



97TH GENERAL ASSEMBLY

State of Illinois

2011 and 2012

HB5801

Introduced 2/16/2012, by Rep. Wayne Rosenthal

SYNOPSIS AS INTRODUCED:

35 ILCS 5/201

from Ch. 120, par. 2-201

Amends the Illinois Income Tax Act. Reinstates the training expense credit for tax years ending on or after December 31, 2012 and on or before December 30, 2022. Increases the amount of the credit from 1.6% of training expenses to 2% of training expenses. Provides that the training expense credit earned on or after December 31, 2012 may be carried forward. Effective immediately.

LRB097 18205 HLH 63429 b

FISCAL NOTE ACT
MAY APPLY

A BILL FOR

1 AN ACT concerning revenue.

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

4 Section 5. The Illinois Income Tax Act is amended by
5 changing Section 201 as follows:

6 (35 ILCS 5/201) (from Ch. 120, par. 2-201)

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

8 Sec. 201. Tax Imposed.

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

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

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

23 (2) In the case of an individual, trust or estate, for

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

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

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

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

22 (5.1) In the case of an individual, trust, or estate,
23 for taxable years beginning prior to January 1, 2015, and
24 ending after December 31, 2014, an amount equal to the sum
25 of (i) 5% of the taxpayer's net income for the period prior
26 to January 1, 2015, as calculated under Section 202.5, and

1 (ii) 3.75% of the taxpayer's net income for the period
2 after December 31, 2014, as calculated under Section 202.5.

3 (5.2) In the case of an individual, trust, or estate,
4 for taxable years beginning on or after January 1, 2015,
5 and ending prior to January 1, 2025, an amount equal to
6 3.75% of the taxpayer's net income for the taxable year.

7 (5.3) In the case of an individual, trust, or estate,
8 for taxable years beginning prior to January 1, 2025, and
9 ending after December 31, 2024, an amount equal to the sum
10 of (i) 3.75% of the taxpayer's net income for the period
11 prior to January 1, 2025, as calculated under Section
12 202.5, and (ii) 3.25% of the taxpayer's net income for the
13 period after December 31, 2024, as calculated under Section
14 202.5.

15 (5.4) In the case of an individual, trust, or estate,
16 for taxable years beginning on or after January 1, 2025, an
17 amount equal to 3.25% of the taxpayer's net income for the
18 taxable year.

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

22 (7) In the case of a corporation, for taxable years
23 beginning prior to July 1, 1989 and ending after June 30,
24 1989, an amount equal to the sum of (i) 4% of the
25 taxpayer's net income for the period prior to July 1, 1989,
26 as calculated under Section 202.3, and (ii) 4.8% of the

1 taxpayer's net income for the period after June 30, 1989,
2 as calculated under Section 202.3.

3 (8) In the case of a corporation, for taxable years
4 beginning after June 30, 1989, and ending prior to January
5 1, 2011, an amount equal to 4.8% of the taxpayer's net
6 income for the taxable year.

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

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

18 (11) In the case of a corporation, for taxable years
19 beginning prior to January 1, 2015, and ending after
20 December 31, 2014, an amount equal to the sum of (i) 7% of
21 the taxpayer's net income for the period prior to January
22 1, 2015, as calculated under Section 202.5, and (ii) 5.25%
23 of the taxpayer's net income for the period after December
24 31, 2014, as calculated under Section 202.5.

25 (12) In the case of a corporation, for taxable years
26 beginning on or after January 1, 2015, and ending prior to

1 January 1, 2025, an amount equal to 5.25% of the taxpayer's
2 net income for the taxable year.

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

10 (14) In the case of a corporation, for taxable years
11 beginning on or after January 1, 2025, an amount equal to
12 4.8% of the taxpayer's net income for the taxable year.

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

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

1 subdivision thereof.

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

14 (d-1) Rate reduction for certain foreign insurers. In the
15 case of a foreign insurer, as defined by Section 35A-5 of the
16 Illinois Insurance Code, whose state or country of domicile
17 imposes on insurers domiciled in Illinois a retaliatory tax
18 (excluding any insurer whose premiums from reinsurance assumed
19 are 50% or more of its total insurance premiums as determined
20 under paragraph (2) of subsection (b) of Section 304, except
21 that for purposes of this determination premiums from
22 reinsurance do not include premiums from inter-affiliate
23 reinsurance arrangements), beginning with taxable years ending
24 on or after December 31, 1999, the sum of the rates of tax
25 imposed by subsections (b) and (d) shall be reduced (but not
26 increased) to the rate at which the total amount of tax imposed

1 under this Act, net of all credits allowed under this Act,
2 shall equal (i) the total amount of tax that would be imposed
3 on the foreign insurer's net income allocable to Illinois for
4 the taxable year by such foreign insurer's state or country of
5 domicile if that net income were subject to all income taxes
6 and taxes measured by net income imposed by such foreign
7 insurer's state or country of domicile, net of all credits
8 allowed or (ii) a rate of zero if no such tax is imposed on such
9 income by the foreign insurer's state of domicile. For the
10 purposes of this subsection (d-1), an inter-affiliate includes
11 a mutual insurer under common management.

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

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

18 (B) the privilege tax imposed by Section 409 of the
19 Illinois Insurance Code, the fire insurance company
20 tax imposed by Section 12 of the Fire Investigation
21 Act, and the fire department taxes imposed under
22 Section 11-10-1 of the Illinois Municipal Code,

23 equals 1.25% for taxable years ending prior to December 31,
24 2003, or 1.75% for taxable years ending on or after
25 December 31, 2003, of the net taxable premiums written for
26 the taxable year, as described by subsection (1) of Section

1 409 of the Illinois Insurance Code. This paragraph will in
2 no event increase the rates imposed under subsections (b)
3 and (d).

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

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

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

16 (1) A taxpayer shall be allowed a credit equal to .5%
17 of the basis of qualified property placed in service during
18 the taxable year, provided such property is placed in
19 service on or after July 1, 1984. There shall be allowed an
20 additional credit equal to .5% of the basis of qualified
21 property placed in service during the taxable year,
22 provided such property is placed in service on or after
23 July 1, 1986, and the taxpayer's base employment within
24 Illinois has increased by 1% or more over the preceding
25 year as determined by the taxpayer's employment records
26 filed with the Illinois Department of Employment Security.

1 Taxpayers who are new to Illinois shall be deemed to have
2 met the 1% growth in base employment for the first year in
3 which they file employment records with the Illinois
4 Department of Employment Security. The provisions added to
5 this Section by Public Act 85-1200 (and restored by Public
6 Act 87-895) shall be construed as declaratory of existing
7 law and not as a new enactment. If, in any year, the
8 increase in base employment within Illinois over the
9 preceding year is less than 1%, the additional credit shall
10 be limited to that percentage times a fraction, the
11 numerator of which is .5% and the denominator of which is
12 1%, but shall not exceed .5%. The investment credit shall
13 not be allowed to the extent that it would reduce a
14 taxpayer's liability in any tax year below zero, nor may
15 any credit for qualified property be allowed for any year
16 other than the year in which the property was placed in
17 service in Illinois. For tax years ending on or after
18 December 31, 1987, and on or before December 31, 1988, the
19 credit shall be allowed for the tax year in which the
20 property is placed in service, or, if the amount of the
21 credit exceeds the tax liability for that year, whether it
22 exceeds the original liability or the liability as later
23 amended, such excess may be carried forward and applied to
24 the tax liability of the 5 taxable years following the
25 excess credit years if the taxpayer (i) makes investments
26 which cause the creation of a minimum of 2,000 full-time

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

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

24 (A) is tangible, whether new or used, including
25 buildings and structural components of buildings and
26 signs that are real property, but not including land or

1 improvements to real property that are not a structural
2 component of a building such as landscaping, sewer
3 lines, local access roads, fencing, parking lots, and
4 other appurtenances;

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

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

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

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

22 (3) For purposes of this subsection (e),
23 "manufacturing" means the material staging and production
24 of tangible personal property by procedures commonly
25 regarded as manufacturing, processing, fabrication, or
26 assembling which changes some existing material into new

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

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

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

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

25 (7) If during any taxable year, any property ceases to
26 be qualified property in the hands of the taxpayer within

1 48 months after being placed in service, or the situs of
2 any qualified property is moved outside Illinois within 48
3 months after being placed in service, the Personal Property
4 Tax Replacement Income Tax for such taxable year shall be
5 increased. Such increase shall be determined by (i)
6 recomputing the investment credit which would have been
7 allowed for the year in which credit for such property was
8 originally allowed by eliminating such property from such
9 computation and, (ii) subtracting such recomputed credit
10 from the amount of credit previously allowed. For the
11 purposes of this paragraph (7), a reduction of the basis of
12 qualified property resulting from a redetermination of the
13 purchase price shall be deemed a disposition of qualified
14 property to the extent of such reduction.

15 (8) Unless the investment credit is extended by law,
16 the basis of qualified property shall not include costs
17 incurred after December 31, 2013, except for costs incurred
18 pursuant to a binding contract entered into on or before
19 December 31, 2013.

20 (9) Each taxable year ending before December 31, 2000,
21 a partnership may elect to pass through to its partners the
22 credits to which the partnership is entitled under this
23 subsection (e) for the taxable year. A partner may use the
24 credit allocated to him or her under this paragraph only
25 against the tax imposed in subsections (c) and (d) of this
26 Section. If the partnership makes that election, those

1 credits shall be allocated among the partners in the
2 partnership in accordance with the rules set forth in
3 Section 704(b) of the Internal Revenue Code, and the rules
4 promulgated under that Section, and the allocated amount of
5 the credits shall be allowed to the partners for that
6 taxable year. The partnership shall make this election on
7 its Personal Property Tax Replacement Income Tax return for
8 that taxable year. The election to pass through the credits
9 shall be irrevocable.

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

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

26 (1) A taxpayer shall be allowed a credit against the

1 tax imposed by subsections (a) and (b) of this Section for
2 investment in qualified property which is placed in service
3 in an Enterprise Zone created pursuant to the Illinois
4 Enterprise Zone Act or, for property placed in service on
5 or after July 1, 2006, a River Edge Redevelopment Zone
6 established pursuant to the River Edge Redevelopment Zone
7 Act. For partners, shareholders of Subchapter S
8 corporations, and owners of limited liability companies,
9 if the liability company is treated as a partnership for
10 purposes of federal and State income taxation, there shall
11 be allowed a credit under this subsection (f) to be
12 determined in accordance with the determination of income
13 and distributive share of income under Sections 702 and 704
14 and Subchapter S of the Internal Revenue Code. The credit
15 shall be .5% of the basis for such property. The credit
16 shall be available only in the taxable year in which the
17 property is placed in service in the Enterprise Zone or
18 River Edge Redevelopment Zone and shall not be allowed to
19 the extent that it would reduce a taxpayer's liability for
20 the tax imposed by subsections (a) and (b) of this Section
21 to below zero. For tax years ending on or after December
22 31, 1985, the credit shall be allowed for the tax year in
23 which the property is placed in service, or, if the amount
24 of the credit exceeds the tax liability for that year,
25 whether it exceeds the original liability or the liability
26 as later amended, such excess may be carried forward and

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

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

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

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

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

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

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

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

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

1 depreciation purposes is increased after it has been placed
2 in service in the Enterprise Zone or River Edge
3 Redevelopment Zone by the taxpayer, the amount of such
4 increase shall be deemed property placed in service on the
5 date of such increase in basis.

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

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

25 (7) There shall be allowed an additional credit equal
26 to 0.5% of the basis of qualified property placed in

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

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

18 (1) A taxpayer conducting a trade or business in an
19 enterprise zone or a High Impact Business designated by the
20 Department of Commerce and Economic Opportunity or for
21 taxable years ending on or after December 31, 2006, in a
22 River Edge Redevelopment Zone conducting a trade or
23 business in a federally designated Foreign Trade Zone or
24 Sub-Zone shall be allowed a credit against the tax imposed
25 by subsections (a) and (b) of this Section in the amount of
26 \$500 per eligible employee hired to work in the zone during

1 the taxable year.

2 (2) To qualify for the credit:

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

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

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

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

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

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

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

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

13 (4) For tax years ending on or after December 31, 1985
14 and prior to December 31, 1988, the credit shall be allowed
15 for the tax year in which the eligible employees are hired.
16 For tax years ending on or after December 31, 1988, the
17 credit shall be allowed for the tax year immediately
18 following the tax year in which the eligible employees are
19 hired. If the amount of the credit exceeds the tax
20 liability for that year, whether it exceeds the original
21 liability or the liability as later amended, such excess
22 may be carried forward and applied to the tax liability of
23 the 5 taxable years following the excess credit year. The
24 credit shall be applied to the earliest year for which
25 there is a liability. If there is credit from more than one
26 tax year that is available to offset a liability, earlier

1 credit shall be applied first.

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

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

7 (h) Investment credit; High Impact Business.

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

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

21 Changes made in this subdivision (h) (1) by Public Act
22 88-670 restore changes made by Public Act 85-1182 and
23 reflect existing law.

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

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

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

6 (C) is acquired by purchase as defined in Section
7 179(d) of the Internal Revenue Code; and

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

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

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

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

22 (6) If during any taxable year ending on or before
23 December 31, 1996, any property ceases to be qualified
24 property in the hands of the taxpayer within 48 months
25 after being placed in service, or the situs of any
26 qualified property is moved outside Illinois within 48

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

14 (7) Beginning with tax years ending after December 31,
15 1996, if a taxpayer qualifies for the credit under this
16 subsection (h) and thereby is granted a tax abatement and
17 the taxpayer relocates its entire facility in violation of
18 the explicit terms and length of the contract under Section
19 18-183 of the Property Tax Code, the tax imposed under
20 subsections (a) and (b) of this Section shall be increased
21 for the taxable year in which the taxpayer relocated its
22 facility by an amount equal to the amount of credit
23 received by the taxpayer under this subsection (h).

24 (i) Credit for Personal Property Tax Replacement Income
25 Tax. For tax years ending prior to December 31, 2003, a credit
26 shall be allowed against the tax imposed by subsections (a) and

1 (b) of this Section for the tax imposed by subsections (c) and
2 (d) of this Section. This credit shall be computed by
3 multiplying the tax imposed by subsections (c) and (d) of this
4 Section by a fraction, the numerator of which is base income
5 allocable to Illinois and the denominator of which is Illinois
6 base income, and further multiplying the product by the tax
7 rate imposed by subsections (a) and (b) of this Section.

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

22 If, during any taxable year ending on or after December 31,
23 1986, the tax imposed by subsections (c) and (d) of this
24 Section for which a taxpayer has claimed a credit under this
25 subsection (i) is reduced, the amount of credit for such tax
26 shall also be reduced. Such reduction shall be determined by

1 recomputing the credit to take into account the reduced tax
2 imposed by subsections (c) and (d). If any portion of the
3 reduced amount of credit has been carried to a different
4 taxable year, an amended return shall be filed for such taxable
5 year to reduce the amount of credit claimed.

6 (j) Training expense credit. Beginning with tax years
7 ending on or after December 31, 1986 and prior to December 31,
8 2003, and for tax years ending on or after December 31, 2012
9 and on or before December 30, 2022, a taxpayer shall be allowed
10 a credit against the tax imposed by subsections (a) and (b)
11 under this Section for all amounts paid or accrued, on behalf
12 of all persons employed by the taxpayer in Illinois or Illinois
13 residents employed outside of Illinois by a taxpayer, for
14 educational or vocational training in semi-technical or
15 technical fields or semi-skilled or skilled fields, which were
16 deducted from gross income in the computation of taxable
17 income. The credit against the tax imposed by subsections (a)
18 and (b) shall be 1.6% of such training expenses for tax years
19 ending prior to December 31, 2003 and 2% for tax years ending
20 on or after December 31, 2012 and on or before December 30,
21 2022. For partners, shareholders of subchapter S corporations,
22 and owners of limited liability companies, if the liability
23 company is treated as a partnership for purposes of federal and
24 State income taxation, there shall be allowed a credit under
25 this subsection (j) to be determined in accordance with the
26 determination of income and distributive share of income under

1 Sections 702 and 704 and subchapter S of the Internal Revenue
2 Code.

3 Any credit allowed under this subsection which is unused in
4 the year the credit is earned may be carried forward to each of
5 the 5 taxable years following the year for which the credit is
6 first computed until it is used. This credit shall be applied
7 first to the earliest year for which there is a liability. If
8 there is a credit under this subsection from more than one tax
9 year that is available to offset a liability the earliest
10 credit arising under this subsection shall be applied first. No
11 carryforward credit may be claimed in any tax year ending on or
12 after December 31, 2003 and prior to December 31, 2012.

13 (k) Research and development credit.

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

1 subsection to be determined in accordance with the
2 determination of income and distributive share of income under
3 Sections 702 and 704 and subchapter S of the Internal Revenue
4 Code.

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

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

1 1, 2011.

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

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

17 (1) Environmental Remediation Tax Credit.

18 (i) For tax years ending after December 31, 1997 and on
19 or before December 31, 2001, a taxpayer shall be allowed a
20 credit against the tax imposed by subsections (a) and (b)
21 of this Section for certain amounts paid for unreimbursed
22 eligible remediation costs, as specified in this
23 subsection. For purposes of this Section, "unreimbursed
24 eligible remediation costs" means costs approved by the
25 Illinois Environmental Protection Agency ("Agency") under
26 Section 58.14 of the Environmental Protection Act that were

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

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

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

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

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

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

1 For purposes of this subsection:

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

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

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

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

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

25 (i) For tax years ending on or after December 31, 2006,
26 a taxpayer shall be allowed a credit against the tax

1 imposed by subsections (a) and (b) of this Section for
2 certain amounts paid for unreimbursed eligible remediation
3 costs, as specified in this subsection. For purposes of
4 this Section, "unreimbursed eligible remediation costs"
5 means costs approved by the Illinois Environmental
6 Protection Agency ("Agency") under Section 58.14a of the
7 Environmental Protection Act that were paid in performing
8 environmental remediation at a site within a River Edge
9 Redevelopment Zone for which a No Further Remediation
10 Letter was issued by the Agency and recorded under Section
11 58.10 of the Environmental Protection Act. The credit must
12 be claimed for the taxable year in which Agency approval of
13 the eligible remediation costs is granted. The credit is
14 not available to any taxpayer if the taxpayer or any
15 related party caused or contributed to, in any material
16 respect, a release of regulated substances on, in, or under
17 the site that was identified and addressed by the remedial
18 action pursuant to the Site Remediation Program of the
19 Environmental Protection Act. Determinations as to credit
20 availability for purposes of this Section shall be made
21 consistent with rules adopted by the Pollution Control
22 Board pursuant to the Illinois Administrative Procedure
23 Act for the administration and enforcement of Section 58.9
24 of the Environmental Protection Act. For purposes of this
25 Section, "taxpayer" includes a person whose tax attributes
26 the taxpayer has succeeded to under Section 381 of the

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

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

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

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

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

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

12 Sec. 201. Tax Imposed.

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

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

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

1 year.

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

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

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

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

24 (5.1) In the case of an individual, trust, or estate,
25 for taxable years beginning prior to January 1, 2015, and
26 ending after December 31, 2014, an amount equal to the sum

1 of (i) 5% of the taxpayer's net income for the period prior
2 to January 1, 2015, as calculated under Section 202.5, and
3 (ii) 3.75% of the taxpayer's net income for the period
4 after December 31, 2014, as calculated under Section 202.5.

5 (5.2) In the case of an individual, trust, or estate,
6 for taxable years beginning on or after January 1, 2015,
7 and ending prior to January 1, 2025, an amount equal to
8 3.75% of the taxpayer's net income for the taxable year.

9 (5.3) In the case of an individual, trust, or estate,
10 for taxable years beginning prior to January 1, 2025, and
11 ending after December 31, 2024, an amount equal to the sum
12 of (i) 3.75% of the taxpayer's net income for the period
13 prior to January 1, 2025, as calculated under Section
14 202.5, and (ii) 3.25% of the taxpayer's net income for the
15 period after December 31, 2024, as calculated under Section
16 202.5.

17 (5.4) In the case of an individual, trust, or estate,
18 for taxable years beginning on or after January 1, 2025, an
19 amount equal to 3.25% of the taxpayer's net income for the
20 taxable year.

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

24 (7) In the case of a corporation, for taxable years
25 beginning prior to July 1, 1989 and ending after June 30,
26 1989, an amount equal to the sum of (i) 4% of the

1 taxpayer's net income for the period prior to July 1, 1989,
2 as calculated under Section 202.3, and (ii) 4.8% of the
3 taxpayer's net income for the period after June 30, 1989,
4 as calculated under Section 202.3.

5 (8) In the case of a corporation, for taxable years
6 beginning after June 30, 1989, and ending prior to January
7 1, 2011, an amount equal to 4.8% of the taxpayer's net
8 income for the taxable year.

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

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

20 (11) In the case of a corporation, for taxable years
21 beginning prior to January 1, 2015, and ending after
22 December 31, 2014, an amount equal to the sum of (i) 7% of
23 the taxpayer's net income for the period prior to January
24 1, 2015, as calculated under Section 202.5, and (ii) 5.25%
25 of the taxpayer's net income for the period after December
26 31, 2014, as calculated under Section 202.5.

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

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

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

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

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

1 addition to all other occupation or privilege taxes imposed by
2 this State or by any municipal corporation or political
3 subdivision thereof.

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

16 (d-1) Rate reduction for certain foreign insurers. In the
17 case of a foreign insurer, as defined by Section 35A-5 of the
18 Illinois Insurance Code, whose state or country of domicile
19 imposes on insurers domiciled in Illinois a retaliatory tax
20 (excluding any insurer whose premiums from reinsurance assumed
21 are 50% or more of its total insurance premiums as determined
22 under paragraph (2) of subsection (b) of Section 304, except
23 that for purposes of this determination premiums from
24 reinsurance do not include premiums from inter-affiliate
25 reinsurance arrangements), beginning with taxable years ending
26 on or after December 31, 1999, the sum of the rates of tax

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

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

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

20 (B) the privilege tax imposed by Section 409 of the
21 Illinois Insurance Code, the fire insurance company
22 tax imposed by Section 12 of the Fire Investigation
23 Act, and the fire department taxes imposed under
24 Section 11-10-1 of the Illinois Municipal Code,
25 equals 1.25% for taxable years ending prior to December 31,
26 2003, or 1.75% for taxable years ending on or after

1 December 31, 2003, of the net taxable premiums written for
2 the taxable year, as described by subsection (1) of Section
3 409 of the Illinois Insurance Code. This paragraph will in
4 no event increase the rates imposed under subsections (b)
5 and (d).

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

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

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

18 (1) A taxpayer shall be allowed a credit equal to .5%
19 of the basis of qualified property placed in service during
20 the taxable year, provided such property is placed in
21 service on or after July 1, 1984. There shall be allowed an
22 additional credit equal to .5% of the basis of qualified
23 property placed in service during the taxable year,
24 provided such property is placed in service on or after
25 July 1, 1986, and the taxpayer's base employment within
26 Illinois has increased by 1% or more over the preceding

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

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

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

26 (A) is tangible, whether new or used, including

1 buildings and structural components of buildings and
2 signs that are real property, but not including land or
3 improvements to real property that are not a structural
4 component of a building such as landscaping, sewer
5 lines, local access roads, fencing, parking lots, and
6 other appurtenances;

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

12 (C) is acquired by purchase as defined in Section
13 179(d) of the Internal Revenue Code;

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

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

24 (3) For purposes of this subsection (e),
25 "manufacturing" means the material staging and production
26 of tangible personal property by procedures commonly

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

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

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

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

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

17 (8) Unless the investment credit is extended by law,
18 the basis of qualified property shall not include costs
19 incurred after December 31, 2018, except for costs incurred
20 pursuant to a binding contract entered into on or before
21 December 31, 2018.

22 (9) Each taxable year ending before December 31, 2000,
23 a partnership may elect to pass through to its partners the
24 credits to which the partnership is entitled under this
25 subsection (e) for the taxable year. A partner may use the
26 credit allocated to him or her under this paragraph only

1 against the tax imposed in subsections (c) and (d) of this
2 Section. If the partnership makes that election, those
3 credits shall be allocated among the partners in the
4 partnership in accordance with the rules set forth in
5 Section 704(b) of the Internal Revenue Code, and the rules
6 promulgated under that Section, and the allocated amount of
7 the credits shall be allowed to the partners for that
8 taxable year. The partnership shall make this election on
9 its Personal Property Tax Replacement Income Tax return for
10 that taxable year. The election to pass through the credits
11 shall be irrevocable.

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

26 (f) Investment credit; Enterprise Zone; River Edge

1 Redevelopment Zone.

2 (1) A taxpayer shall be allowed a credit against the
3 tax imposed by subsections (a) and (b) of this Section for
4 investment in qualified property which is placed in service
5 in an Enterprise Zone created pursuant to the Illinois
6 Enterprise Zone Act or, for property placed in service on
7 or after July 1, 2006, a River Edge Redevelopment Zone
8 established pursuant to the River Edge Redevelopment Zone
9 Act. For partners, shareholders of Subchapter S
10 corporations, and owners of limited liability companies,
11 if the liability company is treated as a partnership for
12 purposes of federal and State income taxation, there shall
13 be allowed a credit under this subsection (f) to be
14 determined in accordance with the determination of income
15 and distributive share of income under Sections 702 and 704
16 and Subchapter S of the Internal Revenue Code. The credit
17 shall be .5% of the basis for such property. The credit
18 shall be available only in the taxable year in which the
19 property is placed in service in the Enterprise Zone or
20 River Edge Redevelopment Zone and shall not be allowed to
21 the extent that it would reduce a taxpayer's liability for
22 the tax imposed by subsections (a) and (b) of this Section
23 to below zero. For tax years ending on or after December
24 31, 1985, the credit shall be allowed for the tax year in
25 which the property is placed in service, or, if the amount
26 of the credit exceeds the tax liability for that year,

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

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

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

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

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

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

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

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 the Enterprise Zone or River Edge
5 Redevelopment Zone by the taxpayer, the amount of such
6 increase shall be deemed property placed in service on the
7 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, any property ceases to
11 be qualified property in the hands of the taxpayer within
12 48 months after being placed in service, or the situs of
13 any qualified property is moved outside the Enterprise Zone
14 or River Edge Redevelopment Zone within 48 months after
15 being placed in service, the tax imposed under subsections
16 (a) and (b) of this Section 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 (6), 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 (7) There shall be allowed an additional credit equal
2 to 0.5% of the basis of qualified property placed in
3 service during the taxable year in a River Edge
4 Redevelopment Zone, provided such property is placed in
5 service on or after July 1, 2006, and the taxpayer's base
6 employment within Illinois has increased by 1% or more over
7 the preceding year as determined by the taxpayer's
8 employment records filed with the Illinois Department of
9 Employment Security. Taxpayers who are new to Illinois
10 shall be deemed to have met the 1% growth in base
11 employment for the first year in which they file employment
12 records with the Illinois Department of Employment
13 Security. If, in any year, the increase in base employment
14 within Illinois over the preceding year is less than 1%,
15 the additional credit shall be limited to that percentage
16 times a fraction, the numerator of which is 0.5% and the
17 denominator of which is 1%, but shall not exceed 0.5%.

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

20 (1) A taxpayer conducting a trade or business in an
21 enterprise zone or a High Impact Business designated by the
22 Department of Commerce and Economic Opportunity or for
23 taxable years ending on or after December 31, 2006, in a
24 River Edge Redevelopment Zone conducting a trade or
25 business in a federally designated Foreign Trade Zone or
26 Sub-Zone shall be allowed a credit against the tax imposed

1 by subsections (a) and (b) of this Section in the amount of
2 \$500 per eligible employee hired to work in the zone during
3 the taxable year.

4 (2) To qualify for the credit:

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

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

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

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

22 (A) Certified by the Department of Commerce and
23 Economic Opportunity as "eligible for services"
24 pursuant to regulations promulgated in accordance with
25 Title II of the Job Training Partnership Act, Training
26 Services for the Disadvantaged or Title III of the Job

1 Training Partnership Act, Employment and Training
2 Assistance for Dislocated Workers Program.

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

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

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

15 (4) For tax years ending on or after December 31, 1985
16 and prior to December 31, 1988, the credit shall be allowed
17 for the tax year in which the eligible employees are hired.
18 For tax years ending on or after December 31, 1988, the
19 credit shall be allowed for the tax year immediately
20 following the tax year in which the eligible employees are
21 hired. If the amount of the credit exceeds the tax
22 liability for that year, whether it exceeds the original
23 liability or the liability as later amended, such excess
24 may be carried forward and applied to the tax liability of
25 the 5 taxable years following the excess credit year. The
26 credit shall be applied to the earliest year for which

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

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

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

9 (h) Investment credit; High Impact Business.

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

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

23 Changes made in this subdivision (h) (1) by Public Act
24 88-670 restore changes made by Public Act 85-1182 and
25 reflect existing law.

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

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

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

8 (C) is acquired by purchase as defined in Section
9 179(d) of the Internal Revenue Code; and

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

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

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

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

24 (6) If during any taxable year ending on or before
25 December 31, 1996, any property ceases to be qualified
26 property in the hands of the taxpayer within 48 months

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

16 (7) Beginning with tax years ending after December 31,
17 1996, if a taxpayer qualifies for the credit under this
18 subsection (h) and thereby is granted a tax abatement and
19 the taxpayer relocates its entire facility in violation of
20 the explicit terms and length of the contract under Section
21 18-183 of the Property Tax Code, the tax imposed under
22 subsections (a) and (b) of this Section shall be increased
23 for the taxable year in which the taxpayer relocated its
24 facility by an amount equal to the amount of credit
25 received by the taxpayer under this subsection (h).

26 (i) Credit for Personal Property Tax Replacement Income

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

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

24 If, during any taxable year ending on or after December 31,
25 1986, the tax imposed by subsections (c) and (d) of this
26 Section for which a taxpayer has claimed a credit under this

1 subsection (i) is reduced, the amount of credit for such tax
2 shall also be reduced. Such reduction shall be determined by
3 recomputing the credit to take into account the reduced tax
4 imposed by subsections (c) and (d). If any portion of the
5 reduced amount of credit has been carried to a different
6 taxable year, an amended return shall be filed for such taxable
7 year to reduce the amount of credit claimed.

8 (j) Training expense credit. Beginning with tax years
9 ending on or after December 31, 1986 and prior to December 31,
10 2003, and for tax years ending on or after December 31, 2012
11 and on or before December 30, 2022, a taxpayer shall be allowed
12 a credit against the tax imposed by subsections (a) and (b)
13 under this Section for all amounts paid or accrued, on behalf
14 of all persons employed by the taxpayer in Illinois or Illinois
15 residents employed outside of Illinois by a taxpayer, for
16 educational or vocational training in semi-technical or
17 technical fields or semi-skilled or skilled fields, which were
18 deducted from gross income in the computation of taxable
19 income. The credit against the tax imposed by subsections (a)
20 and (b) shall be 1.6% of such training expenses for tax years
21 ending prior to December 31, 2003 and 2% for tax years ending
22 on or after December 31, 2012 and on or before December 30,
23 2022. For partners, shareholders of subchapter S corporations,
24 and owners of limited liability companies, if the liability
25 company is treated as a partnership for purposes of federal and
26 State income taxation, there shall be allowed a credit under

1 this subsection (j) to be determined in accordance with the
2 determination of income and distributive share of income under
3 Sections 702 and 704 and subchapter S of the Internal Revenue
4 Code.

5 Any credit allowed under this subsection which is unused in
6 the year the credit is earned may be carried forward to each of
7 the 5 taxable years following the year for which the credit is
8 first computed until it is used. This credit shall be applied
9 first to the earliest year for which there is a liability. If
10 there is a credit under this subsection from more than one tax
11 year that is available to offset a liability the earliest
12 credit arising under this subsection shall be applied first. No
13 carryforward credit may be claimed in any tax year ending on or
14 after December 31, 2003 and prior to December 31, 2012.

15 (k) Research and development credit.

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

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

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

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

1 ending on or after December 31, 2003.

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

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

17 (1) Environmental Remediation Tax Credit.

18 (i) For tax years ending after December 31, 1997 and on
19 or before December 31, 2001, a taxpayer shall be allowed a
20 credit against the tax imposed by subsections (a) and (b)
21 of this Section for certain amounts paid for unreimbursed
22 eligible remediation costs, as specified in this
23 subsection. For purposes of this Section, "unreimbursed
24 eligible remediation costs" means costs approved by the
25 Illinois Environmental Protection Agency ("Agency") under
26 Section 58.14 of the Environmental Protection Act that were

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

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

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

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

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

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

1 For purposes of this subsection:

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

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

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

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

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

25 (i) For tax years ending on or after December 31, 2006,
26 a taxpayer shall be allowed a credit against the tax

1 imposed by subsections (a) and (b) of this Section for
2 certain amounts paid for unreimbursed eligible remediation
3 costs, as specified in this subsection. For purposes of
4 this Section, "unreimbursed eligible remediation costs"
5 means costs approved by the Illinois Environmental
6 Protection Agency ("Agency") under Section 58.14a of the
7 Environmental Protection Act that were paid in performing
8 environmental remediation at a site within a River Edge
9 Redevelopment Zone for which a No Further Remediation
10 Letter was issued by the Agency and recorded under Section
11 58.10 of the Environmental Protection Act. The credit must
12 be claimed for the taxable year in which Agency approval of
13 the eligible remediation costs is granted. The credit is
14 not available to any taxpayer if the taxpayer or any
15 related party caused or contributed to, in any material
16 respect, a release of regulated substances on, in, or under
17 the site that was identified and addressed by the remedial
18 action pursuant to the Site Remediation Program of the
19 Environmental Protection Act. Determinations as to credit
20 availability for purposes of this Section shall be made
21 consistent with rules adopted by the Pollution Control
22 Board pursuant to the Illinois Administrative Procedure
23 Act for the administration and enforcement of Section 58.9
24 of the Environmental Protection Act. For purposes of this
25 Section, "taxpayer" includes a person whose tax attributes
26 the taxpayer has succeeded to under Section 381 of the

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

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

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

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

8 (Source: P.A. 96-115, eff. 7-31-09; 96-116, eff. 7-31-09;
9 96-937, eff. 6-23-10; 96-1000, eff. 7-2-10; 96-1496, eff.
10 1-13-11; 97-2, eff. 5-6-11; 97-636, eff. 6-1-12.)

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

18 Section 99. Effective date. This Act takes effect upon
19 becoming law.