



97TH GENERAL ASSEMBLY

State of Illinois

2011 and 2012

HB5828

Introduced 2/16/2012, by Rep. Kent Gaffney

SYNOPSIS AS INTRODUCED:

35 ILCS 5/201	from Ch. 120, par. 2-201
35 ILCS 5/207	from Ch. 120, par. 2-207
35 ILCS 405/2	from Ch. 120, par. 405A-2
35 ILCS 405/3	from Ch. 120, par. 405A-3

Amends the Illinois Income Tax Act. Reduces the rate of the tax imposed on individuals, trusts, and estates to 3% for taxable years beginning on or after January 1, 2012 (now, 5% for taxable years ending prior to January 1, 2015, 3.75% for taxable years beginning on or after January 1, 2015 and ending prior to January 1, 2025, and 3.25% for taxable years beginning on or after January 1, 2025). Reduces the rate of the tax imposed on corporations to 4.8% for taxable years beginning on or after January 1, 2012 (now, 7% for taxable years ending prior to January 1, 2015, 5.25% for taxable years beginning on or after January 1, 2015 and ending prior to January 1, 2025, and 4.8% for taxable years beginning on or after January 1, 2025). Removes a provision limiting the net loss carryover deduction to \$100,000 for any taxable year ending on or after December 31, 2012 and prior to December 31, 2014. Provides that, for any taxable year ending on or after December 31, 2012, such a loss is allowed as a carryback to each of the 2 taxable years preceding the taxable year of the loss and is allowed as a net operating loss carryover to each of the 20 taxable years following the taxable year of the loss. Amends the Illinois Estate and Generation-Skipping Transfer Tax Act. Provides that no tax shall be imposed under the Act for persons dying after December 31, 2009.

LRB097 19361 HLH 64610 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 Sections 201 and 207 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, 2012 ~~2015~~, an amount equal to 5%
21 of 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, 2012 ~~2015~~,
24 and ending after December 31, 2011 ~~2014~~, an amount equal to
25 the sum of (i) 5% of the taxpayer's net income for the
26 period prior to January 1, 2012 ~~2015~~, as calculated under

1 Section 202.5, and (ii) 3% ~~3.75%~~ of the taxpayer's net
2 income for the period after December 31, 2011 ~~2014~~, as
3 calculated under Section 202.5.

4 (5.2) In the case of an individual, trust, or estate,
5 for taxable years beginning on or after January 1, 2012
6 ~~2015~~, and ending prior to January 1, ~~2025~~, an amount equal
7 to 3% ~~3.75%~~ of the taxpayer's net income for the taxable
8 year.

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

17 (5.4) (Blank) ~~In the case of an individual, trust, or~~
18 ~~estate, for taxable years beginning on or after January 1,~~
19 ~~2025, an amount equal to 3.25% of the taxpayer's net income~~
20 ~~for the 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, 2012 ~~2015~~, an amount equal to 7% of the
19 taxpayer's net income for the taxable year.

20 (11) In the case of a corporation, for taxable years
21 beginning prior to January 1, 2012 ~~2015~~, and ending after
22 December 31, 2011 ~~2014~~, an amount equal to the sum of (i)
23 7% of the taxpayer's net income for the period prior to
24 January 1, 2012 ~~2015~~, as calculated under Section 202.5,
25 and (ii) 4.8% ~~5.25%~~ of the taxpayer's net income for the
26 period after December 31, 2011 ~~2014~~, as calculated under

1 Section 202.5.

2 (12) In the case of a corporation, for taxable years
3 beginning on or after January 1, 2012 ~~2015,~~ and ending
4 ~~prior to January 1, 2025,~~ an amount equal to 4.8% ~~5.25%~~ of
5 the taxpayer's net income for the taxable year.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

26 (2) The term "qualified property" means property

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

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

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

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

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

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

24 (9) Each taxable year ending before December 31, 2000,
25 a partnership may elect to pass through to its partners the
26 credits to which the partnership is entitled under this

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

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

1 of Section 250.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

6 (2) To qualify for the credit:

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

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

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

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

24 (A) Certified by the Department of Commerce and
25 Economic Opportunity as "eligible for services"
26 pursuant to regulations promulgated in accordance with

1 Title II of the Job Training Partnership Act, Training
2 Services for the Disadvantaged or Title III of the Job
3 Training Partnership Act, Employment and Training
4 Assistance for Dislocated Workers Program.

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

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

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

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

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

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

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

11 (h) Investment credit; High Impact Business.

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

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

25 Changes made in this subdivision (h) (1) by Public Act
26 88-670 restore changes made by Public Act 85-1182 and

1 reflect existing law.

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

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

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 (h);

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

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

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

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

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

26 (6) If during any taxable year ending on or before

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

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

1 received by the taxpayer under this subsection (h).

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

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

26 If, during any taxable year ending on or after December 31,

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

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

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

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, 2012 ~~2015~~, an amount equal to 5%
23 of 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, 2012 ~~2015~~,
26 and ending after December 31, 2011 ~~2014~~, an amount equal to

1 the sum of (i) 5% of the taxpayer's net income for the
2 period prior to January 1, 2012 ~~2015~~, as calculated under
3 Section 202.5, and (ii) 3% ~~3.75%~~ of the taxpayer's net
4 income for the period after December 31, 2011 ~~2014~~, as
5 calculated under Section 202.5.

6 (5.2) In the case of an individual, trust, or estate,
7 for taxable years beginning on or after January 1, 2012
8 ~~2015, and ending prior to January 1, 2025~~, an amount equal
9 to 3% ~~3.75%~~ of the taxpayer's net income for the taxable
10 year.

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

19 (5.4) (Blank) ~~In the case of an individual, trust, or~~
20 ~~estate, for taxable years beginning on or after January 1,~~
21 ~~2025, an amount equal to 3.25% of the taxpayer's net income~~
22 ~~for the taxable year.~~

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

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

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

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

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

18 (10) In the case of a corporation, for taxable years
19 beginning on or after January 1, 2011, and ending prior to
20 January 1, 2012 ~~2015~~, an amount equal to 7% of the
21 taxpayer's net income for the taxable year.

22 (11) In the case of a corporation, for taxable years
23 beginning prior to January 1, 2012 ~~2015~~, and ending after
24 December 31, 2011 ~~2014~~, an amount equal to the sum of (i)
25 7% of the taxpayer's net income for the period prior to
26 January 1, 2012 ~~2015~~, as calculated under Section 202.5,

1 and (ii) 4.8% ~~5.25%~~ of the taxpayer's net income for the
2 period after December 31, 2011 ~~2014~~, as calculated under
3 Section 202.5.

4 (12) In the case of a corporation, for taxable years
5 beginning on or after January 1, 2012 ~~2015~~, and ending
6 ~~prior to January 1, 2025~~, an amount equal to 4.8% ~~5.25%~~ of
7 the taxpayer's net income for the taxable year.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

1 shall be applied first.

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

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

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

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

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

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

1 subsection (f).

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

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

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

1 increase shall be deemed property placed in service on the
2 date of such increase in basis.

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

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

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

26 (9) Each taxable year ending before December 31, 2000,

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

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

1 under Sections 702 and 704 and Subchapter S of the Internal
2 Revenue Code. This paragraph is exempt from the provisions
3 of Section 250.

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

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

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

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

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

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

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

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

25 (E) has not been previously used in Illinois in
26 such a manner and by such a person as would qualify for

1 the credit provided by this subsection (f) or
2 subsection (e).

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

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

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

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

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

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

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

24 (1) A taxpayer conducting a trade or business in an
25 enterprise zone or a High Impact Business designated by the
26 Department of Commerce and Economic Opportunity or for

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

8 (2) To qualify for the credit:

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

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

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

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

26 (A) Certified by the Department of Commerce and

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

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

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

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

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

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

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

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

13 (h) Investment credit; High Impact Business.

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

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

1 Changes made in this subdivision (h) (1) by Public Act
2 88-670 restore changes made by Public Act 85-1182 and
3 reflect existing law.

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

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

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 (h);

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

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

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

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

26 (5) The term "placed in service" shall have the same

1 meaning as under Section 46 of the Internal Revenue Code.

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

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

1 for the taxable year in which the taxpayer relocated its
2 facility by an amount equal to the amount of credit
3 received by the taxpayer under this subsection (h).

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

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

1 first.

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

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

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

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

12 Sec. 207. Net Losses.

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

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

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

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

4 (3) for any taxable year ending on or after December
5 31, 2003 and prior to December 31, 2012, such loss shall be
6 allowed as a net operating loss carryover to each of the 12
7 taxable years following the taxable year of such loss,
8 except as provided in subsection (d); ~~and~~.

9 (4) except as provided in subsection (d), for any
10 taxable year ending on or after December 31, 2012, such
11 loss shall be allowed as a carryback to each of the 2
12 taxable years preceding the taxable year of the loss and
13 shall be allowed as a net operating loss carryover to each
14 of the 20 taxable years following the taxable year of the
15 loss.

16 (a-5) Election to relinquish carryback and order of
17 application of losses.

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

1 (B) The entire amount of such loss shall be carried
2 to the earliest taxable year to which such loss may be
3 carried. The amount of such loss which shall be carried
4 to each of the other taxable years shall be the excess,
5 if any, of the amount of such loss over the sum of the
6 deductions for carryback or carryover of such loss
7 allowable for each of the prior taxable years to which
8 such loss may be carried.

9 (b) Any loss determined under subsection (a) of this
10 Section must be carried back or carried forward in the same
11 manner for purposes of subsections (a) and (b) of Section 201
12 of this Act as for purposes of subsections (c) and (d) of
13 Section 201 of this Act.

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

1 the taxable year ends on or after December 31, 2008) under
2 Section 108(a) of the Internal Revenue Code and that would have
3 been allocated and apportioned to this State under Article 3 of
4 this Act but for that exclusion, and the denominator of which
5 is the total amount of discharge of indebtedness income
6 excluded from gross income under Section 108(a) of the Internal
7 Revenue Code for the taxable year. The reduction required under
8 this subsection (c) shall be made after the determination of
9 Illinois net income for the taxable year in which the
10 indebtedness is discharged.

11 (d) In the case of a corporation (other than a Subchapter S
12 corporation), no carryover deduction shall be allowed under
13 this Section for any taxable year ending after December 31,
14 2010 and prior to December 31, 2012, ~~and no carryover deduction~~
15 ~~shall exceed \$100,000 for any taxable year ending on or after~~
16 ~~December 31, 2012 and prior to December 31, 2014;~~ provided
17 that, for purposes of determining the taxable years to which a
18 net loss may be carried under subsection (a) of this Section,
19 no taxable year for which a deduction is disallowed under this
20 subsection, ~~or for which the deduction would exceed \$100,000 if~~
21 ~~not for this subsection,~~ shall be counted.

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

26 (1) the amount computed under subsection (a), without

1 regard to this subsection (e), or if that amount is
2 positive, zero;

3 (2) minus an amount equal to the amount computed under
4 subsection (a), without regard to this subsection (e),
5 minus the amount that would be computed under subsection
6 (a) if the taxpayer's federal taxable income were computed
7 without regard to Section 860E of the Internal Revenue Code
8 and without regard to this subsection (e).

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

11 (Source: P.A. 96-1496, eff. 1-13-11; 97-507, eff. 8-23-11;
12 97-636, eff. 6-1-12.)

13 Section 10. The Illinois Estate and Generation-Skipping
14 Transfer Tax Act is amended by changing Sections 2 and 3 as
15 follows:

16 (35 ILCS 405/2) (from Ch. 120, par. 405A-2)

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

18 Sec. 2. Definitions.

19 "Federal estate tax" means the tax due to the United States
20 with respect to a taxable transfer under Chapter 11 of the
21 Internal Revenue Code.

22 "Federal generation-skipping transfer tax" means the tax
23 due to the United States with respect to a taxable transfer
24 under Chapter 13 of the Internal Revenue Code.

1 "Federal return" means the federal estate tax return with
2 respect to the federal estate tax and means the federal
3 generation-skipping transfer tax return with respect to the
4 federal generation-skipping transfer tax.

5 "Federal transfer tax" means the federal estate tax or the
6 federal generation-skipping transfer tax.

7 "Illinois estate tax" means the tax due to this State with
8 respect to a taxable transfer.

9 "Illinois generation-skipping transfer tax" means the tax
10 due to this State with respect to a taxable transfer that gives
11 rise to a federal generation-skipping transfer tax.

12 "Illinois transfer tax" means the Illinois estate tax or
13 the Illinois generation-skipping transfer tax.

14 "Internal Revenue Code" means, unless otherwise provided,
15 the Internal Revenue Code of 1986, as amended from time to
16 time.

17 "Non-resident trust" means a trust that is not a resident
18 of this State for purposes of the Illinois Income Tax Act, as
19 amended from time to time.

20 "Person" means and includes any individual, trust, estate,
21 partnership, association, company or corporation.

22 "Qualified heir" means a qualified heir as defined in
23 Section 2032A(e) (1) of the Internal Revenue Code.

24 "Resident trust" means a trust that is a resident of this
25 State for purposes of the Illinois Income Tax Act, as amended
26 from time to time.

1 "State" means any state, territory or possession of the
2 United States and the District of Columbia.

3 "State tax credit" means:

4 (a) For persons dying on or after January 1, 2003 and
5 through December 31, 2005, an amount equal to the full credit
6 calculable under Section 2011 or Section 2604 of the Internal
7 Revenue Code as the credit would have been computed and allowed
8 under the Internal Revenue Code as in effect on December 31,
9 2001, without the reduction in the State Death Tax Credit as
10 provided in Section 2011(b) (2) or the termination of the State
11 Death Tax Credit as provided in Section 2011(f) as enacted by
12 the Economic Growth and Tax Relief Reconciliation Act of 2001,
13 but recognizing the increased applicable exclusion amount
14 through December 31, 2005.

15 (b) For persons dying after December 31, 2005 and on or
16 before December 31, 2009, ~~and for persons dying after December~~
17 ~~31, 2010,~~ an amount equal to the full credit calculable under
18 Section 2011 or 2604 of the Internal Revenue Code as the credit
19 would have been computed and allowed under the Internal Revenue
20 Code as in effect on December 31, 2001, without the reduction
21 in the State Death Tax Credit as provided in Section 2011(b) (2)
22 or the termination of the State Death Tax Credit as provided in
23 Section 2011(f) as enacted by the Economic Growth and Tax
24 Relief Reconciliation Act of 2001, but recognizing the
25 exclusion amount of only \$2,000,000, and with reduction to the
26 adjusted taxable estate for any qualified terminable interest

1 property election as defined in subsection (b-1) of this
2 Section.

3 (b-1) The person required to file the Illinois return may
4 elect on a timely filed Illinois return a marital deduction for
5 qualified terminable interest property under Section
6 2056(b)(7) of the Internal Revenue Code for purposes of the
7 Illinois estate tax that is separate and independent of any
8 qualified terminable interest property election for federal
9 estate tax purposes. For purposes of the Illinois estate tax,
10 the inclusion of property in the gross estate of a surviving
11 spouse is the same as under Section 2044 of the Internal
12 Revenue Code.

13 In the case of any trust for which a State or federal
14 qualified terminable interest property election is made, the
15 trustee may not retain non-income producing assets for more
16 than a reasonable amount of time without the consent of the
17 surviving spouse.

18 "Taxable transfer" means an event that gives rise to a
19 state tax credit, including any credit as a result of the
20 imposition of an additional tax under Section 2032A(c) of the
21 Internal Revenue Code.

22 "Transferee" means a transferee within the meaning of
23 Section 2603(a)(1) and Section 6901(h) of the Internal Revenue
24 Code.

25 "Transferred property" means:

26 (1) With respect to a taxable transfer occurring at the

1 death of an individual, the deceased individual's gross
2 estate as defined in Section 2031 of the Internal Revenue
3 Code.

4 (2) With respect to a taxable transfer occurring as a
5 result of a taxable termination as defined in Section
6 2612(a) of the Internal Revenue Code, the taxable amount
7 determined under Section 2622(a) of the Internal Revenue
8 Code.

9 (3) With respect to a taxable transfer occurring as a
10 result of a taxable distribution as defined in Section
11 2612(b) of the Internal Revenue Code, the taxable amount
12 determined under Section 2621(a) of the Internal Revenue
13 Code.

14 (4) With respect to an event which causes the
15 imposition of an additional estate tax under Section
16 2032A(c) of the Internal Revenue Code, the qualified real
17 property that was disposed of or which ceased to be used
18 for the qualified use, within the meaning of Section
19 2032A(c) (1) of the Internal Revenue Code.

20 "Trust" includes a trust as defined in Section 2652(b) (1)
21 of the Internal Revenue Code.

22 (Source: P.A. 96-789, eff. 9-8-09; 96-1496, eff. 1-13-11.)

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

24 Sec. 2. Definitions.

25 "Federal estate tax" means the tax due to the United States

1 with respect to a taxable transfer under Chapter 11 of the
2 Internal Revenue Code.

3 "Federal generation-skipping transfer tax" means the tax
4 due to the United States with respect to a taxable transfer
5 under Chapter 13 of the Internal Revenue Code.

6 "Federal return" means the federal estate tax return with
7 respect to the federal estate tax and means the federal
8 generation-skipping transfer tax return with respect to the
9 federal generation-skipping transfer tax.

10 "Federal transfer tax" means the federal estate tax or the
11 federal generation-skipping transfer tax.

12 "Illinois estate tax" means the tax due to this State with
13 respect to a taxable transfer.

14 "Illinois generation-skipping transfer tax" means the tax
15 due to this State with respect to a taxable transfer that gives
16 rise to a federal generation-skipping transfer tax.

17 "Illinois transfer tax" means the Illinois estate tax or
18 the Illinois generation-skipping transfer tax.

19 "Internal Revenue Code" means, unless otherwise provided,
20 the Internal Revenue Code of 1986, as amended from time to
21 time.

22 "Non-resident trust" means a trust that is not a resident
23 of this State for purposes of the Illinois Income Tax Act, as
24 amended from time to time.

25 "Person" means and includes any individual, trust, estate,
26 partnership, association, company or corporation.

1 "Qualified heir" means a qualified heir as defined in
2 Section 2032A(e) (1) of the Internal Revenue Code.

3 "Resident trust" means a trust that is a resident of this
4 State for purposes of the Illinois Income Tax Act, as amended
5 from time to time.

6 "State" means any state, territory or possession of the
7 United States and the District of Columbia.

8 "State tax credit" means:

9 (a) For persons dying on or after January 1, 2003 and
10 through December 31, 2005, an amount equal to the full credit
11 calculable under Section 2011 or Section 2604 of the Internal
12 Revenue Code as the credit would have been computed and allowed
13 under the Internal Revenue Code as in effect on December 31,
14 2001, without the reduction in the State Death Tax Credit as
15 provided in Section 2011(b) (2) or the termination of the State
16 Death Tax Credit as provided in Section 2011(f) as enacted by
17 the Economic Growth and Tax Relief Reconciliation Act of 2001,
18 but recognizing the increased applicable exclusion amount
19 through December 31, 2005.

20 (b) For persons dying after December 31, 2005 and on or
21 before December 31, 2009, ~~and for persons dying after December~~
22 ~~31, 2010,~~ an amount equal to the full credit calculable under
23 Section 2011 or 2604 of the Internal Revenue Code as the credit
24 would have been computed and allowed under the Internal Revenue
25 Code as in effect on December 31, 2001, without the reduction
26 in the State Death Tax Credit as provided in Section 2011(b) (2)

1 or the termination of the State Death Tax Credit as provided in
2 Section 2011(f) as enacted by the Economic Growth and Tax
3 Relief Reconciliation Act of 2001, but recognizing the
4 exclusion amount of only ~~(i) \$2,000,000 for persons dying prior~~
5 ~~to January 1, 2012, (ii) \$3,500,000 for persons dying on or~~
6 ~~after January 1, 2012 and prior to January 1, 2013, and (iii)~~
7 ~~\$4,000,000 for persons dying on or after January 1, 2013, and~~
8 with reduction to the adjusted taxable estate for any qualified
9 terminable interest property election as defined in subsection
10 (b-1) of this Section.

11 (b-1) The person required to file the Illinois return may
12 elect on a timely filed Illinois return a marital deduction for
13 qualified terminable interest property under Section
14 2056(b)(7) of the Internal Revenue Code for purposes of the
15 Illinois estate tax that is separate and independent of any
16 qualified terminable interest property election for federal
17 estate tax purposes. For purposes of the Illinois estate tax,
18 the inclusion of property in the gross estate of a surviving
19 spouse is the same as under Section 2044 of the Internal
20 Revenue Code.

21 In the case of any trust for which a State or federal
22 qualified terminable interest property election is made, the
23 trustee may not retain non-income producing assets for more
24 than a reasonable amount of time without the consent of the
25 surviving spouse.

26 "Taxable transfer" means an event that gives rise to a

1 state tax credit, including any credit as a result of the
2 imposition of an additional tax under Section 2032A(c) of the
3 Internal Revenue Code.

4 "Transferee" means a transferee within the meaning of
5 Section 2603(a)(1) and Section 6901(h) of the Internal Revenue
6 Code.

7 "Transferred property" means:

8 (1) With respect to a taxable transfer occurring at the
9 death of an individual, the deceased individual's gross
10 estate as defined in Section 2031 of the Internal Revenue
11 Code.

12 (2) With respect to a taxable transfer occurring as a
13 result of a taxable termination as defined in Section
14 2612(a) of the Internal Revenue Code, the taxable amount
15 determined under Section 2622(a) of the Internal Revenue
16 Code.

17 (3) With respect to a taxable transfer occurring as a
18 result of a taxable distribution as defined in Section
19 2612(b) of the Internal Revenue Code, the taxable amount
20 determined under Section 2621(a) of the Internal Revenue
21 Code.

22 (4) With respect to an event which causes the
23 imposition of an additional estate tax under Section
24 2032A(c) of the Internal Revenue Code, the qualified real
25 property that was disposed of or which ceased to be used
26 for the qualified use, within the meaning of Section

1 2032A(c) (1) of the Internal Revenue Code.

2 "Trust" includes a trust as defined in Section 2652(b) (1)
3 of the Internal Revenue Code.

4 (Source: P.A. 96-789, eff. 9-8-09; 96-1496, eff. 1-13-11;
5 97-636, eff. 6-1-12.)

6 (35 ILCS 405/3) (from Ch. 120, par. 405A-3)

7 Sec. 3. Illinois estate tax.

8 (a) Imposition of Tax. An Illinois estate tax is imposed on
9 every taxable transfer involving transferred property having a
10 tax situs within the State of Illinois.

11 (b) Amount of tax. On estates of persons dying before
12 January 1, 2003, the amount of the Illinois estate tax shall be
13 the state tax credit, as defined in Section 2 of this Act, with
14 respect to the taxable transfer reduced by the lesser of:

15 (1) the amount of the state tax credit paid to any
16 other state or states; and

17 (2) the amount determined by multiplying the maximum
18 state tax credit allowable with respect to the taxable
19 transfer by the percentage which the gross value of the
20 transferred property not having a tax situs in Illinois
21 bears to the gross value of the total transferred property.

22 (c) On estates of persons dying on or after January 1, 2003
23 and before January 1, 2010, the amount of the Illinois estate
24 tax shall be the state tax credit, as defined in Section 2 of
25 this Act, reduced by the amount determined by multiplying the

1 state tax credit with respect to the taxable transfer by the
2 percentage which the gross value of the transferred property
3 not having a tax situs in Illinois bears to the gross value of
4 the total transferred property.

5 (d) For persons dying after December 31, 2009, no tax shall
6 be imposed under this Act.

7 (Source: P.A. 93-30, eff. 6-20-03; 94-419, eff. 8-2-05.)

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