, licensing, leasing,
6 assignment, or other disposition of any type of
7 intangible personal property and would be a dealer with
8 respect to such property under Section 475 if the
9 property were a "security" as defined under Section
10 475(c)(2) of the Internal Revenue Code, the income or
11 gain is received from a customer in this State. For
12 example, Taxpayer regularly grants limited,
13 non-exclusive licenses to use and distribute its
14 proprietary data and data it gathers from other
15 sources. Taxpayer is not a dealer "in securities" under
16 Section 475 of the Internal Revenue Code. However,
17 Taxpayer is a "Dealer in the item of intangible
18 personal property" (the data) for purposes of this
19 subsection (c-1). For purposes of this subparagraph
20 (A), a customer is in this State if the customer is an
21 individual, trust, or estate who is a resident of this
22 State and, for all other customers, if the customer's
23 commercial domicile is in this State. Unless the dealer
24 has actual knowledge of the residence or commercial
25 domicile of a customer during a taxable year, the
26 customer shall be deemed to be a customer in this State

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

3 (B) in all other cases, if the income-producing
4 activity of the taxpayer is performed in this State or,
5 if the income-producing activity of the taxpayer is
6 performed both within and without this State, if a
7 greater proportion of the income-producing activity of
8 the taxpayer is performed within this State than in any
9 other state, based on performance costs.

10 (4) Receipts from all other sales of services if the
11 services are received in this State. For the purposes of
12 this subsection, gross receipts from the performance of
13 services provided to a corporation, partnership, or trust
14 may only be attributed to a state where that corporation,
15 partnership, or trust has a fixed place of business. If the
16 state where the services are received is not readily
17 determinable or is a state where the corporation,
18 partnership, or trust receiving the service does not have a
19 fixed place of business, the services shall be deemed to be
20 received at the location of the office of the customer from
21 which the services were ordered in the regular course of
22 the customer's trade or business. If the ordering office
23 cannot be determined, the services shall be deemed to be
24 received at the office of the customer to whom the services
25 are billed.

26 (5) All other receipts not governed by subparagraphs

1 (1), (2), (3), or (4) of this subsection (c-1), to the
2 extent the receipts would be characterized as "sales in
3 this State" under item (3) of subsection (a) of this
4 Section.

5 "Federally-regulated exchange" means (i) a "registered
6 entity" within the meaning of 7 U.S.C. Section 1a(40), (ii) an
7 "exchange", "clearing agency", "security based swap data
8 repository", or "security based swap data execution facility"
9 within the meaning of 15 U.S.C. Section 78c (a) (1), (23), (75)
10 or (77), (iii) any such entities regulated under any successor
11 regulatory structure to the foregoing, and (iv) all taxpayers
12 who are members of the same unitary business group as a
13 federally-regulated exchange, determined without regard to the
14 prohibition in subdivision (a) (27) of Section 1501 of this Act
15 against including in a unitary business group taxpayers who are
16 ordinarily required to apportion business income under
17 different subsections of this Section.

18 In no event shall the Illinois apportionment percentage
19 computed in accordance with this subsection (c-1) for any
20 taxpayer for any tax year be less than the Illinois
21 apportionment percentage computed under this subsection (c-1)
22 for that taxpayer for the first full tax year for which this
23 subsection (c-1) applied to the taxpayer.

24 (d) Transportation services. For taxable years ending
25 before December 31, 2008, business income derived from
26 furnishing transportation services shall be apportioned to

1 this State in accordance with paragraphs (1) and (2):

2 (1) Such business income (other than that derived from
3 transportation by pipeline) shall be apportioned to this
4 State by multiplying such income by a fraction, the
5 numerator of which is the revenue miles of the person in
6 this State, and the denominator of which is the revenue
7 miles of the person everywhere. For purposes of this
8 paragraph, a revenue mile is the transportation of 1
9 passenger or 1 net ton of freight the distance of 1 mile
10 for a consideration. Where a person is engaged in the
11 transportation of both passengers and freight, the
12 fraction above referred to shall be determined by means of
13 an average of the passenger revenue mile fraction and the
14 freight revenue mile fraction, weighted to reflect the
15 person's

16 (A) relative railway operating income from total
17 passenger and total freight service, as reported to the
18 Interstate Commerce Commission, in the case of
19 transportation by railroad, and

20 (B) relative gross receipts from passenger and
21 freight transportation, in case of transportation
22 other than by railroad.

23 (2) Such business income derived from transportation
24 by pipeline shall be apportioned to this State by
25 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 the purposes of this paragraph, a revenue
3 mile is the transportation by pipeline of 1 barrel of oil,
4 1,000 cubic feet of gas, or of any specified quantity of
5 any other substance, the distance of 1 mile for a
6 consideration.

7 (3) For taxable years ending on or after December 31,
8 2008, business income derived from providing
9 transportation services other than airline services shall
10 be apportioned to this State by using a fraction, (a) the
11 numerator of which shall be (i) all receipts from any
12 movement or shipment of people, goods, mail, oil, gas, or
13 any other substance (other than by airline) that both
14 originates and terminates in this State, plus (ii) that
15 portion of the person's gross receipts from movements or
16 shipments of people, goods, mail, oil, gas, or any other
17 substance (other than by airline) that originates in one
18 state or jurisdiction and terminates in another state or
19 jurisdiction, that is determined by the ratio that the
20 miles traveled in this State bears to total miles
21 everywhere and (b) the denominator of which shall be all
22 revenue derived from the movement or shipment of people,
23 goods, mail, oil, gas, or any other substance (other than
24 by airline). Where a taxpayer is engaged in the
25 transportation of both passengers and freight, the
26 fraction above referred to shall first be determined

1 separately for passenger miles and freight miles. Then an
2 average of the passenger miles fraction and the freight
3 miles fraction shall be weighted to reflect the taxpayer's:

4 (A) relative railway operating income from total
5 passenger and total freight service, as reported to the
6 Surface Transportation Board, in the case of
7 transportation by railroad; and

8 (B) relative gross receipts from passenger and
9 freight transportation, in case of transportation
10 other than by railroad.

11 (4) For taxable years ending on or after December 31,
12 2008, business income derived from furnishing airline
13 transportation services shall be apportioned to this State
14 by multiplying such income by a fraction, the numerator of
15 which is the revenue miles of the person in this State, and
16 the denominator of which is the revenue miles of the person
17 everywhere. For purposes of this paragraph, a revenue mile
18 is the transportation of one passenger or one net ton of
19 freight the distance of one mile for a consideration. If a
20 person is engaged in the transportation of both passengers
21 and freight, the fraction above referred to shall be
22 determined by means of an average of the passenger revenue
23 mile fraction and the freight revenue mile fraction,
24 weighted to reflect the person's relative gross receipts
25 from passenger and freight airline transportation.

26 (e) Combined apportionment. Where 2 or more persons are

1 engaged in a unitary business as described in subsection
2 (a) (27) of Section 1501, a part of which is conducted in this
3 State by one or more members of the group, the business income
4 attributable to this State by any such member or members shall
5 be apportioned by means of the combined apportionment method.

6 (f) Alternative allocation. If the allocation and
7 apportionment provisions of subsections (a) through (e) and of
8 subsection (h) do not fairly represent the extent of a person's
9 business activity in this State, the person may petition for,
10 or the Director may, without a petition, permit or require, in
11 respect of all or any part of the person's business activity,
12 if reasonable:

13 (1) Separate accounting;

14 (2) The exclusion of any one or more factors;

15 (3) The inclusion of one or more additional factors
16 which will fairly represent the person's business
17 activities in this State; or

18 (4) The employment of any other method to effectuate an
19 equitable allocation and apportionment of the person's
20 business income.

21 (g) Cross reference. For allocation of business income by
22 residents, see Section 301(a).

23 (h) For tax years ending on or after December 31, 1998, the
24 apportionment factor of persons who apportion their business
25 income to this State under subsection (a) shall be equal to:

26 (1) for tax years ending on or after December 31, 1998

1 and before December 31, 1999, 16 2/3% of the property
2 factor plus 16 2/3% of the payroll factor plus 66 2/3% of
3 the sales factor;

4 (2) for tax years ending on or after December 31, 1999
5 and before December 31, 2000, 8 1/3% of the property factor
6 plus 8 1/3% of the payroll factor plus 83 1/3% of the sales
7 factor;

8 (3) for tax years ending on or after December 31, 2000,
9 the sales factor.

10 If, in any tax year ending on or after December 31, 1998 and
11 before December 31, 2000, the denominator of the payroll,
12 property, or sales factor is zero, the apportionment factor
13 computed in paragraph (1) or (2) of this subsection for that
14 year shall be divided by an amount equal to 100% minus the
15 percentage weight given to each factor whose denominator is
16 equal to zero.

17 (Source: P.A. 96-763, eff. 8-25-09; 97-507, eff. 8-23-11.)

18 (35 ILCS 5/804) (from Ch. 120, par. 8-804)

19 Sec. 804. Failure to Pay Estimated Tax.

20 (a) In general. In case of any underpayment of estimated
21 tax by a taxpayer, except as provided in subsection (d) or (e),
22 the taxpayer shall be liable to a penalty in an amount
23 determined at the rate prescribed by Section 3-3 of the Uniform
24 Penalty and Interest Act upon the amount of the underpayment
25 (determined under subsection (b)) for each required

1 installment.

2 (b) Amount of underpayment. For purposes of subsection (a),
3 the amount of the underpayment shall be the excess of:

4 (1) the amount of the installment which would be
5 required to be paid under subsection (c), over

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

8 (c) Amount of Required Installments.

9 (1) Amount.

10 (A) In General. Except as provided in paragraph
11 (2), the amount of any required installment shall be
12 25% of the required annual payment.

13 (B) Required Annual Payment. For purposes of
14 subparagraph (A), the term "required annual payment"
15 means the lesser of

16 (i) 90% of the tax shown on the return for the
17 taxable year, or if no return is filed, 90% of the
18 tax for such year,

19 (ii) for installments due prior to February 1,
20 2011, and after January 31, 2012, 100% of the tax
21 shown on the return of the taxpayer for the
22 preceding taxable year if a return showing a
23 liability for tax was filed by the taxpayer for the
24 preceding taxable year and such preceding year was
25 a taxable year of 12 months; or

26 (iii) for installments due after January 31,

1 2011, and prior to February 1, 2012, 150% of the
2 tax shown on the return of the taxpayer for the
3 preceding taxable year if a return showing a
4 liability for tax was filed by the taxpayer for the
5 preceding taxable year and such preceding year was
6 a taxable year of 12 months.

7 (2) Lower Required Installment where Annualized Income
8 Installment is Less Than Amount Determined Under Paragraph
9 (1).

10 (A) In General. In the case of any required
11 installment if a taxpayer establishes that the
12 annualized income installment is less than the amount
13 determined under paragraph (1),

14 (i) the amount of such required installment
15 shall be the annualized income installment, and

16 (ii) any reduction in a required installment
17 resulting from the application of this
18 subparagraph shall be recaptured by increasing the
19 amount of the next required installment determined
20 under paragraph (1) by the amount of such
21 reduction, and by increasing subsequent required
22 installments to the extent that the reduction has
23 not previously been recaptured under this clause.

24 (B) Determination of Annualized Income
25 Installment. In the case of any required installment,
26 the annualized income installment is the excess, if

1 any, of

2 (i) an amount equal to the applicable
3 percentage of the tax for the taxable year computed
4 by placing on an annualized basis the net income
5 for months in the taxable year ending before the
6 due date for the installment, over

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

9 (C) Applicable Percentage.

10	In the case of the following	The applicable
11	required installments:	percentage is:
12	1st.....	22.5%
13	2nd.....	45%
14	3rd.....	67.5%
15	4th.....	90%

16 (D) Annualized Net Income; Individuals. For
17 individuals, net income shall be placed on an
18 annualized basis by:

19 (i) multiplying by 12, or in the case of a
20 taxable year of less than 12 months, by the number
21 of months in the taxable year, the net income
22 computed without regard to the standard exemption
23 for the months in the taxable year ending before
24 the month in which the installment is required to
25 be paid;

26 (ii) dividing the resulting amount by the

1 number of months in the taxable year ending before
2 the month in which such installment date falls; and

3 (iii) deducting from such amount the standard
4 exemption allowable for the taxable year, such
5 standard exemption being determined as of the last
6 date prescribed for payment of the installment.

7 (E) Annualized Net Income; Corporations. For
8 corporations, net income shall be placed on an
9 annualized basis by multiplying by 12 the taxable
10 income

11 (i) for the first 3 months of the taxable year,
12 in the case of the installment required to be paid
13 in the 4th month,

14 (ii) for the first 3 months or for the first 5
15 months of the taxable year, in the case of the
16 installment required to be paid in the 6th month,

17 (iii) for the first 6 months or for the first 8
18 months of the taxable year, in the case of the
19 installment required to be paid in the 9th month,
20 and

21 (iv) for the first 9 months or for the first 11
22 months of the taxable year, in the case of the
23 installment required to be paid in the 12th month
24 of the taxable year,

25 then dividing the resulting amount by the number of
26 months in the taxable year (3, 5, 6, 8, 9, or 11 as the

1 case may be).

2 (d) Exceptions. Notwithstanding the provisions of the
3 preceding subsections, the penalty imposed by subsection (a)
4 shall not be imposed if the taxpayer was not required to file
5 an Illinois income tax return for the preceding taxable year,
6 or, for individuals, if the taxpayer had no tax liability for
7 the preceding taxable year and such year was a taxable year of
8 12 months. The penalty imposed by subsection (a) shall also not
9 be imposed on any underpayments of estimated tax due before the
10 effective date of this amendatory Act of 1998 which
11 underpayments are solely attributable to the change in
12 apportionment from subsection (a) to subsection (h) of Section
13 304. The provisions of this amendatory Act of 1998 apply to tax
14 years ending on or after December 31, 1998.

15 (d-1) The penalty imposed by subsection (a) shall also not
16 be imposed on any underpayments of estimated tax due for tax
17 years ending on December 31, 2011 that are attributable to the
18 changes made by this amendatory Act of the 97th General
19 Assembly in Section 203 in the Illinois Income Tax Act
20 regarding the calculation of any deduction for depreciation or
21 bonus depreciation.

22 (e) The penalty imposed for underpayment of estimated tax
23 by subsection (a) of this Section shall not be imposed to the
24 extent that the Director or his or her designate determines,
25 pursuant to Section 3-8 of the Uniform Penalty and Interest Act
26 that the penalty should not be imposed.

1 (f) Definition of tax. For purposes of subsections (b) and
2 (c), the term "tax" means the excess of the tax imposed under
3 Article 2 of this Act, over the amounts credited against such
4 tax under Sections 601(b) (3) and (4).

5 (g) Application of Section in case of tax withheld under
6 Article 7. For purposes of applying this Section:

7 (1) tax withheld from compensation for the taxable year
8 shall be deemed a payment of estimated tax, and an equal
9 part of such amount shall be deemed paid on each
10 installment date for such taxable year, unless the taxpayer
11 establishes the dates on which all amounts were actually
12 withheld, in which case the amounts so withheld shall be
13 deemed payments of estimated tax on the dates on which such
14 amounts were actually withheld;

15 (2) amounts timely paid by a partnership, Subchapter S
16 corporation, or trust on behalf of a partner, shareholder,
17 or beneficiary pursuant to subsection (f) of Section 502 or
18 Section 709.5 and claimed as a payment of estimated tax
19 shall be deemed a payment of estimated tax made on the last
20 day of the taxable year of the partnership, Subchapter S
21 corporation, or trust for which the income from the
22 withholding is made was computed; and

23 (3) all other amounts pursuant to Article 7 shall be
24 deemed a payment of estimated tax on the date the payment
25 is made to the taxpayer of the amount from which the tax is
26 withheld.

1 (g-5) Amounts withheld under the State Salary and Annuity
2 Withholding Act. An individual who has amounts withheld under
3 paragraph (10) of Section 4 of the State Salary and Annuity
4 Withholding Act may elect to have those amounts treated as
5 payments of estimated tax made on the dates on which those
6 amounts are actually withheld.

7 (i) Short taxable year. The application of this Section to
8 taxable years of less than 12 months shall be in accordance
9 with regulations prescribed by the Department.

10 The changes in this Section made by Public Act 84-127 shall
11 apply to taxable years ending on or after January 1, 1986.

12 (Source: P.A. 96-1496, eff. 1-13-11; 97-507, eff. 8-23-11.)

13 Section 10. The Economic Development for a Growing Economy
14 Tax Credit Act is amended by changing Section 5-15 as follows:

15 (35 ILCS 10/5-15)

16 Sec. 5-15. Tax Credit Awards. Subject to the conditions set
17 forth in this Act, a Taxpayer is entitled to a Credit against
18 or, as described in subsection (g) of this Section, a payment
19 towards taxes imposed pursuant to subsections (a) and (b) of
20 Section 201 of the Illinois Income Tax Act that may be imposed
21 on the Taxpayer for a taxable year beginning on or after
22 January 1, 1999, if the Taxpayer is awarded a Credit by the
23 Department under this Act for that taxable year.

24 (a) The Department shall make Credit awards under this Act

1 to foster job creation and retention in Illinois.

2 (b) A person that proposes a project to create new jobs in
3 Illinois must enter into an Agreement with the Department for
4 the Credit under this Act.

5 (c) The Credit shall be claimed for the taxable years
6 specified in the Agreement.

7 (d) The Credit shall not exceed the Incremental Income Tax
8 attributable to the project that is the subject of the
9 Agreement.

10 (e) Nothing herein shall prohibit a Tax Credit Award to an
11 Applicant that uses a PEO if all other award criteria are
12 satisfied.

13 (f) In lieu of the Credit allowed under this Act against
14 the taxes imposed pursuant to subsections (a) and (b) of
15 Section 201 of the Illinois Income Tax Act for any taxable year
16 ending on or after December 31, 2009, the Taxpayer may elect to
17 claim the Credit against its obligation to pay over withholding
18 under Section 704A of the Illinois Income Tax Act.

19 (1) The election under this subsection (f) may be made
20 only by a Taxpayer that (i) is primarily engaged in one of
21 the following business activities: water purification and
22 treatment, motor vehicle metal stamping, automobile
23 manufacturing, automobile and light duty motor vehicle
24 manufacturing, motor vehicle manufacturing, light truck
25 and utility vehicle manufacturing, heavy duty truck
26 manufacturing, motor vehicle body manufacturing, cable

1 television infrastructure design or manufacturing, or
2 wireless telecommunication or computing terminal device
3 design or manufacturing for use on public networks and (ii)
4 meets the following criteria:

5 (A) the Taxpayer (i) had an Illinois net loss or an
6 Illinois net loss deduction under Section 207 of the
7 Illinois Income Tax Act for the taxable year in which
8 the Credit is awarded, (ii) employed a minimum of 1,000
9 full-time employees in this State during the taxable
10 year in which the Credit is awarded, (iii) has an
11 Agreement under this Act on December 14, 2009 (the
12 effective date of Public Act 96-834), and (iv) is in
13 compliance with all provisions of that Agreement;

14 (B) the Taxpayer (i) had an Illinois net loss or an
15 Illinois net loss deduction under Section 207 of the
16 Illinois Income Tax Act for the taxable year in which
17 the Credit is awarded, (ii) employed a minimum of 1,000
18 full-time employees in this State during the taxable
19 year in which the Credit is awarded, and (iii) has
20 applied for an Agreement within 365 days after December
21 14, 2009 (the effective date of Public Act 96-834);

22 (C) the Taxpayer (i) had an Illinois net operating
23 loss carryforward under Section 207 of the Illinois
24 Income Tax Act in a taxable year ending during calendar
25 year 2008, (ii) has applied for an Agreement within 150
26 days after the effective date of this amendatory Act of

1 the 96th General Assembly, (iii) creates at least 400
2 new jobs in Illinois, (iv) retains at least 2,000 jobs
3 in Illinois that would have been at risk of relocation
4 out of Illinois over a 10-year period, and (v) makes a
5 capital investment of at least \$75,000,000;

6 (D) the Taxpayer (i) had an Illinois net operating
7 loss carryforward under Section 207 of the Illinois
8 Income Tax Act in a taxable year ending during calendar
9 year 2009, (ii) has applied for an Agreement within 150
10 days after the effective date of this amendatory Act of
11 the 96th General Assembly, (iii) creates at least 150
12 new jobs, (iv) retains at least 1,000 jobs in Illinois
13 that would have been at risk of relocation out of
14 Illinois over a 10-year period, and (v) makes a capital
15 investment of at least \$57,000,000; or

16 (E) the Taxpayer (i) employed at least 2,500
17 full-time employees in the State during the year in
18 which the Credit is awarded, (ii) commits to make at
19 least \$500,000,000 in combined capital improvements
20 and project costs under the Agreement, (iii) applies
21 for an Agreement between January 1, 2011 and June 30,
22 2011, (iv) executes an Agreement for the Credit during
23 calendar year 2011, and (v) was incorporated no more
24 than 5 years before the filing of an application for an
25 Agreement.

26 (1.5) The election under this subsection (f) may also

1 be made by a Taxpayer for any Credit awarded pursuant to an
2 agreement that was executed between January 1, 2011 and
3 June 30, 2011, if the Taxpayer (i) is primarily engaged in
4 the manufacture of inner tubes or tires, or both, from
5 natural and synthetic rubber, (ii) employs a minimum of
6 2,400 full-time employees in Illinois at the time of
7 application, (iii) creates at least 350 full-time jobs and
8 retains at least 250 full-time jobs in Illinois that would
9 have been at risk of being created or retained outside of
10 Illinois, and (iv) makes a capital investment of at least
11 \$200,000,000 at the project location.

12 (1.6) The election under this subsection (f) may also
13 be made by a Taxpayer for any Credit awarded pursuant to an
14 agreement that was executed within 150 days of the
15 effective date of this amendatory Act of the 97th General
16 Assembly, if the Taxpayer (i) is primarily engaged in the
17 operation of a discount department store, (ii) maintains
18 its corporate headquarters in Illinois, (iii) employs a
19 minimum of 4,250 full time employees at its corporate
20 headquarters in Illinois at the time of application, (iv)
21 retains at least 4,250 full time jobs in Illinois that
22 would have been at risk of being relocated outside of
23 Illinois, (v) had a minimum of \$40,000,000,000 in total
24 revenue in 2010, and (vi) makes a capital investment of at
25 least \$300,000,000 at the project location.

26 (2) An election under this subsection shall allow the

1 credit to be taken against payments otherwise due under
2 Section 704A of the Illinois Income Tax Act during the
3 first calendar year beginning after the end of the taxable
4 year in which the credit is awarded under this Act.

5 (3) The election shall be made in the form and manner
6 required by the Illinois Department of Revenue and, once
7 made, shall be irrevocable.

8 (4) If a Taxpayer who meets the requirements of
9 subparagraph (A) of paragraph (1) of this subsection (f)
10 elects to claim the Credit against its withholdings as
11 provided in this subsection (f), then, on and after the
12 date of the election, the terms of the Agreement between
13 the Taxpayer and the Department may not be further amended
14 during the term of the Agreement.

15 (g) A pass-through entity that has been awarded a credit
16 under this Act, its shareholders, or its partners may treat
17 some or all of the credit awarded pursuant to this Act as a tax
18 payment for purposes of the Illinois Income Tax Act. The term
19 "tax payment" means a payment as described in Article 6 or
20 Article 8 of the Illinois Income Tax Act or a composite payment
21 made by a pass-through entity on behalf of any of its
22 shareholders or partners to satisfy such shareholders' or
23 partners' taxes imposed pursuant to subsections (a) and (b) of
24 Section 201 of the Illinois Income Tax Act. In no event shall
25 the amount of the award credited pursuant to this Act exceed
26 the Illinois income tax liability of the pass-through entity or

1 its shareholders or partners for the taxable year.

2 (Source: P.A. 96-834, eff. 12-14-09; 96-836, eff. 12-16-09;
3 96-905, eff. 6-4-10; 96-1000, eff. 7-2-10; 96-1534, eff.
4 3-4-11; 97-2, eff. 5-6-11.)

5 Section 15. The Illinois Estate and Generation-Skipping
6 Transfer Tax Act is amended by changing Section 2 as follows:

7 (35 ILCS 405/2) (from Ch. 120, par. 405A-2)

8 Sec. 2. Definitions.

9 "Federal estate tax" means the tax due to the United States
10 with respect to a taxable transfer under Chapter 11 of the
11 Internal Revenue Code.

12 "Federal generation-skipping transfer tax" means the tax
13 due to the United States with respect to a taxable transfer
14 under Chapter 13 of the Internal Revenue Code.

15 "Federal return" means the federal estate tax return with
16 respect to the federal estate tax and means the federal
17 generation-skipping transfer tax return with respect to the
18 federal generation-skipping transfer tax.

19 "Federal transfer tax" means the federal estate tax or the
20 federal generation-skipping transfer tax.

21 "Illinois estate tax" means the tax due to this State with
22 respect to a taxable transfer.

23 "Illinois generation-skipping transfer tax" means the tax
24 due to this State with respect to a taxable transfer that gives

1 rise to a federal generation-skipping transfer tax.

2 "Illinois transfer tax" means the Illinois estate tax or
3 the Illinois generation-skipping transfer tax.

4 "Internal Revenue Code" means, unless otherwise provided,
5 the Internal Revenue Code of 1986, as amended from time to
6 time.

7 "Non-resident trust" means a trust that is not a resident
8 of this State for purposes of the Illinois Income Tax Act, as
9 amended from time to time.

10 "Person" means and includes any individual, trust, estate,
11 partnership, association, company or corporation.

12 "Qualified heir" means a qualified heir as defined in
13 Section 2032A(e) (1) of the Internal Revenue Code.

14 "Resident trust" means a trust that is a resident of this
15 State for purposes of the Illinois Income Tax Act, as amended
16 from time to time.

17 "State" means any state, territory or possession of the
18 United States and the District of Columbia.

19 "State tax credit" means:

20 (a) For persons dying on or after January 1, 2003 and
21 through December 31, 2005, an amount equal to the full credit
22 calculable under Section 2011 or Section 2604 of the Internal
23 Revenue Code as the credit would have been computed and allowed
24 under the Internal Revenue Code as in effect on December 31,
25 2001, without the reduction in the State Death Tax Credit as
26 provided in Section 2011(b) (2) or the termination of the State

1 Death Tax Credit as provided in Section 2011(f) as enacted by
2 the Economic Growth and Tax Relief Reconciliation Act of 2001,
3 but recognizing the increased applicable exclusion amount
4 through December 31, 2005.

5 (b) For persons dying after December 31, 2005 and on or
6 before December 31, 2009, and for persons dying after December
7 31, 2010, an amount equal to the full credit calculable under
8 Section 2011 or 2604 of the Internal Revenue Code as the credit
9 would have been computed and allowed under the Internal Revenue
10 Code as in effect on December 31, 2001, without the reduction
11 in the State Death Tax Credit as provided in Section 2011(b)(2)
12 or the termination of the State Death Tax Credit as provided in
13 Section 2011(f) as enacted by the Economic Growth and Tax
14 Relief Reconciliation Act of 2001, but recognizing the
15 exclusion amount of only (i) \$2,000,000 for persons dying prior
16 to January 1, 2012, (ii) \$3,500,000 for persons dying on or
17 after January 1, 2012 and prior to January 1, 2013, and (iii)
18 \$5,000,000 for persons dying on or after January 1, 2013, and
19 with reduction to the adjusted taxable estate for any qualified
20 terminable interest property election as defined in subsection
21 (b-1) of this Section.

22 (b-1) The person required to file the Illinois return may
23 elect on a timely filed Illinois return a marital deduction for
24 qualified terminable interest property under Section
25 2056(b)(7) of the Internal Revenue Code for purposes of the
26 Illinois estate tax that is separate and independent of any

1 qualified terminable interest property election for federal
2 estate tax purposes. For purposes of the Illinois estate tax,
3 the inclusion of property in the gross estate of a surviving
4 spouse is the same as under Section 2044 of the Internal
5 Revenue Code.

6 In the case of any trust for which a State or federal
7 qualified terminable interest property election is made, the
8 trustee may not retain non-income producing assets for more
9 than a reasonable amount of time without the consent of the
10 surviving spouse.

11 "Taxable transfer" means an event that gives rise to a
12 state tax credit, including any credit as a result of the
13 imposition of an additional tax under Section 2032A(c) of the
14 Internal Revenue Code.

15 "Transferee" means a transferee within the meaning of
16 Section 2603(a)(1) and Section 6901(h) of the Internal Revenue
17 Code.

18 "Transferred property" means:

19 (1) With respect to a taxable transfer occurring at the
20 death of an individual, the deceased individual's gross
21 estate as defined in Section 2031 of the Internal Revenue
22 Code.

23 (2) With respect to a taxable transfer occurring as a
24 result of a taxable termination as defined in Section
25 2612(a) of the Internal Revenue Code, the taxable amount
26 determined under Section 2622(a) of the Internal Revenue

1 Code.

2 (3) With respect to a taxable transfer occurring as a
3 result of a taxable distribution as defined in Section
4 2612(b) of the Internal Revenue Code, the taxable amount
5 determined under Section 2621(a) of the Internal Revenue
6 Code.

7 (4) With respect to an event which causes the
8 imposition of an additional estate tax under Section
9 2032A(c) of the Internal Revenue Code, the qualified real
10 property that was disposed of or which ceased to be used
11 for the qualified use, within the meaning of Section
12 2032A(c) (1) of the Internal Revenue Code.

13 "Trust" includes a trust as defined in Section 2652(b) (1)
14 of the Internal Revenue Code.

15 (Source: P.A. 96-789, eff. 9-8-09; 96-1496, eff. 1-13-11.)

16 Section 30. The Illinois Municipal Code is amended by
17 changing Section 11-74.4-3.5 as follows:

18 (65 ILCS 5/11-74.4-3.5)

19 Sec. 11-74.4-3.5. Completion dates for redevelopment
20 projects.

21 (a) Unless otherwise stated in this Section, the estimated
22 dates of completion of the redevelopment project and retirement
23 of obligations issued to finance redevelopment project costs
24 (including refunding bonds under Section 11-74.4-7) may not be

1 later than December 31 of the year in which the payment to the
2 municipal treasurer, as provided in subsection (b) of Section
3 11-74.4-8 of this Act, is to be made with respect to ad valorem
4 taxes levied in the 23rd calendar year after the year in which
5 the ordinance approving the redevelopment project area was
6 adopted if the ordinance was adopted on or after January 15,
7 1981.

8 (b) The estimated dates of completion of the redevelopment
9 project and retirement of obligations issued to finance
10 redevelopment project costs (including refunding bonds under
11 Section 11-74.4-7) may not be later than December 31 of the
12 year in which the payment to the municipal treasurer as
13 provided in subsection (b) of Section 11-74.4-8 of this Act is
14 to be made with respect to ad valorem taxes levied in the 32nd
15 calendar year after the year in which the ordinance approving
16 the redevelopment project area was adopted, if the ordinance
17 was adopted on September 9, 1999 by the Village of Downs.

18 The estimated dates of completion of the redevelopment
19 project and retirement of obligations issued to finance
20 redevelopment project costs (including refunding bonds under
21 Section 11-74.4-7) may not be later than December 31 of the
22 year in which the payment to the municipal treasurer as
23 provided in subsection (b) of Section 11-74.4-8 of this Act is
24 to be made with respect to ad valorem taxes levied in the 33rd
25 calendar year after the year in which the ordinance approving
26 the redevelopment project area was adopted, if the ordinance

1 was adopted on May 20, 1985 by the Village of Wheeling.

2 The estimated dates of completion of the redevelopment
3 project and retirement of obligations issued to finance
4 redevelopment project costs (including refunding bonds under
5 Section 11-74.4-7) may not be later than December 31 of the
6 year in which the payment to the municipal treasurer as
7 provided in subsection (b) of Section 11-74.4-8 of this Act is
8 to be made with respect to ad valorem taxes levied in the 28th
9 calendar year after the year in which the ordinance approving
10 the redevelopment project area was adopted, if the ordinance
11 was adopted on October 12, 1989 by the City of Lawrenceville.

12 (c) The estimated dates of completion of the redevelopment
13 project and retirement of obligations issued to finance
14 redevelopment project costs (including refunding bonds under
15 Section 11-74.4-7) may not be later than December 31 of the
16 year in which the payment to the municipal treasurer as
17 provided in subsection (b) of Section 11-74.4-8 of this Act is
18 to be made with respect to ad valorem taxes levied in the 35th
19 calendar year after the year in which the ordinance approving
20 the redevelopment project area was adopted:

21 (1) if the ordinance was adopted before January 15,
22 1981;

23 (2) if the ordinance was adopted in December 1983,
24 April 1984, July 1985, or December 1989;

25 (3) if the ordinance was adopted in December 1987 and
26 the redevelopment project is located within one mile of

1 Midway Airport;

2 (4) if the ordinance was adopted before January 1, 1987
3 by a municipality in Mason County;

4 (5) if the municipality is subject to the Local
5 Government Financial Planning and Supervision Act or the
6 Financially Distressed City Law;

7 (6) if the ordinance was adopted in December 1984 by
8 the Village of Rosemont;

9 (7) if the ordinance was adopted on December 31, 1986
10 by a municipality located in Clinton County for which at
11 least \$250,000 of tax increment bonds were authorized on
12 June 17, 1997, or if the ordinance was adopted on December
13 31, 1986 by a municipality with a population in 1990 of
14 less than 3,600 that is located in a county with a
15 population in 1990 of less than 34,000 and for which at
16 least \$250,000 of tax increment bonds were authorized on
17 June 17, 1997;

18 (8) if the ordinance was adopted on October 5, 1982 by
19 the City of Kankakee, or if the ordinance was adopted on
20 December 29, 1986 by East St. Louis;

21 (9) if the ordinance was adopted on November 12, 1991
22 by the Village of Sauget;

23 (10) if the ordinance was adopted on February 11, 1985
24 by the City of Rock Island;

25 (11) if the ordinance was adopted before December 18,
26 1986 by the City of Moline;

1 (12) if the ordinance was adopted in September 1988 by
2 Sauk Village;

3 (13) if the ordinance was adopted in October 1993 by
4 Sauk Village;

5 (14) if the ordinance was adopted on December 29, 1986
6 by the City of Galva;

7 (15) if the ordinance was adopted in March 1991 by the
8 City of Centreville;

9 (16) if the ordinance was adopted on January 23, 1991
10 by the City of East St. Louis;

11 (17) if the ordinance was adopted on December 22, 1986
12 by the City of Aledo;

13 (18) if the ordinance was adopted on February 5, 1990
14 by the City of Clinton;

15 (19) if the ordinance was adopted on September 6, 1994
16 by the City of Freeport;

17 (20) if the ordinance was adopted on December 22, 1986
18 by the City of Tuscola;

19 (21) if the ordinance was adopted on December 23, 1986
20 by the City of Sparta;

21 (22) if the ordinance was adopted on December 23, 1986
22 by the City of Beardstown;

23 (23) if the ordinance was adopted on April 27, 1981,
24 October 21, 1985, or December 30, 1986 by the City of
25 Belleville;

26 (24) if the ordinance was adopted on December 29, 1986

1 by the City of Collinsville;

2 (25) if the ordinance was adopted on September 14, 1994
3 by the City of Alton;

4 (26) if the ordinance was adopted on November 11, 1996
5 by the City of Lexington;

6 (27) if the ordinance was adopted on November 5, 1984
7 by the City of LeRoy;

8 (28) if the ordinance was adopted on April 3, 1991 or
9 June 3, 1992 by the City of Markham;

10 (29) if the ordinance was adopted on November 11, 1986
11 by the City of Pekin;

12 (30) if the ordinance was adopted on December 15, 1981
13 by the City of Champaign;

14 (31) if the ordinance was adopted on December 15, 1986
15 by the City of Urbana;

16 (32) if the ordinance was adopted on December 15, 1986
17 by the Village of Heyworth;

18 (33) if the ordinance was adopted on February 24, 1992
19 by the Village of Heyworth;

20 (34) if the ordinance was adopted on March 16, 1995 by
21 the Village of Heyworth;

22 (35) if the ordinance was adopted on December 23, 1986
23 by the Town of Cicero;

24 (36) if the ordinance was adopted on December 30, 1986
25 by the City of Effingham;

26 (37) if the ordinance was adopted on May 9, 1991 by the

1 Village of Tilton;

2 (38) if the ordinance was adopted on October 20, 1986
3 by the City of Elmhurst;

4 (39) if the ordinance was adopted on January 19, 1988
5 by the City of Waukegan;

6 (40) if the ordinance was adopted on September 21, 1998
7 by the City of Waukegan;

8 (41) if the ordinance was adopted on December 31, 1986
9 by the City of Sullivan;

10 (42) if the ordinance was adopted on December 23, 1991
11 by the City of Sullivan;

12 (43) if the ordinance was adopted on December 31, 1986
13 by the City of Oglesby;

14 (44) if the ordinance was adopted on July 28, 1987 by
15 the City of Marion;

16 (45) if the ordinance was adopted on April 23, 1990 by
17 the City of Marion;

18 (46) if the ordinance was adopted on August 20, 1985 by
19 the Village of Mount Prospect;

20 (47) if the ordinance was adopted on February 2, 1998
21 by the Village of Woodhull;

22 (48) if the ordinance was adopted on April 20, 1993 by
23 the Village of Princeville;

24 (49) if the ordinance was adopted on July 1, 1986 by
25 the City of Granite City;

26 (50) if the ordinance was adopted on February 2, 1989

1 by the Village of Lombard;

2 (51) if the ordinance was adopted on December 29, 1986
3 by the Village of Gardner;

4 (52) if the ordinance was adopted on July 14, 1999 by
5 the Village of Paw Paw;

6 (53) if the ordinance was adopted on November 17, 1986
7 by the Village of Franklin Park;

8 (54) if the ordinance was adopted on November 20, 1989
9 by the Village of South Holland;

10 (55) if the ordinance was adopted on July 14, 1992 by
11 the Village of Riverdale;

12 (56) if the ordinance was adopted on December 29, 1986
13 by the City of Galesburg;

14 (57) if the ordinance was adopted on April 1, 1985 by
15 the City of Galesburg;

16 (58) if the ordinance was adopted on May 21, 1990 by
17 the City of West Chicago;

18 (59) if the ordinance was adopted on December 16, 1986
19 by the City of Oak Forest;

20 (60) if the ordinance was adopted in 1999 by the City
21 of Villa Grove;

22 (61) if the ordinance was adopted on January 13, 1987
23 by the Village of Mt. Zion;

24 (62) if the ordinance was adopted on December 30, 1986
25 by the Village of Manteno;

26 (63) if the ordinance was adopted on April 3, 1989 by

1 the City of Chicago Heights;

2 (64) if the ordinance was adopted on January 6, 1999 by
3 the Village of Rosemont;

4 (65) if the ordinance was adopted on December 19, 2000
5 by the Village of Stone Park;

6 (66) if the ordinance was adopted on December 22, 1986
7 by the City of DeKalb;

8 (67) if the ordinance was adopted on December 2, 1986
9 by the City of Aurora;

10 (68) if the ordinance was adopted on December 31, 1986
11 by the Village of Milan;

12 (69) if the ordinance was adopted on September 8, 1994
13 by the City of West Frankfort;

14 (70) if the ordinance was adopted on December 23, 1986
15 by the Village of Libertyville;

16 (71) if the ordinance was adopted on December 22, 1986
17 by the Village of Hoffman Estates;

18 (72) if the ordinance was adopted on September 17, 1986
19 by the Village of Sherman;

20 (73) if the ordinance was adopted on December 16, 1986
21 by the City of Macomb;

22 (74) if the ordinance was adopted on June 11, 2002 by
23 the City of East Peoria to create the West Washington
24 Street TIF;

25 (75) if the ordinance was adopted on June 11, 2002 by
26 the City of East Peoria to create the Camp Street TIF;

1 (76) if the ordinance was adopted on August 7, 2000 by
2 the City of Des Plaines;

3 (77) if the ordinance was adopted on December 22, 1986
4 by the City of Washington to create the Washington Square
5 TIF #2;

6 (78) if the ordinance was adopted on December 29, 1986
7 by the City of Morris;

8 (79) if the ordinance was adopted on July 6, 1998 by
9 the Village of Steeleville;

10 (80) if the ordinance was adopted on December 29, 1986
11 by the City of Pontiac to create TIF I (the Main St TIF);

12 (81) if the ordinance was adopted on December 29, 1986
13 by the City of Pontiac to create TIF II (the Interstate
14 TIF);

15 (82) if the ordinance was adopted on November 6, 2002
16 by the City of Chicago to create the Madden/Wells TIF
17 District;

18 (83) if the ordinance was adopted on November 4, 1998
19 by the City of Chicago to create the Roosevelt/Racine TIF
20 District;

21 (84) if the ordinance was adopted on June 10, 1998 by
22 the City of Chicago to create the Stony Island
23 Commercial/Burnside Industrial Corridors TIF District;

24 (85) if the ordinance was adopted on November 29, 1989
25 by the City of Chicago to create the Englewood Mall TIF
26 District;

1 (86) if the ordinance was adopted on December 27, 1986
2 by the City of Mendota;

3 (87) if the ordinance was adopted on December 31, 1986
4 by the Village of Cahokia;

5 (88) if the ordinance was adopted on September 20, 1999
6 by the City of Belleville;

7 (89) if the ordinance was adopted on December 30, 1986
8 by the Village of Bellevue to create the Bellevue TIF
9 District 1;

10 (90) if the ordinance was adopted on December 13, 1993
11 by the Village of Crete;

12 (91) if the ordinance was adopted on February 12, 2001
13 by the Village of Crete;

14 (92) if the ordinance was adopted on April 23, 2001 by
15 the Village of Crete;

16 (93) if the ordinance was adopted on December 16, 1986
17 by the City of Champaign;

18 (94) if the ordinance was adopted on December 20, 1986
19 by the City of Charleston; ~~or~~

20 (95) ~~(94)~~ if the ordinance was adopted on June 6, 1989
21 by the Village of Romeoville; ~~or~~

22 (96) ~~(95)~~ if the ordinance was adopted on October 14,
23 1993 and amended on August 2, 2010 by the City of Venice; ~~or~~

24 (97) ~~(95)~~ if the ordinance was adopted on June 1, 1994
25 by the City of Markham; ~~or~~

26 (98) ~~(95)~~ if the ordinance was adopted on May 19, 1998

1 by the Village of Bensenville; ~~or~~

2 (99) if the ordinance was adopted on October 27, 1998

3 by the City of Moline;

4 (100) if the ordinance was adopted on November 12, 1987

5 by the City of Dixon; or

6 (101) if the ordinance was adopted on December 20, 1988

7 by the City of Lansing.

8 (d) For redevelopment project areas for which bonds were
9 issued before July 29, 1991, or for which contracts were
10 entered into before June 1, 1988, in connection with a
11 redevelopment project in the area within the State Sales Tax
12 Boundary, the estimated dates of completion of the
13 redevelopment project and retirement of obligations to finance
14 redevelopment project costs (including refunding bonds under
15 Section 11-74.4-7) may be extended by municipal ordinance to
16 December 31, 2013. The termination procedures of subsection (b)
17 of Section 11-74.4-8 are not required for these redevelopment
18 project areas in 2009 but are required in 2013. The extension
19 allowed by Public Act 87-1272 shall not apply to real property
20 tax increment allocation financing under Section 11-74.4-8.

21 (e) Those dates, for purposes of real property tax
22 increment allocation financing pursuant to Section 11-74.4-8
23 only, shall be not more than 35 years for redevelopment project
24 areas that were adopted on or after December 16, 1986 and for
25 which at least \$8 million worth of municipal bonds were
26 authorized on or after December 19, 1989 but before January 1,

1 1990; provided that the municipality elects to extend the life
2 of the redevelopment project area to 35 years by the adoption
3 of an ordinance after at least 14 but not more than 30 days'
4 written notice to the taxing bodies, that would otherwise
5 constitute the joint review board for the redevelopment project
6 area, before the adoption of the ordinance.

7 (f) Those dates, for purposes of real property tax
8 increment allocation financing pursuant to Section 11-74.4-8
9 only, shall be not more than 35 years for redevelopment project
10 areas that were established on or after December 1, 1981 but
11 before January 1, 1982 and for which at least \$1,500,000 worth
12 of tax increment revenue bonds were authorized on or after
13 September 30, 1990 but before July 1, 1991; provided that the
14 municipality elects to extend the life of the redevelopment
15 project area to 35 years by the adoption of an ordinance after
16 at least 14 but not more than 30 days' written notice to the
17 taxing bodies, that would otherwise constitute the joint review
18 board for the redevelopment project area, before the adoption
19 of the ordinance.

20 (g) In consolidating the material relating to completion
21 dates from Sections 11-74.4-3 and 11-74.4-7 into this Section,
22 it is not the intent of the General Assembly to make any
23 substantive change in the law, except for the extension of the
24 completion dates for the City of Aurora, the Village of Milan,
25 the City of West Frankfort, the Village of Libertyville, and
26 the Village of Hoffman Estates set forth under items (67),

1 (68), (69), (70), and (71) of subsection (c) of this Section.
2 (Source: P.A. 96-127, eff. 8-4-09; 96-182, eff. 8-10-09;
3 96-208, eff. 8-10-09; 96-209, eff. 1-1-10; 96-213, eff.
4 8-10-09; 96-264, eff. 8-11-09; 96-328, eff. 8-11-09; 96-439,
5 eff. 8-14-09; 96-454, eff. 8-14-09; 96-722, eff. 8-25-09;
6 96-773, eff. 8-28-09; 96-830, eff. 12-4-09; 96-837, eff.
7 12-16-09; 96-1000, eff. 7-2-10; 96-1359, eff. 7-28-10;
8 96-1494, eff. 12-30-10; 96-1514, eff. 2-4-11; 96-1552, eff.
9 3-10-11; 97-93, eff. 1-1-12; 97-372, eff. 8-15-11; 97-600, eff.
10 8-26-11; revised 9-28-11.)

11 Section 35. The Limited Liability Company Act is amended by
12 changing Section 50-10 as follows:

13 (805 ILCS 180/50-10)

14 Sec. 50-10. Fees.

15 (a) The Secretary of State shall charge and collect in
16 accordance with the provisions of this Act and rules
17 promulgated under its authority all of the following:

18 (1) Fees for filing documents.

19 (2) Miscellaneous charges.

20 (3) Fees for the sale of lists of filings and for
21 copies of any documents.

22 (b) The Secretary of State shall charge and collect for all
23 of the following:

24 (1) Filing articles of organization (domestic),

1 application for admission (foreign), and restated articles
2 of organization (domestic), (i) \$500 before July 1, 2012
3 and (ii) \$100 on and after July 1, 2012. Notwithstanding
4 the foregoing, the fee for filing articles of organization
5 (domestic), application for admission (foreign), and
6 restated articles of organization (domestic) in connection
7 with a limited liability company with a series pursuant to
8 Section 37-40 of this Act is (i) \$750 before July 1, 2012
9 and (ii) \$100 on and after July 1, 2012.

10 (2) Filing amendments (domestic or foreign), \$150.

11 (3) Filing articles of dissolution or application for
12 withdrawal, \$100.

13 (4) Filing an application to reserve a name, \$300.

14 (5) Renewal fee for reserved name, \$100.

15 (6) Filing a notice of a transfer of a reserved name,
16 \$100.

17 (7) Registration of a name, \$300.

18 (8) Renewal of registration of a name, \$100.

19 (9) Filing an application for use of an assumed name
20 under Section 1-20 of this Act, \$150 for each year or part
21 thereof ending in 0 or 5, \$120 for each year or part
22 thereof ending in 1 or 6, \$90 for each year or part thereof
23 ending in 2 or 7, \$60 for each year or part thereof ending
24 in 3 or 8, \$30 for each year or part thereof ending in 4 or
25 9, and a renewal for each assumed name, \$150.

26 (10) Filing an application for change of an assumed

1 name, \$100.

2 (11) Filing an annual report of a limited liability
3 company or foreign limited liability company, \$250, if
4 filed as required by this Act, plus a penalty if
5 delinquent. Notwithstanding the foregoing, the fee for
6 filing an annual report of a limited liability company or
7 foreign limited liability company is \$250 plus \$50 for each
8 series for which a certificate of designation has been
9 filed pursuant to Section 37-40 of this Act, plus a penalty
10 if delinquent.

11 (12) Filing an application for reinstatement of a
12 limited liability company or foreign limited liability
13 company \$500.

14 (13) Filing Articles of Merger, \$100 plus \$50 for each
15 party to the merger in excess of the first 2 parties.

16 (14) Filing an Agreement of Conversion or Statement of
17 Conversion, \$100.

18 (15) Filing a statement of change of address of
19 registered office or change of registered agent, or both,
20 or filing a statement of correction, \$25.

21 (16) Filing a petition for refund, \$15.

22 (17) Filing any other document, \$100.

23 (18) Filing a certificate of designation of a limited
24 liability company with a series pursuant to Section 37-40
25 of this Act, \$50.

26 (c) The Secretary of State shall charge and collect all of

1 the following:

2 (1) For furnishing a copy or certified copy of any
3 document, instrument, or paper relating to a limited
4 liability company or foreign limited liability company, or
5 for a certificate, \$25.

6 (2) For the transfer of information by computer process
7 media to any purchaser, fees established by rule.

8 (Source: P.A. 94-605, eff. 1-1-06; 94-607, eff. 8-16-05;
9 95-331, eff. 8-21-07.)".