



97TH GENERAL ASSEMBLY

State of Illinois

2011 and 2012

HB5095

Introduced 2/7/2012, by Rep. Sidney H. Mathias

SYNOPSIS AS INTRODUCED:

New Act

35 ILCS 5/201	from Ch. 120, par. 2-201
35 ILCS 120/1d	from Ch. 120, par. 440d
35 ILCS 120/1e	from Ch. 120, par. 440e
35 ILCS 120/1f	from Ch. 120, par. 440f
35 ILCS 120/51	from Ch. 120, par. 444l
220 ILCS 5/9-222	from Ch. 111 2/3, par. 9-222
220 ILCS 5/9-222.1A	

Creates the Green Energy Business Act. Authorizes the Department of Commerce and Economic Opportunity to receive and approve the applications of qualified businesses seeking designation as Green Energy Businesses. Amends the Illinois Income Tax Act, the Retailers' Occupation Tax Act, and the Public Utilities Act to provide that Green Energy Businesses are eligible for certain credits and exemptions under those Acts. Effective immediately.

LRB097 18468 HLH 63698 b

FISCAL NOTE ACT
MAY APPLY

A BILL FOR

1 AN ACT concerning revenue.

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

4 Section 1. Short title. This Act may be cited as the Green
5 Energy Business Act.

6 Section 5. Definitions. As used in this Act, the following
7 words shall have the meanings ascribed to them below, unless
8 the context otherwise requires:

9 "Biodiesel" means a renewable diesel fuel derived from
10 biomass that is intended for use in diesel engines.

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

13 "Ethanol" means a product produced from agricultural
14 commodities or by-products used as a fuel or to be blended with
15 other fuels for use in motor vehicles.

16 "Green Energy Business" means a business that:

17 (i) produces or manufactures components used in the
18 production of electricity from renewable energy resources;

19 (ii) has the capacity to produce and produces at least
20 5 megawatts of electricity from renewable energy resources
21 each year;

22 (iii) has the capacity to produce and produces no less
23 than 30,000,000 gallons of biodiesel or ethanol each year.

1 "Renewable energy resources" means wind energy; solar
2 thermal energy; photovoltaic cells and panels; biodiesel;
3 crops; untreated and unadulterated organic waste biomass;
4 trees and tree trimmings; hydropower that does not involve new
5 construction or significant expansion of hydropower dams; and
6 other alternative sources of environmentally preferable
7 energy. For purposes of this Act, landfill gas produced in the
8 State is a renewable energy resource, but tires; garbage;
9 general household, institutional, and commercial waste;
10 industrial lunchroom or office waste; landscape waste (other
11 than trees and tree trimmings); railroad crossties; utility
12 poles; and construction or demolition debris (other than
13 untreated and unadulterated waste wood) are not. Renewable
14 energy resources also include any renewable energy credit or
15 credits associated with or generated by a source of energy that
16 otherwise qualifies as a renewable energy resource under this
17 Act.

18 Section 10. Green Energy Business.

19 (a) To assist in the encouragement, development, growth,
20 and expansion of the private sector through green energy
21 projects, the Department may receive and approve applications
22 for the designation of "Green Energy Business" in Illinois.
23 Applications may be submitted at any time. No later than 90
24 days after an application is submitted, the Department shall
25 notify the applicant of the Department's determination as to

1 the applicant's qualification to be designated as a Green
2 Energy Business under this Section. To qualify as a Green
3 Energy Business, a business must meet all of the following
4 conditions:

5 (1) It must not be located, at the time of designation,
6 in an enterprise zone designated under the Illinois
7 Enterprise Zone Act.

8 (2) It must commit to (i) produce or manufacture
9 components used in the production of electricity from
10 renewable energy resources; (ii) produce at least 5
11 megawatts of electricity from renewable energy resources
12 each year; or (iii) produce not less than 30,000,000
13 gallons of biodiesel or ethanol each year.

14 (3) It must commit to have the business placed in
15 service at a qualified property in Illinois.

16 (4) It must certify in writing that (i) the investments
17 would not be placed in service at a qualified property
18 without the tax credits and exemptions referenced in
19 subsection (b) of this Section and (ii) the job creation or
20 job retention would not occur without the tax credits and
21 exemptions referenced in subsection (b) of this Section.
22 The terms "placed in service" and "qualified property" have
23 the same meanings as described in subsection (h) of Section
24 201 of the Illinois Income Tax Act.

25 (5) It must meet any additional criteria established by
26 the Department.

1 (b) Each business designated as a Green Energy Business by
2 the Department shall qualify for the credits and exemptions in
3 Sections 9-222 and 9-222.1A of the Public Utilities Act;
4 subsection (h) of Section 201 of the Illinois Income Tax Act;
5 and Section 1d of the Retailers' Occupation Tax Act. Each
6 business designated as a Green Energy Business under this
7 Section shall also qualify for the exemption described in
8 Section 5l of the Retailers' Occupation Tax Act. The credit
9 provided in subsection (h) of Section 201 of the Illinois
10 Income Tax Act shall be applicable to investments in qualified
11 property used to meet the requirements in subdivision (a)(2) of
12 this Section.

13 (c) The Department must revoke a Green Energy Business
14 designation if, within the Department's discretion, the
15 participating business fails to comply with the terms and
16 conditions of the designation.

17 Section 15. Project labor agreements

18 (a) Each business designated as a Green Energy Business by
19 the Department must enter into a project labor agreement. The
20 project labor agreement must include provisions establishing
21 (i) the minimum hourly wage for each class of labor
22 organization employee; (ii) the benefits and other
23 compensation for each class of labor organization employee; and
24 (iii) that no strike or disputes will be engaged in by the
25 labor organization employees; and (iv) that no lockout or

1 disputes will be engaged in by the owner of a Green Energy
2 Business. The owner of a Green Energy Business and the labor
3 organizations shall have the authority to include other terms
4 and conditions as they deem necessary.

5 (b) Each project labor agreement shall be filed with the
6 Director in accordance with the procedures established by the
7 Department. At a minimum, the project labor agreement must
8 provide the names, addresses, and occupations of the owner of
9 the Green Energy Business and the individuals representing the
10 labor organization employees participating in the project
11 labor agreement. The agreement must also specify the terms and
12 conditions required in subsection (a) of this Section.

13 Section 20. The Illinois Income Tax Act is amended by
14 changing Section 201 as follows:

15 (35 ILCS 5/201) (from Ch. 120, par. 2-201)

16 (Text of Section before amendment by P.A. 97-636)

17 Sec. 201. Tax Imposed.

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

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

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

8 (2) In the case of an individual, trust or estate, for
9 taxable years beginning prior to July 1, 1989 and ending
10 after June 30, 1989, an amount equal to the sum of (i) 2
11 1/2% of the taxpayer's net income for the period prior to
12 July 1, 1989, as calculated under Section 202.3, and (ii)
13 3% of the taxpayer's net income for the period after June
14 30, 1989, as calculated under Section 202.3.

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

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

26 (5) In the case of an individual, trust, or estate, for

1 taxable years beginning on or after January 1, 2011, and
2 ending prior to January 1, 2015, an amount equal to 5% of
3 the taxpayer's net income for the taxable year.

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

11 (5.2) In the case of an individual, trust, or estate,
12 for taxable years beginning on or after January 1, 2015,
13 and ending prior to January 1, 2025, an amount equal to
14 3.75% of the taxpayer's net income for the taxable year.

15 (5.3) In the case of an individual, trust, or estate,
16 for taxable years beginning prior to January 1, 2025, and
17 ending after December 31, 2024, an amount equal to the sum
18 of (i) 3.75% of the taxpayer's net income for the period
19 prior to January 1, 2025, as calculated under Section
20 202.5, and (ii) 3.25% of the taxpayer's net income for the
21 period after December 31, 2024, as calculated under Section
22 202.5.

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

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

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

11 (8) In the case of a corporation, for taxable years
12 beginning after June 30, 1989, and ending prior to January
13 1, 2011, an amount equal to 4.8% of the taxpayer's net
14 income for the taxable year.

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

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

26 (11) In the case of a corporation, for taxable years

1 beginning prior to January 1, 2015, and ending after
2 December 31, 2014, an amount equal to the sum of (i) 7% of
3 the taxpayer's net income for the period prior to January
4 1, 2015, as calculated under Section 202.5, and (ii) 5.25%
5 of the taxpayer's net income for the period after December
6 31, 2014, as calculated under Section 202.5.

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

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

18 (14) In the case of a corporation, for taxable years
19 beginning on or after January 1, 2025, an amount equal to
20 4.8% of the taxpayer's net income for the taxable year.

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

23 (c) Personal Property Tax Replacement Income Tax.
24 Beginning on July 1, 1979 and thereafter, in addition to such
25 income tax, there is also hereby imposed the Personal Property
26 Tax Replacement Income Tax measured by net income on every

1 corporation (including Subchapter S corporations), partnership
2 and trust, for each taxable year ending after June 30, 1979.
3 Such taxes are imposed on the privilege of earning or receiving
4 income in or as a resident of this State. The Personal Property
5 Tax Replacement Income Tax shall be in addition to the income
6 tax imposed by subsections (a) and (b) of this Section and in
7 addition to all other occupation or privilege taxes imposed by
8 this State or by any municipal corporation or political
9 subdivision thereof.

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

22 (d-1) Rate reduction for certain foreign insurers. In the
23 case of a foreign insurer, as defined by Section 35A-5 of the
24 Illinois Insurance Code, whose state or country of domicile
25 imposes on insurers domiciled in Illinois a retaliatory tax
26 (excluding any insurer whose premiums from reinsurance assumed

1 are 50% or more of its total insurance premiums as determined
2 under paragraph (2) of subsection (b) of Section 304, except
3 that for purposes of this determination premiums from
4 reinsurance do not include premiums from inter-affiliate
5 reinsurance arrangements), beginning with taxable years ending
6 on or after December 31, 1999, the sum of the rates of tax
7 imposed by subsections (b) and (d) shall be reduced (but not
8 increased) to the rate at which the total amount of tax imposed
9 under this Act, net of all credits allowed under this Act,
10 shall equal (i) the total amount of tax that would be imposed
11 on the foreign insurer's net income allocable to Illinois for
12 the taxable year by such foreign insurer's state or country of
13 domicile if that net income were subject to all income taxes
14 and taxes measured by net income imposed by such foreign
15 insurer's state or country of domicile, net of all credits
16 allowed or (ii) a rate of zero if no such tax is imposed on such
17 income by the foreign insurer's state of domicile. For the
18 purposes of this subsection (d-1), an inter-affiliate includes
19 a mutual insurer under common management.

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

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

26 (B) the privilege tax imposed by Section 409 of the

1 Illinois Insurance Code, the fire insurance company
2 tax imposed by Section 12 of the Fire Investigation
3 Act, and the fire department taxes imposed under
4 Section 11-10-1 of the Illinois Municipal Code,
5 equals 1.25% for taxable years ending prior to December 31,
6 2003, or 1.75% for taxable years ending on or after
7 December 31, 2003, of the net taxable premiums written for
8 the taxable year, as described by subsection (1) of Section
9 409 of the Illinois Insurance Code. This paragraph will in
10 no event increase the rates imposed under subsections (b)
11 and (d).

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

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

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

24 (1) A taxpayer shall be allowed a credit equal to .5%
25 of the basis of qualified property placed in service during
26 the taxable year, provided such property is placed in

1 service on or after July 1, 1984. There shall be allowed an
2 additional credit equal to .5% of the basis of qualified
3 property placed in service during the taxable year,
4 provided such property is placed in service on or after
5 July 1, 1986, and the taxpayer's base employment within
6 Illinois has increased by 1% or more over the preceding
7 year as determined by the taxpayer's employment records
8 filed with the Illinois Department of Employment Security.
9 Taxpayers who are new to Illinois shall be deemed to have
10 met the 1% growth in base employment for the first year in
11 which they file employment records with the Illinois
12 Department of Employment Security. The provisions added to
13 this Section by Public Act 85-1200 (and restored by Public
14 Act 87-895) shall be construed as declaratory of existing
15 law and not as a new enactment. If, in any year, the
16 increase in base employment within Illinois over the
17 preceding year is less than 1%, the additional credit shall
18 be limited to that percentage times a fraction, the
19 numerator of which is .5% and the denominator of which is
20 1%, but shall not exceed .5%. The investment credit shall
21 not be allowed to the extent that it would reduce a
22 taxpayer's liability in any tax year below zero, nor may
23 any credit for qualified property be allowed for any year
24 other than the year in which the property was placed in
25 service in Illinois. For tax years ending on or after
26 December 31, 1987, and on or before December 31, 1988, the

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

1 liability. If there is credit from more than one tax year
2 that is available to offset a liability, earlier credit
3 shall be applied first.

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

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

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

18 (C) is acquired by purchase as defined in Section
19 179(d) of the Internal Revenue Code;

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

26 (E) has not previously been used in Illinois in

1 such a manner and by such a person as would qualify for
2 the credit provided by this subsection (e) or
3 subsection (f).

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

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

26 (5) If the basis of the property for federal income tax

1 depreciation purposes is increased after it has been placed
2 in service in Illinois by the taxpayer, the amount of such
3 increase shall be deemed property placed in service on the
4 date of such increase in basis.

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

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

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

1 December 31, 2013.

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

18 For taxable years ending on or after December 31, 2000,
19 a partner that qualifies its partnership for a subtraction
20 under subparagraph (I) of paragraph (2) of subsection (d)
21 of Section 203 or a shareholder that qualifies a Subchapter
22 S corporation for a subtraction under subparagraph (S) of
23 paragraph (2) of subsection (b) of Section 203 shall be
24 allowed a credit under this subsection (e) equal to its
25 share of the credit earned under this subsection (e) during
26 the taxable year by the partnership or Subchapter S

1 corporation, determined in accordance with the
2 determination of income and distributive share of income
3 under Sections 702 and 704 and Subchapter S of the Internal
4 Revenue Code. This paragraph is exempt from the provisions
5 of Section 250.

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

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

1 the extent that it would reduce a taxpayer's liability for
2 the tax imposed by subsections (a) and (b) of this Section
3 to below zero. For tax years ending on or after December
4 31, 1985, the credit shall be allowed for the tax year in
5 which the property is placed in service, or, if the amount
6 of the credit exceeds the tax liability for that year,
7 whether it exceeds the original liability or the liability
8 as later amended, such excess may be carried forward and
9 applied to the tax liability of the 5 taxable years
10 following the excess credit year. The credit shall be
11 applied to the earliest year for which there is a
12 liability. If there is credit from more than one tax year
13 that is available to offset a liability, the credit
14 accruing first in time shall be applied first.

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

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

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

23 (C) is acquired by purchase as defined in Section
24 179(d) of the Internal Revenue Code;

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

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

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

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

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

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

1 computation, and (ii) subtracting such recomputed credit
2 from the amount of credit previously allowed. For the
3 purposes of this paragraph (6), a reduction of the basis of
4 qualified property resulting from a redetermination of the
5 purchase price shall be deemed a disposition of qualified
6 property to the extent of such reduction.

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

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

26 (1) A taxpayer conducting a trade or business in an

1 enterprise zone or a High Impact Business designated by the
2 Department of Commerce and Economic Opportunity or for
3 taxable years ending on or after December 31, 2006, in a
4 River Edge Redevelopment Zone conducting a trade or
5 business in a federally designated Foreign Trade Zone or
6 Sub-Zone shall be allowed a credit against the tax imposed
7 by subsections (a) and (b) of this Section in the amount of
8 \$500 per eligible employee hired to work in the zone during
9 the taxable year.

10 (2) To qualify for the credit:

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

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

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

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

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

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

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

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

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

1 hired. If the amount of the credit exceeds the tax
2 liability for that year, whether it exceeds the original
3 liability or the liability as later amended, such excess
4 may be carried forward and applied to the tax liability of
5 the 5 taxable years following the excess credit year. The
6 credit shall be applied to the earliest year for which
7 there is a liability. If there is credit from more than one
8 tax year that is available to offset a liability, earlier
9 credit shall be applied first.

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

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

15 (h) Investment credit; High Impact Business; Green Energy
16 Business.

17 (1) Subject to subsection (a) of Section 10 of the
18 Green Energy Business Act, or subsections (b) and (b-5) of
19 Section 5.5 of the Illinois Enterprise Zone Act, a taxpayer
20 shall be allowed a credit against the tax imposed by
21 subsections (a) and (b) of this Section for investment in
22 qualified property which is placed in service by a
23 Department of Commerce and Economic Opportunity designated
24 Green Energy Business or High Impact Business. The credit
25 shall be .5% of the basis for such property. The credit
26 shall not be available (i) until the minimum investments in

1 qualified property set forth in subdivision (a)(3)(A) of
2 Section 5.5 of the Illinois Enterprise Zone Act have been
3 satisfied or (ii) until the Department of Commerce and
4 Economic Opportunity designates the business as a Green
5 Energy Business under the Green Energy Business Act, or
6 until the time authorized in subsection (b-5) of the
7 Illinois Enterprise Zone Act for entities designated as
8 High Impact Businesses under subdivisions (a)(3)(B),
9 (a)(3)(C), and (a)(3)(D) of Section 5.5 of the Illinois
10 Enterprise Zone Act, and shall not be allowed to the extent
11 that it would reduce a taxpayer's liability for the tax
12 imposed by subsections (a) and (b) of this Section to below
13 zero. The credit applicable to such investments shall be
14 taken in the taxable year in which such investments have
15 been completed. The credit for additional investments
16 beyond the minimum investment by a designated high impact
17 business authorized under subdivision (a)(3)(A) of Section
18 5.5 of the Illinois Enterprise Zone Act shall be available
19 only in the taxable year in which the property is placed in
20 service and shall not be allowed to the extent that it
21 would reduce a taxpayer's liability for the tax imposed by
22 subsections (a) and (b) of this Section to below zero. For
23 tax years ending on or after December 31, 1987, the credit
24 shall be allowed for the tax year in which the property is
25 placed in service, or, if the amount of the credit exceeds
26 the tax liability for that year, whether it exceeds the

1 original liability or the liability as later amended, such
2 excess may be carried forward and applied to the tax
3 liability of the 5 taxable years following the excess
4 credit year. The credit shall be applied to the earliest
5 year for which there is a liability. If there is credit
6 from more than one tax year that is available to offset a
7 liability, the credit accruing first in time shall be
8 applied first.

9 Changes made in this subdivision (h)(1) by Public Act
10 88-670 restore changes made by Public Act 85-1182 and
11 reflect existing law.

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 (h);

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

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

25 (3) The basis of qualified property shall be the basis
26 used to compute the depreciation deduction for federal

1 income tax purposes.

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

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

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

1 reduction.

2 (7) Beginning with tax years ending after December 31,
3 1996, if a taxpayer qualifies for the credit under this
4 subsection (h) and thereby is granted a tax abatement and
5 the taxpayer relocates its entire facility in violation of
6 the explicit terms and length of the contract under Section
7 18-183 of the Property Tax Code, the tax imposed under
8 subsections (a) and (b) of this Section shall be increased
9 for the taxable year in which the taxpayer relocated its
10 facility by an amount equal to the amount of credit
11 received by the taxpayer under this subsection (h).

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

22 Any credit earned on or after December 31, 1986 under this
23 subsection which is unused in the year the credit is computed
24 because it exceeds the tax liability imposed by subsections (a)
25 and (b) for that year (whether it exceeds the original
26 liability or the liability as later amended) may be carried

1 forward and applied to the tax liability imposed by subsections
2 (a) and (b) of the 5 taxable years following the excess credit
3 year, provided that no credit may be carried forward to any
4 year ending on or after December 31, 2003. This credit shall be
5 applied first to the earliest year for which there is a
6 liability. If there is a credit under this subsection from more
7 than one tax year that is available to offset a liability the
8 earliest credit arising under this subsection shall be applied
9 first.

10 If, during any taxable year ending on or after December 31,
11 1986, the tax imposed by subsections (c) and (d) of this
12 Section for which a taxpayer has claimed a credit under this
13 subsection (i) is reduced, the amount of credit for such tax
14 shall also be reduced. Such reduction shall be determined by
15 recomputing the credit to take into account the reduced tax
16 imposed by subsections (c) and (d). If any portion of the
17 reduced amount of credit has been carried to a different
18 taxable year, an amended return shall be filed for such taxable
19 year to reduce the amount of credit claimed.

20 (j) Training expense credit. Beginning with tax years
21 ending on or after December 31, 1986 and prior to December 31,
22 2003, a taxpayer shall be allowed a credit against the tax
23 imposed by subsections (a) and (b) under this Section for all
24 amounts paid or accrued, on behalf of all persons employed by
25 the taxpayer in Illinois or Illinois residents employed outside
26 of Illinois by a taxpayer, for educational or vocational

1 training in semi-technical or technical fields or semi-skilled
2 or skilled fields, which were deducted from gross income in the
3 computation of taxable income. The credit against the tax
4 imposed by subsections (a) and (b) shall be 1.6% of such
5 training expenses. For partners, shareholders of subchapter S
6 corporations, and owners of limited liability companies, if the
7 liability company is treated as a partnership for purposes of
8 federal and State income taxation, there shall be allowed a
9 credit under this subsection (j) to be determined in accordance
10 with the determination of income and distributive share of
11 income under Sections 702 and 704 and subchapter S of the
12 Internal Revenue Code.

13 Any credit allowed under this subsection which is unused in
14 the year the credit is earned may be carried forward to each of
15 the 5 taxable years following the year for which the credit is
16 first computed until it is used. This credit shall be applied
17 first to the earliest year for which there is a liability. If
18 there is a credit under this subsection from more than one tax
19 year that is available to offset a liability the earliest
20 credit arising under this subsection shall be applied first. No
21 carryforward credit may be claimed in any tax year ending on or
22 after December 31, 2003.

23 (k) Research and development credit.

24 For tax years ending after July 1, 1990 and prior to
25 December 31, 2003, and beginning again for tax years ending on
26 or after December 31, 2004, and ending prior to January 1,

1 2011, a taxpayer shall be allowed a credit against the tax
2 imposed by subsections (a) and (b) of this Section for
3 increasing research activities in this State. The credit
4 allowed against the tax imposed by subsections (a) and (b)
5 shall be equal to 6 1/2% of the qualifying expenditures for
6 increasing research activities in this State. For partners,
7 shareholders of subchapter S corporations, and owners of
8 limited liability companies, if the liability company is
9 treated as a partnership for purposes of federal and State
10 income taxation, there shall be allowed a credit under this
11 subsection to be determined in accordance with the
12 determination of income and distributive share of income under
13 Sections 702 and 704 and subchapter S of the Internal Revenue
14 Code.

15 For purposes of this subsection, "qualifying expenditures"
16 means the qualifying expenditures as defined for the federal
17 credit for increasing research activities which would be
18 allowable under Section 41 of the Internal Revenue Code and
19 which are conducted in this State, "qualifying expenditures for
20 increasing research activities in this State" means the excess
21 of qualifying expenditures for the taxable year in which
22 incurred over qualifying expenditures for the base period,
23 "qualifying expenditures for the base period" means the average
24 of the qualifying expenditures for each year in the base
25 period, and "base period" means the 3 taxable years immediately
26 preceding the taxable year for which the determination is being

1 made.

2 Any credit in excess of the tax liability for the taxable
3 year may be carried forward. A taxpayer may elect to have the
4 unused credit shown on its final completed return carried over
5 as a credit against the tax liability for the following 5
6 taxable years or until it has been fully used, whichever occurs
7 first; provided that no credit earned in a tax year ending
8 prior to December 31, 2003 may be carried forward to any year
9 ending on or after December 31, 2003, and no credit may be
10 carried forward to any taxable year ending on or after January
11 1, 2011.

12 If an unused credit is carried forward to a given year from
13 2 or more earlier years, that credit arising in the earliest
14 year will be applied first against the tax liability for the
15 given year. If a tax liability for the given year still
16 remains, the credit from the next earliest year will then be
17 applied, and so on, until all credits have been used or no tax
18 liability for the given year remains. Any remaining unused
19 credit or credits then will be carried forward to the next
20 following year in which a tax liability is incurred, except
21 that no credit can be carried forward to a year which is more
22 than 5 years after the year in which the expense for which the
23 credit is given was incurred.

24 No inference shall be drawn from this amendatory Act of the
25 91st General Assembly in construing this Section for taxable
26 years beginning before January 1, 1999.

1 (1) Environmental Remediation Tax Credit.

2 (i) For tax years ending after December 31, 1997 and on
3 or before December 31, 2001, a taxpayer shall be allowed a
4 credit against the tax imposed by subsections (a) and (b)
5 of this Section for certain amounts paid for unreimbursed
6 eligible remediation costs, as specified in this
7 subsection. For purposes of this Section, "unreimbursed
8 eligible remediation costs" means costs approved by the
9 Illinois Environmental Protection Agency ("Agency") under
10 Section 58.14 of the Environmental Protection Act that were
11 paid in performing environmental remediation at a site for
12 which a No Further Remediation Letter was issued by the
13 Agency and recorded under Section 58.10 of the
14 Environmental Protection Act. The credit must be claimed
15 for the taxable year in which Agency approval of the
16 eligible remediation costs is granted. The credit is not
17 available to any taxpayer if the taxpayer or any related
18 party caused or contributed to, in any material respect, a
19 release of regulated substances on, in, or under the site
20 that was identified and addressed by the remedial action
21 pursuant to the Site Remediation Program of the
22 Environmental Protection Act. After the Pollution Control
23 Board rules are adopted pursuant to the Illinois
24 Administrative Procedure Act for the administration and
25 enforcement of Section 58.9 of the Environmental
26 Protection Act, determinations as to credit availability

1 for purposes of this Section shall be made consistent with
2 those rules. For purposes of this Section, "taxpayer"
3 includes a person whose tax attributes the taxpayer has
4 succeeded to under Section 381 of the Internal Revenue Code
5 and "related party" includes the persons disallowed a
6 deduction for losses by paragraphs (b), (c), and (f)(1) of
7 Section 267 of the Internal Revenue Code by virtue of being
8 a related taxpayer, as well as any of its partners. The
9 credit allowed against the tax imposed by subsections (a)
10 and (b) shall be equal to 25% of the unreimbursed eligible
11 remediation costs in excess of \$100,000 per site, except
12 that the \$100,000 threshold shall not apply to any site
13 contained in an enterprise zone as determined by the
14 Department of Commerce and Community Affairs (now
15 Department of Commerce and Economic Opportunity). The
16 total credit allowed shall not exceed \$40,000 per year with
17 a maximum total of \$150,000 per site. For partners and
18 shareholders of subchapter S corporations, there shall be
19 allowed a credit under this subsection to be determined in
20 accordance with the determination of income and
21 distributive share of income under Sections 702 and 704 and
22 subchapter S of the Internal Revenue Code.

23 (ii) A credit allowed under this subsection that is
24 unused in the year the credit is earned may be carried
25 forward to each of the 5 taxable years following the year
26 for which the credit is first earned until it is used. The

1 term "unused credit" does not include any amounts of
2 unreimbursed eligible remediation costs in excess of the
3 maximum credit per site authorized under paragraph (i).
4 This credit shall be applied first to the earliest year for
5 which there is a liability. If there is a credit under this
6 subsection from more than one tax year that is available to
7 offset a liability, the earliest credit arising under this
8 subsection shall be applied first. A credit allowed under
9 this subsection may be sold to a buyer as part of a sale of
10 all or part of the remediation site for which the credit
11 was granted. The purchaser of a remediation site and the
12 tax credit shall succeed to the unused credit and remaining
13 carry-forward period of the seller. To perfect the
14 transfer, the assignor shall record the transfer in the
15 chain of title for the site and provide written notice to
16 the Director of the Illinois Department of Revenue of the
17 assignor's intent to sell the remediation site and the
18 amount of the tax credit to be transferred as a portion of
19 the sale. In no event may a credit be transferred to any
20 taxpayer if the taxpayer or a related party would not be
21 eligible under the provisions of subsection (i).

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

25 (m) Education expense credit. Beginning with tax years
26 ending after December 31, 1999, a taxpayer who is the custodian

1 of one or more qualifying pupils shall be allowed a credit
2 against the tax imposed by subsections (a) and (b) of this
3 Section for qualified education expenses incurred on behalf of
4 the qualifying pupils. The credit shall be equal to 25% of
5 qualified education expenses, but in no event may the total
6 credit under this subsection claimed by a family that is the
7 custodian of qualifying pupils exceed \$500. In no event shall a
8 credit under this subsection reduce the taxpayer's liability
9 under this Act to less than zero. This subsection is exempt
10 from the provisions of Section 250 of this Act.

11 For purposes of this subsection:

12 "Qualifying pupils" means individuals who (i) are
13 residents of the State of Illinois, (ii) are under the age of
14 21 at the close of the school year for which a credit is
15 sought, and (iii) during the school year for which a credit is
16 sought were full-time pupils enrolled in a kindergarten through
17 twelfth grade education program at any school, as defined in
18 this subsection.

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

23 "School" means any public or nonpublic elementary or
24 secondary school in Illinois that is in compliance with Title
25 VI of the Civil Rights Act of 1964 and attendance at which
26 satisfies the requirements of Section 26-1 of the School Code,

1 except that nothing shall be construed to require a child to
2 attend any particular public or nonpublic school to qualify for
3 the credit under this Section.

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

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

9 (i) For tax years ending on or after December 31, 2006,
10 a taxpayer shall be allowed a credit against the tax
11 imposed by subsections (a) and (b) of this Section for
12 certain amounts paid for unreimbursed eligible remediation
13 costs, as specified in this subsection. For purposes of
14 this Section, "unreimbursed eligible remediation costs"
15 means costs approved by the Illinois Environmental
16 Protection Agency ("Agency") under Section 58.14a of the
17 Environmental Protection Act that were paid in performing
18 environmental remediation at a site within a River Edge
19 Redevelopment Zone for which a No Further Remediation
20 Letter was issued by the Agency and recorded under Section
21 58.10 of the Environmental Protection Act. The credit must
22 be claimed for the taxable year in which Agency approval of
23 the eligible remediation costs is granted. The credit is
24 not available to any taxpayer if the taxpayer or any
25 related party caused or contributed to, in any material
26 respect, a release of regulated substances on, in, or under

1 the site that was identified and addressed by the remedial
2 action pursuant to the Site Remediation Program of the
3 Environmental Protection Act. Determinations as to credit
4 availability for purposes of this Section shall be made
5 consistent with rules adopted by the Pollution Control
6 Board pursuant to the Illinois Administrative Procedure
7 Act for the administration and enforcement of Section 58.9
8 of the Environmental Protection Act. For purposes of this
9 Section, "taxpayer" includes a person whose tax attributes
10 the taxpayer has succeeded to under Section 381 of the
11 Internal Revenue Code and "related party" includes the
12 persons disallowed a deduction for losses by paragraphs
13 (b), (c), and (f) (1) of Section 267 of the Internal Revenue
14 Code by virtue of being a related taxpayer, as well as any
15 of its partners. The credit allowed against the tax imposed
16 by subsections (a) and (b) shall be equal to 25% of the
17 unreimbursed eligible remediation costs in excess of
18 \$100,000 per site.

19 (ii) A credit allowed under this subsection that is
20 unused in the year the credit is earned may be carried
21 forward to each of the 5 taxable years following the year
22 for which the credit is first earned until it is used. This
23 credit shall be applied first to the earliest year for
24 which there is a liability. If there is a credit under this
25 subsection from more than one tax year that is available to
26 offset a liability, the earliest credit arising under this

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

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

18 (Source: P.A. 96-115, eff. 7-31-09; 96-116, eff. 7-31-09;
19 96-937, eff. 6-23-10; 96-1000, eff. 7-2-10; 96-1496, eff.
20 1-13-11; 97-2, eff. 5-6-11.)

21 (Text of Section after amendment by P.A. 97-636)

22 Sec. 201. Tax Imposed.

23 (a) In general. A tax measured by net income is hereby
24 imposed on every individual, corporation, trust and estate for
25 each taxable year ending after July 31, 1969 on the privilege

1 of earning or receiving income in or as a resident of this
2 State. Such tax shall be in addition to all other occupation or
3 privilege taxes imposed by this State or by any municipal
4 corporation or political subdivision thereof.

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

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

12 (2) In the case of an individual, trust or estate, for
13 taxable years beginning prior to July 1, 1989 and ending
14 after June 30, 1989, an amount equal to the sum of (i) 2
15 1/2% of the taxpayer's net income for the period prior to
16 July 1, 1989, as calculated under Section 202.3, and (ii)
17 3% of the taxpayer's net income for the period after June
18 30, 1989, as calculated under Section 202.3.

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

23 (4) In the case of an individual, trust, or estate, for
24 taxable years beginning prior to January 1, 2011, and
25 ending after December 31, 2010, an amount equal to the sum
26 of (i) 3% of the taxpayer's net income for the period prior

1 to January 1, 2011, as calculated under Section 202.5, and
2 (ii) 5% of the taxpayer's net income for the period after
3 December 31, 2010, as calculated under Section 202.5.

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

8 (5.1) In the case of an individual, trust, or estate,
9 for taxable years beginning prior to January 1, 2015, and
10 ending after December 31, 2014, an amount equal to the sum
11 of (i) 5% of the taxpayer's net income for the period prior
12 to January 1, 2015, as calculated under Section 202.5, and
13 (ii) 3.75% of the taxpayer's net income for the period
14 after December 31, 2014, as calculated under Section 202.5.

15 (5.2) In the case of an individual, trust, or estate,
16 for taxable years beginning on or after January 1, 2015,
17 and ending prior to January 1, 2025, an amount equal to
18 3.75% of the taxpayer's net income for the taxable year.

19 (5.3) In the case of an individual, trust, or estate,
20 for taxable years beginning prior to January 1, 2025, and
21 ending after December 31, 2024, an amount equal to the sum
22 of (i) 3.75% of the taxpayer's net income for the period
23 prior to January 1, 2025, as calculated under Section
24 202.5, and (ii) 3.25% of the taxpayer's net income for the
25 period after December 31, 2024, as calculated under Section
26 202.5.

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

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

8 (7) In the case of a corporation, for taxable years
9 beginning prior to July 1, 1989 and ending after June 30,
10 1989, an amount equal to the sum of (i) 4% of the
11 taxpayer's net income for the period prior to July 1, 1989,
12 as calculated under Section 202.3, and (ii) 4.8% of the
13 taxpayer's net income for the period after June 30, 1989,
14 as calculated under Section 202.3.

15 (8) In the case of a corporation, for taxable years
16 beginning after June 30, 1989, and ending prior to January
17 1, 2011, an amount equal to 4.8% of the taxpayer's net
18 income for the taxable year.

19 (9) In the case of a corporation, for taxable years
20 beginning prior to January 1, 2011, and ending after
21 December 31, 2010, an amount equal to the sum of (i) 4.8%
22 of the taxpayer's net income for the period prior to
23 January 1, 2011, as calculated under Section 202.5, and
24 (ii) 7% of the taxpayer's net income for the period after
25 December 31, 2010, as calculated under Section 202.5.

26 (10) In the case of a corporation, for taxable years

1 beginning on or after January 1, 2011, and ending prior to
2 January 1, 2015, an amount equal to 7% of the taxpayer's
3 net income for the taxable year.

4 (11) In the case of a corporation, for taxable years
5 beginning prior to January 1, 2015, and ending after
6 December 31, 2014, an amount equal to the sum of (i) 7% of
7 the taxpayer's net income for the period prior to January
8 1, 2015, as calculated under Section 202.5, and (ii) 5.25%
9 of the taxpayer's net income for the period after December
10 31, 2014, as calculated under Section 202.5.

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

15 (13) In the case of a corporation, for taxable years
16 beginning prior to January 1, 2025, and ending after
17 December 31, 2024, an amount equal to the sum of (i) 5.25%
18 of the taxpayer's net income for the period prior to
19 January 1, 2025, as calculated under Section 202.5, and
20 (ii) 4.8% of the taxpayer's net income for the period after
21 December 31, 2024, as calculated under Section 202.5.

22 (14) In the case of a corporation, for taxable years
23 beginning on or after January 1, 2025, an amount equal to
24 4.8% of the taxpayer's net income for the taxable year.

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

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

14 (d) Additional Personal Property Tax Replacement Income
15 Tax Rates. The personal property tax replacement income tax
16 imposed by this subsection and subsection (c) of this Section
17 in the case of a corporation, other than a Subchapter S
18 corporation and except as adjusted by subsection (d-1), shall
19 be an additional amount equal to 2.85% of such taxpayer's net
20 income for the taxable year, except that beginning on January
21 1, 1981, and thereafter, the rate of 2.85% specified in this
22 subsection shall be reduced to 2.5%, and in the case of a
23 partnership, trust or a Subchapter S corporation shall be an
24 additional amount equal to 1.5% of such taxpayer's net income
25 for the taxable year.

26 (d-1) Rate reduction for certain foreign insurers. In the

1 case of a foreign insurer, as defined by Section 35A-5 of the
2 Illinois Insurance Code, whose state or country of domicile
3 imposes on insurers domiciled in Illinois a retaliatory tax
4 (excluding any insurer whose premiums from reinsurance assumed
5 are 50% or more of its total insurance premiums as determined
6 under paragraph (2) of subsection (b) of Section 304, except
7 that for purposes of this determination premiums from
8 reinsurance do not include premiums from inter-affiliate
9 reinsurance arrangements), beginning with taxable years ending
10 on or after December 31, 1999, the sum of the rates of tax
11 imposed by subsections (b) and (d) shall be reduced (but not
12 increased) to the rate at which the total amount of tax imposed
13 under this Act, net of all credits allowed under this Act,
14 shall equal (i) the total amount of tax that would be imposed
15 on the foreign insurer's net income allocable to Illinois for
16 the taxable year by such foreign insurer's state or country of
17 domicile if that net income were subject to all income taxes
18 and taxes measured by net income imposed by such foreign
19 insurer's state or country of domicile, net of all credits
20 allowed or (ii) a rate of zero if no such tax is imposed on such
21 income by the foreign insurer's state of domicile. For the
22 purposes of this subsection (d-1), an inter-affiliate includes
23 a mutual insurer under common management.

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

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

4 (B) the privilege tax imposed by Section 409 of the
5 Illinois Insurance Code, the fire insurance company
6 tax imposed by Section 12 of the Fire Investigation
7 Act, and the fire department taxes imposed under
8 Section 11-10-1 of the Illinois Municipal Code,
9 equals 1.25% for taxable years ending prior to December 31,
10 2003, or 1.75% for taxable years ending on or after
11 December 31, 2003, of the net taxable premiums written for
12 the taxable year, as described by subsection (1) of Section
13 409 of the Illinois Insurance Code. This paragraph will in
14 no event increase the rates imposed under subsections (b)
15 and (d).

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

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

25 (e) Investment credit. A taxpayer shall be allowed a credit
26 against the Personal Property Tax Replacement Income Tax for

1 investment in qualified property.

2 (1) A taxpayer shall be allowed a credit equal to .5%
3 of the basis of qualified property placed in service during
4 the taxable year, provided such property is placed in
5 service on or after July 1, 1984. There shall be allowed an
6 additional credit equal to .5% of the basis of qualified
7 property placed in service during the taxable year,
8 provided such property is placed in service on or after
9 July 1, 1986, and the taxpayer's base employment within
10 Illinois has increased by 1% or more over the preceding
11 year as determined by the taxpayer's employment records
12 filed with the Illinois Department of Employment Security.
13 Taxpayers who are new to Illinois shall be deemed to have
14 met the 1% growth in base employment for the first year in
15 which they file employment records with the Illinois
16 Department of Employment Security. The provisions added to
17 this Section by Public Act 85-1200 (and restored by Public
18 Act 87-895) shall be construed as declaratory of existing
19 law and not as a new enactment. If, in any year, the
20 increase in base employment within Illinois over the
21 preceding year is less than 1%, the additional credit shall
22 be limited to that percentage times a fraction, the
23 numerator of which is .5% and the denominator of which is
24 1%, but shall not exceed .5%. The investment credit shall
25 not be allowed to the extent that it would reduce a
26 taxpayer's liability in any tax year below zero, nor may

1 any credit for qualified property be allowed for any year
2 other than the year in which the property was placed in
3 service in Illinois. For tax years ending on or after
4 December 31, 1987, and on or before December 31, 1988, the
5 credit shall be allowed for the tax year in which the
6 property is placed in service, or, if the amount of the
7 credit exceeds the tax liability for that year, whether it
8 exceeds the original liability or the liability as later
9 amended, such excess may be carried forward and applied to
10 the tax liability of the 5 taxable years following the
11 excess credit years if the taxpayer (i) makes investments
12 which cause the creation of a minimum of 2,000 full-time
13 equivalent jobs in Illinois, (ii) is located in an
14 enterprise zone established pursuant to the Illinois
15 Enterprise Zone Act and (iii) is certified by the
16 Department of Commerce and Community Affairs (now
17 Department of Commerce and Economic Opportunity) as
18 complying with the requirements specified in clause (i) and
19 (ii) by July 1, 1986. The Department of Commerce and
20 Community Affairs (now Department of Commerce and Economic
21 Opportunity) shall notify the Department of Revenue of all
22 such certifications immediately. For tax years ending
23 after December 31, 1988, the credit shall be allowed for
24 the tax year in which the property is placed in service,
25 or, if the amount of the credit exceeds the tax liability
26 for that year, whether it exceeds the original liability or

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

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

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

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

22 (C) is acquired by purchase as defined in Section
23 179(d) of the Internal Revenue Code;

24 (D) is used in Illinois by a taxpayer who is
25 primarily engaged in manufacturing, or in mining coal
26 or fluorite, or in retailing, or was placed in service

1 on or after July 1, 2006 in a River Edge Redevelopment
2 Zone established pursuant to the River Edge
3 Redevelopment Zone Act; and

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

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

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

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

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

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

1 (8) Unless the investment credit is extended by law,
2 the basis of qualified property shall not include costs
3 incurred after December 31, 2018, except for costs incurred
4 pursuant to a binding contract entered into on or before
5 December 31, 2018.

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

22 For taxable years ending on or after December 31, 2000,
23 a partner that qualifies its partnership for a subtraction
24 under subparagraph (I) of paragraph (2) of subsection (d)
25 of Section 203 or a shareholder that qualifies a Subchapter
26 S corporation for a subtraction under subparagraph (S) of

1 paragraph (2) of subsection (b) of Section 203 shall be
2 allowed a credit under this subsection (e) equal to its
3 share of the credit earned under this subsection (e) during
4 the taxable year by the partnership or Subchapter S
5 corporation, determined in accordance with the
6 determination of income and distributive share of income
7 under Sections 702 and 704 and Subchapter S of the Internal
8 Revenue Code. This paragraph is exempt from the provisions
9 of Section 250.

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

12 (1) A taxpayer shall be allowed a credit against the
13 tax imposed by subsections (a) and (b) of this Section for
14 investment in qualified property which is placed in service
15 in an Enterprise Zone created pursuant to the Illinois
16 Enterprise Zone Act or, for property placed in service on
17 or after July 1, 2006, a River Edge Redevelopment Zone
18 established pursuant to the River Edge Redevelopment Zone
19 Act. For partners, shareholders of Subchapter S
20 corporations, and owners of limited liability companies,
21 if the liability company is treated as a partnership for
22 purposes of federal and State income taxation, there shall
23 be allowed a credit under this subsection (f) to be
24 determined in accordance with the determination of income
25 and distributive share of income under Sections 702 and 704
26 and Subchapter S of the Internal Revenue Code. The credit

1 shall be .5% of the basis for such property. The credit
2 shall be available only in the taxable year in which the
3 property is placed in service in the Enterprise Zone or
4 River Edge Redevelopment Zone and shall not be allowed to
5 the extent that it would reduce a taxpayer's liability for
6 the tax imposed by subsections (a) and (b) of this Section
7 to below zero. For tax years ending on or after December
8 31, 1985, the credit shall be allowed for the tax year in
9 which the property is placed in service, or, if the amount
10 of the credit exceeds the tax liability for that year,
11 whether it exceeds the original liability or the liability
12 as later amended, such excess may be carried forward and
13 applied to the tax liability of the 5 taxable years
14 following the excess credit year. The credit shall be
15 applied to the earliest year for which there is a
16 liability. If there is credit from more than one tax year
17 that is available to offset a liability, the credit
18 accruing first in time shall be applied first.

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

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

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

26 (f);

1 (C) is acquired by purchase as defined in Section
2 179(d) of the Internal Revenue Code;

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

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

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

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

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

20 (6) If during any taxable year, any property ceases to
21 be qualified property in the hands of the taxpayer within
22 48 months after being placed in service, or the situs of
23 any qualified property is moved outside the Enterprise Zone
24 or River Edge Redevelopment Zone within 48 months after
25 being placed in service, the tax imposed under subsections
26 (a) and (b) of this Section for such taxable year shall be

1 increased. Such increase shall be determined by (i)
2 recomputing the investment credit which would have been
3 allowed for the year in which credit for such property was
4 originally allowed by eliminating such property from such
5 computation, and (ii) subtracting such recomputed credit
6 from the amount of credit previously allowed. For the
7 purposes of this paragraph (6), a reduction of the basis of
8 qualified property resulting from a redetermination of the
9 purchase price shall be deemed a disposition of qualified
10 property to the extent of such reduction.

11 (7) There shall be allowed an additional credit equal
12 to 0.5% of the basis of qualified property placed in
13 service during the taxable year in a River Edge
14 Redevelopment Zone, provided such property is placed in
15 service on or after July 1, 2006, and the taxpayer's base
16 employment within Illinois has increased by 1% or more over
17 the preceding year as determined by the taxpayer's
18 employment records filed with the Illinois Department of
19 Employment Security. Taxpayers who are new to Illinois
20 shall be deemed to have met the 1% growth in base
21 employment for the first year in which they file employment
22 records with the Illinois Department of Employment
23 Security. If, in any year, the increase in base employment
24 within Illinois over the preceding year is less than 1%,
25 the additional credit shall be limited to that percentage
26 times a fraction, the numerator of which is 0.5% and the

1 denominator of which is 1%, but shall not exceed 0.5%.

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

4 (1) A taxpayer conducting a trade or business in an
5 enterprise zone or a High Impact Business designated by the
6 Department of Commerce and Economic Opportunity or for
7 taxable years ending on or after December 31, 2006, in a
8 River Edge Redevelopment Zone conducting a trade or
9 business in a federally designated Foreign Trade Zone or
10 Sub-Zone shall be allowed a credit against the tax imposed
11 by subsections (a) and (b) of this Section in the amount of
12 \$500 per eligible employee hired to work in the zone during
13 the taxable year.

14 (2) To qualify for the credit:

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

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

1 later; and

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

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

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

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

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

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

25 (4) For tax years ending on or after December 31, 1985
26 and prior to December 31, 1988, the credit shall be allowed

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

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

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

19 (h) Investment credit; High Impact Business; Green Energy
20 Business.

21 (1) Subject to subsection (a) of Section 10 of the
22 Green Energy Business Act, or subsections (b) and (b-5) of
23 Section 5.5 of the Illinois Enterprise Zone Act, a taxpayer
24 shall be allowed a credit against the tax imposed by
25 subsections (a) and (b) of this Section for investment in
26 qualified property which is placed in service by a

1 Department of Commerce and Economic Opportunity designated
2 Green Energy Business or High Impact Business. The credit
3 shall be .5% of the basis for such property. The credit
4 shall not be available (i) until the minimum investments in
5 qualified property set forth in subdivision (a)(3)(A) of
6 Section 5.5 of the Illinois Enterprise Zone Act have been
7 satisfied or (ii) until the Department of Commerce and
8 Economic Opportunity designates the business as a Green
9 Energy Business under the Green Energy Business Act, or
10 until the time authorized in subsection (b-5) of the
11 Illinois Enterprise Zone Act for entities designated as
12 High Impact Businesses under subdivisions (a)(3)(B),
13 (a)(3)(C), and (a)(3)(D) of Section 5.5 of the Illinois
14 Enterprise Zone Act, and shall not be allowed to the extent
15 that it would reduce a taxpayer's liability for the tax
16 imposed by subsections (a) and (b) of this Section to below
17 zero. The credit applicable to such investments shall be
18 taken in the taxable year in which such investments have
19 been completed. The credit for additional investments
20 beyond the minimum investment by a designated high impact
21 business authorized under subdivision (a)(3)(A) of Section
22 5.5 of the Illinois Enterprise Zone Act shall be available
23 only in the taxable year in which the property is placed in
24 service and shall not be allowed to the extent that it
25 would reduce a taxpayer's liability for the tax imposed by
26 subsections (a) and (b) of this Section to below zero. For

1 tax years ending on or after December 31, 1987, the credit
2 shall be allowed for the tax year in which the property is
3 placed in service, or, if the amount of the credit exceeds
4 the tax liability for that year, whether it exceeds the
5 original liability or the liability as later amended, such
6 excess may be carried forward and applied to the tax
7 liability of the 5 taxable years following the excess
8 credit year. The credit shall be applied to the earliest
9 year for which there is a liability. If there is credit
10 from more than one tax year that is available to offset a
11 liability, the credit accruing first in time shall be
12 applied first.

13 Changes made in this subdivision (h) (1) by Public Act
14 88-670 restore changes made by Public Act 85-1182 and
15 reflect existing law.

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

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

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

24 (C) is acquired by purchase as defined in Section
25 179(d) of the Internal Revenue Code; and

26 (D) is not eligible for the Enterprise Zone

1 Investment Credit provided by subsection (f) of this
2 Section.

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

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

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

14 (6) If during any taxable year ending on or before
15 December 31, 1996, any property ceases to be qualified
16 property in the hands of the taxpayer within 48 months
17 after being placed in service, or the situs of any
18 qualified property is moved outside Illinois within 48
19 months after being placed in service, the tax imposed under
20 subsections (a) and (b) of this Section for such taxable
21 year shall be increased. Such increase shall be determined
22 by (i) recomputing the investment credit which would have
23 been allowed for the year in which credit for such property
24 was originally allowed by eliminating such property from
25 such computation, and (ii) subtracting such recomputed
26 credit from the amount of credit previously allowed. For

1 the purposes of this paragraph (6), a reduction of the
2 basis of qualified property resulting from a
3 redetermination of the purchase price shall be deemed a
4 disposition of qualified property to the extent of such
5 reduction.

6 (7) Beginning with tax years ending after December 31,
7 1996, if a taxpayer qualifies for the credit under this
8 subsection (h) and thereby is granted a tax abatement and
9 the taxpayer relocates its entire facility in violation of
10 the explicit terms and length of the contract under Section
11 18-183 of the Property Tax Code, the tax imposed under
12 subsections (a) and (b) of this Section shall be increased
13 for the taxable year in which the taxpayer relocated its
14 facility by an amount equal to the amount of credit
15 received by the taxpayer under this subsection (h).

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

26 Any credit earned on or after December 31, 1986 under this

1 subsection which is unused in the year the credit is computed
2 because it exceeds the tax liability imposed by subsections (a)
3 and (b) for that year (whether it exceeds the original
4 liability or the liability as later amended) may be carried
5 forward and applied to the tax liability imposed by subsections
6 (a) and (b) of the 5 taxable years following the excess credit
7 year, provided that no credit may be carried forward to any
8 year ending on or after December 31, 2003. This credit shall be
9 applied first to the earliest year for which there is a
10 liability. If there is a credit under this subsection from more
11 than one tax year that is available to offset a liability the
12 earliest credit arising under this subsection shall be applied
13 first.

14 If, during any taxable year ending on or after December 31,
15 1986, the tax imposed by subsections (c) and (d) of this
16 Section for which a taxpayer has claimed a credit under this
17 subsection (i) is reduced, the amount of credit for such tax
18 shall also be reduced. Such reduction shall be determined by
19 recomputing the credit to take into account the reduced tax
20 imposed by subsections (c) and (d). If any portion of the
21 reduced amount of credit has been carried to a different
22 taxable year, an amended return shall be filed for such taxable
23 year to reduce the amount of credit claimed.

24 (j) Training expense credit. Beginning with tax years
25 ending on or after December 31, 1986 and prior to December 31,
26 2003, a taxpayer shall be allowed a credit against the tax

1 imposed by subsections (a) and (b) under this Section for all
2 amounts paid or accrued, on behalf of all persons employed by
3 the taxpayer in Illinois or Illinois residents employed outside
4 of Illinois by a taxpayer, for educational or vocational
5 training in semi-technical or technical fields or semi-skilled
6 or skilled fields, which were deducted from gross income in the
7 computation of taxable income. The credit against the tax
8 imposed by subsections (a) and (b) shall be 1.6% of such
9 training expenses. For partners, shareholders of subchapter S
10 corporations, and owners of limited liability companies, if the
11 liability company is treated as a partnership for purposes of
12 federal and State income taxation, there shall be allowed a
13 credit under this subsection (j) to be determined in accordance
14 with the determination of income and distributive share of
15 income under Sections 702 and 704 and subchapter S of the
16 Internal Revenue Code.

17 Any credit allowed under this subsection which is unused in
18 the year the credit is earned may be carried forward to each of
19 the 5 taxable years following the year for which the credit is
20 first computed until it is used. This credit shall be applied
21 first to the earliest year for which there is a liability. If
22 there is a credit under this subsection from more than one tax
23 year that is available to offset a liability the earliest
24 credit arising under this subsection shall be applied first. No
25 carryforward credit may be claimed in any tax year ending on or
26 after December 31, 2003.

1 (k) Research and development credit.

2 For tax years ending after July 1, 1990 and prior to
3 December 31, 2003, and beginning again for tax years ending on
4 or after December 31, 2004, and ending prior to January 1,
5 2016, a taxpayer shall be allowed a credit against the tax
6 imposed by subsections (a) and (b) of this Section for
7 increasing research activities in this State. The credit
8 allowed against the tax imposed by subsections (a) and (b)
9 shall be equal to 6 1/2% of the qualifying expenditures for
10 increasing research activities in this State. For partners,
11 shareholders of subchapter S corporations, and owners of
12 limited liability companies, if the liability company is
13 treated as a partnership for purposes of federal and State
14 income taxation, there shall be allowed a credit under this
15 subsection to be determined in accordance with the
16 determination of income and distributive share of income under
17 Sections 702 and 704 and subchapter S of the Internal Revenue
18 Code.

19 For purposes of this subsection, "qualifying expenditures"
20 means the qualifying expenditures as defined for the federal
21 credit for increasing research activities which would be
22 allowable under Section 41 of the Internal Revenue Code and
23 which are conducted in this State, "qualifying expenditures for
24 increasing research activities in this State" means the excess
25 of qualifying expenditures for the taxable year in which
26 incurred over qualifying expenditures for the base period,

1 "qualifying expenditures for the base period" means the average
2 of the qualifying expenditures for each year in the base
3 period, and "base period" means the 3 taxable years immediately
4 preceding the taxable year for which the determination is being
5 made.

6 Any credit in excess of the tax liability for the taxable
7 year may be carried forward. A taxpayer may elect to have the
8 unused credit shown on its final completed return carried over
9 as a credit against the tax liability for the following 5
10 taxable years or until it has been fully used, whichever occurs
11 first; provided that no credit earned in a tax year ending
12 prior to December 31, 2003 may be carried forward to any year
13 ending on or after December 31, 2003.

14 If an unused credit is carried forward to a given year from
15 2 or more earlier years, that credit arising in the earliest
16 year will be applied first against the tax liability for the
17 given year. If a tax liability for the given year still
18 remains, the credit from the next earliest year will then be
19 applied, and so on, until all credits have been used or no tax
20 liability for the given year remains. Any remaining unused
21 credit or credits then will be carried forward to the next
22 following year in which a tax liability is incurred, except
23 that no credit can be carried forward to a year which is more
24 than 5 years after the year in which the expense for which the
25 credit is given was incurred.

26 No inference shall be drawn from this amendatory Act of the

1 91st General Assembly in construing this Section for taxable
2 years beginning before January 1, 1999.

3 (1) Environmental Remediation Tax Credit.

4 (i) For tax years ending after December 31, 1997 and on
5 or before December 31, 2001, a taxpayer shall be allowed a
6 credit against the tax imposed by subsections (a) and (b)
7 of this Section for certain amounts paid for unreimbursed
8 eligible remediation costs, as specified in this
9 subsection. For purposes of this Section, "unreimbursed
10 eligible remediation costs" means costs approved by the
11 Illinois Environmental Protection Agency ("Agency") under
12 Section 58.14 of the Environmental Protection Act that were
13 paid in performing environmental remediation at a site for
14 which a No Further Remediation Letter was issued by the
15 Agency and recorded under Section 58.10 of the
16 Environmental Protection Act. The credit must be claimed
17 for the taxable year in which Agency approval of the
18 eligible remediation costs is granted. The credit is not
19 available to any taxpayer if the taxpayer or any related
20 party caused or contributed to, in any material respect, a
21 release of regulated substances on, in, or under the site
22 that was identified and addressed by the remedial action
23 pursuant to the Site Remediation Program of the
24 Environmental Protection Act. After the Pollution Control
25 Board rules are adopted pursuant to the Illinois
26 Administrative Procedure Act for the administration and

1 enforcement of Section 58.9 of the Environmental
2 Protection Act, determinations as to credit availability
3 for purposes of this Section shall be made consistent with
4 those rules. For purposes of this Section, "taxpayer"
5 includes a person whose tax attributes the taxpayer has
6 succeeded to under Section 381 of the Internal Revenue Code
7 and "related party" includes the persons disallowed a
8 deduction for losses by paragraphs (b), (c), and (f)(1) of
9 Section 267 of the Internal Revenue Code by virtue of being
10 a related taxpayer, as well as any of its partners. The
11 credit allowed against the tax imposed by subsections (a)
12 and (b) shall be equal to 25% of the unreimbursed eligible
13 remediation costs in excess of \$100,000 per site, except
14 that the \$100,000 threshold shall not apply to any site
15 contained in an enterprise zone as determined by the
16 Department of Commerce and Community Affairs (now
17 Department of Commerce and Economic Opportunity). The
18 total credit allowed shall not exceed \$40,000 per year with
19 a maximum total of \$150,000 per site. For partners and
20 shareholders of subchapter S corporations, there shall be
21 allowed a credit under this subsection to be determined in
22 accordance with the determination of income and
23 distributive share of income under Sections 702 and 704 and
24 subchapter S of the Internal Revenue Code.

25 (ii) A credit allowed under this subsection that is
26 unused in the year the credit is earned may be carried

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

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

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

13 For purposes of this subsection:

14 "Qualifying pupils" means individuals who (i) are
15 residents of the State of Illinois, (ii) are under the age of
16 21 at the close of the school year for which a credit is
17 sought, and (iii) during the school year for which a credit is
18 sought were full-time pupils enrolled in a kindergarten through
19 twelfth grade education program at any school, as defined in
20 this subsection.

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

25 "School" means any public or nonpublic elementary or
26 secondary school in Illinois that is in compliance with Title

1 VI of the Civil Rights Act of 1964 and attendance at which
2 satisfies the requirements of Section 26-1 of the School Code,
3 except that nothing shall be construed to require a child to
4 attend any particular public or nonpublic school to qualify for
5 the credit under this Section.

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

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

11 (i) For tax years ending on or after December 31, 2006,
12 a taxpayer shall be allowed a credit against the tax
13 imposed by subsections (a) and (b) of this Section for
14 certain amounts paid for unreimbursed eligible remediation
15 costs, as specified in this subsection. For purposes of
16 this Section, "unreimbursed eligible remediation costs"
17 means costs approved by the Illinois Environmental
18 Protection Agency ("Agency") under Section 58.14a of the
19 Environmental Protection Act that were paid in performing
20 environmental remediation at a site within a River Edge
21 Redevelopment Zone for which a No Further Remediation
22 Letter was issued by the Agency and recorded under Section
23 58.10 of the Environmental Protection Act. The credit must
24 be claimed for the taxable year in which Agency approval of
25 the eligible remediation costs is granted. The credit is
26 not available to any taxpayer if the taxpayer or any

1 related party caused or contributed to, in any material
2 respect, a release of regulated substances on, in, or under
3 the site that was identified and addressed by the remedial
4 action pursuant to the Site Remediation Program of the
5 Environmental Protection Act. Determinations as to credit
6 availability for purposes of this Section shall be made
7 consistent with rules adopted by the Pollution Control
8 Board pursuant to the Illinois Administrative Procedure
9 Act for the administration and enforcement of Section 58.9
10 of the Environmental Protection Act. For purposes of this
11 Section, "taxpayer" includes a person whose tax attributes
12 the taxpayer has succeeded to under Section 381 of the
13 Internal Revenue Code and "related party" includes the
14 persons disallowed a deduction for losses by paragraphs
15 (b), (c), and (f) (1) of Section 267 of the Internal Revenue
16 Code by virtue of being a related taxpayer, as well as any
17 of its partners. The credit allowed against the tax imposed
18 by subsections (a) and (b) shall be equal to 25% of the
19 unreimbursed eligible remediation costs in excess of
20 \$100,000 per site.

21 (ii) A credit allowed under this subsection that is
22 unused in the year the credit is earned may be carried
23 forward to each of the 5 taxable years following the year
24 for which the credit is first earned until it is used. This
25 credit shall be applied first to the earliest year for
26 which there is a liability. If there is a credit under this

1 subsection from more than one tax year that is available to
2 offset a liability, the earliest credit arising under this
3 subsection shall be applied first. A credit allowed under
4 this subsection may be sold to a buyer as part of a sale of
5 all or part of the remediation site for which the credit
6 was granted. The purchaser of a remediation site and the
7 tax credit shall succeed to the unused credit and remaining
8 carry-forward period of the seller. To perfect the
9 transfer, the assignor shall record the transfer in the
10 chain of title for the site and provide written notice to
11 the Director of the Illinois Department of Revenue of the
12 assignor's intent to sell the remediation site and the
13 amount of the tax credit to be transferred as a portion of
14 the sale. In no event may a credit be transferred to any
15 taxpayer if the taxpayer or a related party would not be
16 eligible under the provisions of subsection (i).

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

20 (Source: P.A. 96-115, eff. 7-31-09; 96-116, eff. 7-31-09;
21 96-937, eff. 6-23-10; 96-1000, eff. 7-2-10; 96-1496, eff.
22 1-13-11; 97-2, eff. 5-6-11; 97-636, eff. 6-1-12.)

23 Section 25. The Retailers' Occupation Tax Act is amended by
24 changing Sections 1d, 1e, 1f, and 5l as follows:

1 (35 ILCS 120/1d) (from Ch. 120, par. 440d)

2 Sec. 1d. Subject to the provisions of Section 1f, all
3 tangible personal property to be used or consumed within an
4 enterprise zone established pursuant to the "Illinois
5 Enterprise Zone Act", as amended, or subject to the provisions
6 of Section 5.5 of the Illinois Enterprise Zone Act, or subject
7 to the provisions of Section 10 of the Green Energy Business
8 Act, all tangible personal property to be used or consumed by
9 any High Impact Business or Green Energy Business, in the
10 process of the manufacturing or assembly of tangible personal
11 property for wholesale or retail sale or lease or in the
12 process of graphic arts production if used or consumed at a
13 facility which is a Department of Commerce and Economic
14 Opportunity certified business and located in a county of more
15 than 4,000 persons and less than 45,000 persons is exempt from
16 the tax imposed by this Act. This exemption includes repair and
17 replacement parts for machinery and equipment used primarily in
18 the process of manufacturing or assembling tangible personal
19 property or in the process of graphic arts production if used
20 or consumed at a facility which is a Department of Commerce and
21 Economic Opportunity certified business and located in a county
22 of more than 4,000 persons and less than 45,000 persons for
23 wholesale or retail sale, or lease, and equipment,
24 manufacturing or graphic arts fuels, material and supplies for
25 the maintenance, repair or operation of such manufacturing or
26 assembling or graphic arts machinery or equipment.

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

2 (35 ILCS 120/1e) (from Ch. 120, par. 440e)

3 Sec. 1e. Subject to the provisions of Section 1f, or
4 subject to the provisions of Section 5.5 of the Illinois
5 Enterprise Zone Act, or subject to the provisions of Section 10
6 of the Green Energy Business Act, all tangible personal
7 property to be used or consumed in the operation of pollution
8 control facilities, as defined in Section 1a of this Act,
9 within an enterprise zone established pursuant to the "Illinois
10 Enterprise Zone Act", as amended, shall be exempt from the tax
11 imposed by this Act.

12 (Source: P.A. 85-1182.)

13 (35 ILCS 120/1f) (from Ch. 120, par. 440f)

14 Sec. 1f. Except for High Impact Businesses or Green Energy
15 Businesses, the exemption stated in Sections 1d and 1e of this
16 Act shall only apply to business enterprises which:

17 (1) either (i) make investments which cause the
18 creation of a minimum of 200 full-time equivalent jobs in
19 Illinois or (ii) make investments which cause the retention
20 of a minimum of 2000 full-time jobs in Illinois or (iii)
21 make investments of a minimum of \$40,000,000 and retain at
22 least 90% of the jobs in place on the date on which the
23 exemption is granted and for the duration of the exemption;
24 and

1 (2) are located in an Enterprise Zone established
2 pursuant to the Illinois Enterprise Zone Act; and

3 (3) are certified by the Department of Commerce and
4 Economic Opportunity as complying with the requirements
5 specified in clauses (1), (2) and (3).

6 Any business enterprise seeking to avail itself of the
7 exemptions stated in Sections 1d or 1e, or both, shall make
8 application to the Department of Commerce and Economic
9 Opportunity in such form and providing such information as may
10 be prescribed by the Department of Commerce and Economic
11 Opportunity. However, no business enterprise shall be
12 required, as a condition for certification under clause (4) of
13 this Section, to attest that its decision to invest under
14 clause (1) of this Section and to locate under clause (2) of
15 this Section is predicated upon the availability of the
16 exemptions authorized by Sections 1d or 1e.

17 The Department of Commerce and Economic Opportunity shall
18 determine whether the business enterprise meets the criteria
19 prescribed in this Section. If the Department of Commerce and
20 Economic Opportunity determines that such business enterprise
21 meets the criteria, it shall issue a certificate of eligibility
22 for exemption to the business enterprise in such form as is
23 prescribed by the Department of Revenue. The Department of
24 Commerce and Economic Opportunity shall act upon such
25 certification requests within 60 days after receipt of the
26 application, and shall file with the Department of Revenue a

1 copy of each certificate of eligibility for exemption.

2 The Department of Commerce and Economic Opportunity shall
3 have the power to promulgate rules and regulations to carry out
4 the provisions of this Section including the power to define
5 the amounts and types of eligible investments not specified in
6 this Section which business enterprises must make in order to
7 receive the exemptions stated in Sections 1d and 1e of this
8 Act; and to require that any business enterprise that is
9 granted a tax exemption repay the exempted tax if the business
10 enterprise fails to comply with the terms and conditions of the
11 certification.

12 Such certificate of eligibility for exemption shall be
13 presented by the business enterprise to its supplier when
14 making the initial purchase of tangible personal property for
15 which an exemption is granted by Section 1d or Section 1e, or
16 both, together with a certification by the business enterprise
17 that such tangible personal property is exempt from taxation
18 under Section 1d or Section 1e and by indicating the exempt
19 status of each subsequent purchase on the face of the purchase
20 order.

21 The Department of Commerce and Economic Opportunity shall
22 determine the period during which such exemption from the taxes
23 imposed under this Act is in effect which shall not exceed 20
24 years.

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

1 (35 ILCS 120/51) (from Ch. 120, par. 4441)

2 Sec. 5l. Beginning January 1, 1995, each retailer who makes
3 a sale of building materials that will be incorporated into a
4 High Impact Business location as designated by the Department
5 of Commerce and Economic Opportunity under Section 5.5 of the
6 Illinois Enterprise Zone Act or Section 10 of the Green Energy
7 Business Act may deduct receipts from such sales when
8 calculating only the 6.25% State rate of tax imposed by this
9 Act. Beginning on the effective date of this amendatory Act of
10 1995, a retailer may also deduct receipts from such sales when
11 calculating any applicable local taxes. However, until the
12 effective date of this amendatory Act of 1995, a retailer may
13 file claims for credit or refund to recover the amount of any
14 applicable local tax paid on such sales. No retailer who is
15 eligible for the deduction or credit under Section 5k of this
16 Act for making a sale of building materials to be incorporated
17 into real estate in an enterprise zone by rehabilitation,
18 remodeling or new construction shall be eligible for the
19 deduction or credit authorized under this Section.

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

21 Section 30. The Public Utilities Act is amended by changing
22 Sections 9-222 and 9-222.1A as follows:

23 (220 ILCS 5/9-222) (from Ch. 111 2/3, par. 9-222)

24 Sec. 9-222. Whenever a tax is imposed upon a public utility

1 engaged in the business of distributing, supplying,
2 furnishing, or selling gas for use or consumption pursuant to
3 Section 2 of the Gas Revenue Tax Act, or whenever a tax is
4 required to be collected by a delivering supplier pursuant to
5 Section 2-7 of the Electricity Excise Tax Act, or whenever a
6 tax is imposed upon a public utility pursuant to Section 2-202
7 of this Act, such utility may charge its customers, other than
8 customers who are Green Energy Businesses under Section 10 of
9 the Green Energy Business Act, High Impact Businesses ~~high~~
10 ~~impact businesses~~ under Section 5.5 of the Illinois Enterprise
11 Zone Act, or certified business enterprises under Section
12 9-222.1 of this Act, to the extent of such exemption and during
13 the period in which such exemption is in effect, in addition to
14 any rate authorized by this Act, an additional charge equal to
15 the total amount of such taxes. The exemption of this Section
16 relating to High Impact Businesses ~~high impact businesses~~ shall
17 be subject to the provisions of subsections (a), (b), and (b-5)
18 of Section 5.5 of the Illinois Enterprise Zone Act. The
19 exemption of this Section relating to Green Energy Businesses
20 shall be subject to the provisions of subsection (a) of Section
21 10 of the Green Energy Business Act. This requirement shall not
22 apply to taxes on invested capital imposed pursuant to the
23 Messages Tax Act, the Gas Revenue Tax Act and the Public
24 Utilities Revenue Act. Such utility shall file with the
25 Commission a supplemental schedule which shall specify such
26 additional charge and which shall become effective upon filing

1 without further notice. Such additional charge shall be shown
2 separately on the utility bill to each customer. The Commission
3 shall have the power to investigate whether or not such
4 supplemental schedule correctly specifies such additional
5 charge, but shall have no power to suspend such supplemental
6 schedule. If the Commission finds, after a hearing, that such
7 supplemental schedule does not correctly specify such
8 additional charge, it shall by order require a refund to the
9 appropriate customers of the excess, if any, with interest, in
10 such manner as it shall deem just and reasonable, and in and by
11 such order shall require the utility to file an amended
12 supplemental schedule corresponding to the finding and order of
13 the Commission. Except with respect to taxes imposed on
14 invested capital, such tax liabilities shall be recovered from
15 customers solely by means of the additional charges authorized
16 by this Section.

17 (Source: P.A. 91-914, eff. 7-7-00; 92-12, eff. 7-1-01.)

18 (220 ILCS 5/9-222.1A)

19 Sec. 9-222.1A. High impact business or green energy
20 business. Beginning on August 1, 1998 and thereafter, a
21 business enterprise that is certified as a High Impact Business
22 or a Green Energy Business by the Department of Commerce and
23 Economic Opportunity (formerly Department of Commerce and
24 Community Affairs) is exempt from the tax imposed by Section
25 2-4 of the Electricity Excise Tax Law, if the High Impact

1 Business or Green Energy Business is registered to self-assess
2 that tax, and is exempt from any additional charges added to
3 the business enterprise's utility bills as a pass-on of State
4 utility taxes under Section 9-222 of this Act, to the extent
5 the tax or charges are exempted by the percentage specified by
6 the Department of Commerce and Economic Opportunity for State
7 utility taxes, provided the business enterprise meets the
8 following criteria:

9 (1) (A) it intends either (i) to make a minimum
10 eligible investment of \$12,000,000 that will be placed
11 in service in qualified property in Illinois and is
12 intended to create at least 500 full-time equivalent
13 jobs at a designated location in Illinois; or (ii) to
14 make a minimum eligible investment of \$30,000,000 that
15 will be placed in service in qualified property in
16 Illinois and is intended to retain at least 1,500
17 full-time equivalent jobs at a designated location in
18 Illinois; or

19 (B) it meets the criteria of subdivision
20 (a) (3) (B), (a) (3) (C), ~~or~~ (a) (3) (D) of Section 5.5 of
21 the Illinois Enterprise Zone Act, or of subsection (a)
22 of Section 10 of the Green Energy Business Act;

23 (2) it is designated as a High Impact Business or Green
24 Energy Business by the Department of Commerce and Economic
25 Opportunity; and

26 (3) it is certified by the Department of Commerce and

1 Economic Opportunity as complying with the requirements
2 specified in clauses (1) and (2) of this Section.

3 The Department of Commerce and Economic Opportunity shall
4 determine the period during which the exemption from the
5 Electricity Excise Tax Law and the charges imposed under
6 Section 9-222 are in effect, which shall not exceed 20 years
7 from the date of initial certification, and shall specify the
8 percentage of the exemption from those taxes or additional
9 charges.

10 The Department of Commerce and Economic Opportunity is
11 authorized to promulgate rules and regulations to carry out the
12 provisions of this Section, including procedures for complying
13 with the requirements specified in clauses (1) and (2) of this
14 Section and procedures for applying for the exemptions
15 authorized under this Section; to define the amounts and types
16 of eligible investments that business enterprises must make in
17 order to receive State utility tax exemptions or exemptions
18 from the additional charges imposed under Section 9-222 and
19 this Section; to approve such utility tax exemptions for
20 business enterprises whose investments are not yet placed in
21 service; and to require that business enterprises granted tax
22 exemptions or exemptions from additional charges under Section
23 9-222 repay the exempted amount if the business enterprise
24 fails to comply with the terms and conditions of the
25 certification.

26 Upon certification of the business enterprises by the

1 Department of Commerce and Economic Opportunity, the
2 Department of Commerce and Economic Opportunity shall notify
3 the Department of Revenue of the certification. The Department
4 of Revenue shall notify the public utilities of the exemption
5 status of business enterprises from the tax or pass-on charges
6 of State utility taxes. The exemption status shall take effect
7 within 3 months after certification of the business enterprise.
8 (Source: P.A. 94-793, eff. 5-19-06.)

9 Section 95. No acceleration or delay. Where this Act makes
10 changes in a statute that is represented in this Act by text
11 that is not yet or no longer in effect (for example, a Section
12 represented by multiple versions), the use of that text does
13 not accelerate or delay the taking effect of (i) the changes
14 made by this Act or (ii) provisions derived from any other
15 Public Act.

16 Section 99. Effective date. This Act takes effect upon
17 becoming law.