



97TH GENERAL ASSEMBLY

State of Illinois

2011 and 2012

SB2523

Introduced 11/8/2011, by Sen. Kyle McCarter

SYNOPSIS AS INTRODUCED:

20 ILCS 655/5.3	from Ch. 67 1/2, par. 608
35 ILCS 5/201	from Ch. 120, par. 2-201
35 ILCS 120/1f	from Ch. 120, par. 440f
220 ILCS 5/9-222.1	from Ch. 111 2/3, par. 9-222.1

Amends the Illinois Income Tax Act. Provides that the research and development credit applies for taxable years ending on or after December 31, 2004, and ending prior to January 1, 2016 (now, January 1, 2011). Provides that the credit may not be carried forward to any taxable year ending on or after January 1, 2016. Amends the Illinois Enterprise Zone Act. Provides that enterprise zones shall be in effect for 35 (instead of 30) calendar years, or for a lesser number of years specified in the certified designating ordinance. Amends the Retailers' Occupation Tax Act and the Public Utilities Act to make conforming changes. Further amends the Public Utilities Act to provide that a business that is primarily engaged in manufacturing is exempt from the additional charges added to its utility bills as a pass-on of State utility taxes. Effective immediately.

LRB097 14132 HLH 58824 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 Enterprise Zone Act is amended by
5 changing Section 5.3 as follows:

6 (20 ILCS 655/5.3) (from Ch. 67 1/2, par. 608)

7 Sec. 5.3. Certification of Enterprise Zones; Effective
8 date.

9 (a) Approval of designated Enterprise Zones shall be made
10 by the Department by certification of the designating
11 ordinance. The Department shall promptly issue a certificate
12 for each Enterprise Zone upon its approval. The certificate
13 shall be signed by the Director of the Department, shall make
14 specific reference to the designating ordinance, which shall be
15 attached thereto, and shall be filed in the office of the
16 Secretary of State. A certified copy of the Enterprise Zone
17 Certificate, or a duplicate original thereof, shall be recorded
18 in the office of recorder of deeds of the county in which the
19 Enterprise Zone lies.

20 (b) An Enterprise Zone shall be effective upon its
21 certification. The Department shall transmit a copy of the
22 certification to the Department of Revenue, and to the
23 designating municipality or county.

1 Upon certification of an Enterprise Zone, the terms and
2 provisions of the designating ordinance shall be in effect, and
3 may not be amended or repealed except in accordance with
4 Section 5.4.

5 (c) An Enterprise Zone shall be in effect for 35 ~~30~~
6 calendar years, or for a lesser number of years specified in
7 the certified designating ordinance. Enterprise Zones shall
8 terminate at midnight of December 31 of the final calendar year
9 of the certified term, except as provided in Section 5.4.

10 (d) No more than 12 Enterprise Zones may be certified by
11 the Department in calendar year 1984, no more than 12
12 Enterprise Zones may be certified by the Department in calendar
13 year 1985, no more than 13 Enterprise Zones may be certified by
14 the Department in calendar year 1986, no more than 15
15 Enterprise Zones may be certified by the Department in calendar
16 year 1987, and no more than 20 Enterprise Zones may be
17 certified by the Department in calendar year 1990. In other
18 calendar years, no more than 13 Enterprise Zones may be
19 certified by the Department. The Department may also designate
20 up to 8 additional Enterprise Zones outside the regular
21 application cycle if warranted by the extreme economic
22 circumstances as determined by the Department. The Department
23 may also designate one additional Enterprise Zone outside the
24 regular application cycle if an aircraft manufacturer agrees to
25 locate an aircraft manufacturing facility in the proposed
26 Enterprise Zone. Notwithstanding any other provision of this

1 Act, no more than 89 Enterprise Zones may be certified by the
2 Department for the 10 calendar years commencing with 1983. The
3 7 additional Enterprise Zones authorized by Public Act 86-15
4 shall not lie within municipalities or unincorporated areas of
5 counties that abut or are contiguous to Enterprise Zones
6 certified pursuant to this Section prior to June 30, 1989. The
7 7 additional Enterprise Zones (excluding the additional
8 Enterprise Zone which may be designated outside the regular
9 application cycle) authorized by Public Act 86-1030 shall not
10 lie within municipalities or unincorporated areas of counties
11 that abut or are contiguous to Enterprise Zones certified
12 pursuant to this Section prior to February 28, 1990. Beginning
13 in calendar year 2004 and until December 31, 2008, one
14 additional enterprise zone may be certified by the Department.
15 In any calendar year, the Department may not certify more than
16 3 Zones located within the same municipality. The Department
17 may certify Enterprise Zones in each of the 10 calendar years
18 commencing with 1983. The Department may not certify more than
19 a total of 18 Enterprise Zones located within the same county
20 (whether within municipalities or within unincorporated
21 territory) for the 10 calendar years commencing with 1983.
22 Thereafter, the Department may not certify any additional
23 Enterprise Zones, but may amend and rescind certifications of
24 existing Enterprise Zones in accordance with Section 5.4.

25 (e) Notwithstanding any other provision of law, if (i) the
26 county board of any county in which a current military base is

1 located, in part or in whole, or in which a military base that
2 has been closed within 20 years of the effective date of this
3 amendatory Act of 1998 is located, in part or in whole, adopts
4 a designating ordinance in accordance with Section 5 of this
5 Act to designate the military base in that county as an
6 enterprise zone and (ii) the property otherwise meets the
7 qualifications for an enterprise zone as prescribed in Section
8 4 of this Act, then the Department may certify the designating
9 ordinance or ordinances, as the case may be.

10 (Source: P.A. 92-16, eff. 6-28-01; 92-777, eff. 1-1-03; 93-436,
11 eff. 1-1-04.)

12 Section 10. The Illinois Income Tax Act is amended by
13 changing Section 201 as follows:

14 (35 ILCS 5/201) (from Ch. 120, par. 2-201)

15 Sec. 201. Tax Imposed.

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

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

1 subsection (d-1):

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

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

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

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

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

1 the taxpayer's net income for the taxable year.

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

9 (5.2) In the case of an individual, trust, or estate,
10 for taxable years beginning on or after January 1, 2015,
11 and ending prior to January 1, 2025, an amount equal to
12 3.75% of the taxpayer's net income for the taxable year.

13 (5.3) In the case of an individual, trust, or estate,
14 for taxable years beginning prior to January 1, 2025, and
15 ending after December 31, 2024, an amount equal to the sum
16 of (i) 3.75% of the taxpayer's net income for the period
17 prior to January 1, 2025, as calculated under Section
18 202.5, and (ii) 3.25% of the taxpayer's net income for the
19 period after December 31, 2024, as calculated under Section
20 202.5.

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

25 (6) In the case of a corporation, for taxable years
26 ending prior to July 1, 1989, an amount equal to 4% of the

1 taxpayer's net income for the taxable year.

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

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

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

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

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

1 the taxpayer's net income for the period prior to January
2 1, 2015, as calculated under Section 202.5, and (ii) 5.25%
3 of the taxpayer's net income for the period after December
4 31, 2014, as calculated under Section 202.5.

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

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

16 (14) In the case of a corporation, for taxable years
17 beginning on or after January 1, 2025, an amount equal to
18 4.8% of the taxpayer's net income for the taxable 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, 2013, except for costs incurred
24 pursuant to a binding contract entered into on or before
25 December 31, 2013.

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, 2016
19 ~~January 1, 2011~~, a taxpayer shall be allowed a credit against
20 the tax 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, and no credit may be
2 carried forward to any taxable year ending on or after January
3 1, 2016 ~~January 1, 2011~~.

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

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

19 (1) Environmental Remediation Tax Credit.

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

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

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

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

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

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

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

1 under this Act to less than zero. This subsection is exempt
2 from the provisions of Section 250 of this Act.

3 For purposes of this subsection:

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

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

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

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

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

1 (i) For tax years ending on or after December 31, 2006,
2 a taxpayer shall be allowed a credit against the tax
3 imposed by subsections (a) and (b) of this Section for
4 certain amounts paid for unreimbursed eligible remediation
5 costs, as specified in this subsection. For purposes of
6 this Section, "unreimbursed eligible remediation costs"
7 means costs approved by the Illinois Environmental
8 Protection Agency ("Agency") under Section 58.14a of the
9 Environmental Protection Act that were paid in performing
10 environmental remediation at a site within a River Edge
11 Redevelopment Zone for which a No Further Remediation
12 Letter was issued by the Agency and recorded under Section
13 58.10 of the Environmental Protection Act. The credit must
14 be claimed for the taxable year in which Agency approval of
15 the eligible remediation costs is granted. The credit is
16 not available to any taxpayer if the taxpayer or any
17 related party caused or contributed to, in any material
18 respect, a release of regulated substances on, in, or under
19 the site that was identified and addressed by the remedial
20 action pursuant to the Site Remediation Program of the
21 Environmental Protection Act. Determinations as to credit
22 availability for purposes of this Section shall be made
23 consistent with rules adopted by the Pollution Control
24 Board pursuant to the Illinois Administrative Procedure
25 Act for the administration and enforcement of Section 58.9
26 of the Environmental Protection Act. For purposes of this

1 Section, "taxpayer" includes a person whose tax attributes
2 the taxpayer has succeeded to under Section 381 of the
3 Internal Revenue Code and "related party" includes the
4 persons disallowed a deduction for losses by paragraphs
5 (b), (c), and (f) (1) of Section 267 of the Internal Revenue
6 Code by virtue of being a related taxpayer, as well as any
7 of its partners. The credit allowed against the tax imposed
8 by subsections (a) and (b) shall be equal to 25% of the
9 unreimbursed eligible remediation costs in excess of
10 \$100,000 per site.

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

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

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

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

13 Section 15. The Retailers' Occupation Tax Act is amended by
14 changing Section 1f as follows:

15 (35 ILCS 120/1f) (from Ch. 120, par. 440f)

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

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

1 exemption is granted and for the duration of the exemption;
2 and

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

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

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

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

1 certification requests within 60 days after receipt of the
2 application, and shall file with the Department of Revenue a
3 copy of each certificate of eligibility for exemption.

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

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

23 The Department of Commerce and Economic Opportunity shall
24 determine the period during which such exemption from the taxes
25 imposed under this Act is in effect which shall not exceed 35
26 ~~20~~ years.

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

2 Section 20. The Public Utilities Act is amended by changing
3 Section 9-222.1 as follows:

4 (220 ILCS 5/9-222.1) (from Ch. 111 2/3, par. 9-222.1)

5 Sec. 9-222.1. Exemptions.

6 (a) A business enterprise which is located within an area
7 designated by a county or municipality as an enterprise zone
8 pursuant to the Illinois Enterprise Zone Act or located in a
9 federally designated Foreign Trade Zone or Sub-Zone shall be
10 exempt from the additional charges added to the business
11 enterprise's utility bills as a pass-on of municipal and State
12 utility taxes under Sections 9-221 and 9-222 of this Act, to
13 the extent such charges are exempted by ordinance adopted in
14 accordance with paragraph (e) of Section 8-11-2 of the Illinois
15 Municipal Code in the case of municipal utility taxes, and to
16 the extent such charges are exempted by the percentage
17 specified by the Department of Commerce and Economic
18 Opportunity in the case of State utility taxes, provided such
19 business enterprise meets the following criteria:

20 (1) it (i) makes investments which cause the creation
21 of a minimum of 200 full-time equivalent jobs in Illinois;
22 (ii) makes investments of at least \$175,000,000 which cause
23 the creation of a minimum of 150 full-time equivalent jobs
24 in Illinois; (iii) makes investments that cause the

1 retention of a minimum of 300 full-time equivalent jobs in
2 the manufacturing sector, as defined by the North American
3 Industry Classification System, in an area in Illinois in
4 which the unemployment rate is above 9% and makes an
5 application to the Department within 3 months after the
6 effective date of this amendatory Act of the 96th General
7 Assembly and certifies relocation of the 300 full-time
8 equivalent jobs within 36 months after the application;
9 (iv) makes investments which cause the retention of a
10 minimum of 1,000 full-time jobs in Illinois; or (v) makes
11 an application to the Department within 2 months after the
12 effective date of this amendatory Act of the 96th General
13 Assembly and makes investments that cause the retention of
14 a minimum of 500 full-time equivalent jobs in 2009 and
15 2010, 675 full-time jobs in Illinois in 2011, 850 full-time
16 jobs in 2012, and 1,000 full-time jobs in 2013, in the
17 manufacturing sector as defined by the North American
18 Industry Classification System; and

19 (2) it is either (i) located in an Enterprise Zone
20 established pursuant to the Illinois Enterprise Zone Act or
21 (ii) located in a federally designated Foreign Trade Zone
22 or Sub-Zone and is designated a High Impact Business by the
23 Department of Commerce and Economic Opportunity; and

24 (3) it is certified by the Department of Commerce and
25 Economic Opportunity as complying with the requirements
26 specified in clauses (1) and (2) of this Section.

1 The Department of Commerce and Economic Opportunity shall
2 determine the period during which such exemption from the
3 charges imposed under Section 9-222 is in effect which shall
4 not exceed 35 ~~30~~ years or the certified term of the enterprise
5 zone, whichever period is shorter, except that the exemption
6 period for a business enterprise qualifying under item (iii) of
7 clause (1) of this subsection ~~Section~~ shall not exceed 35 ~~30~~
8 years.

9 The Department of Commerce and Economic Opportunity shall
10 have the power to promulgate rules and regulations to carry out
11 the provisions of this Section including procedures for
12 complying with the requirements specified in clauses (1) and
13 (2) of this subsection ~~Section~~ and procedures for applying for
14 the exemptions authorized under this Section; to define the
15 amounts and types of eligible investments which business
16 enterprises must make in order to receive State utility tax
17 exemptions pursuant to Sections 9-222 and 9-222.1 of this Act;
18 to approve such utility tax exemptions for business enterprises
19 whose investments are not yet placed in service; and to require
20 that business enterprises granted tax exemptions repay the
21 exempted tax should the business enterprise fail to comply with
22 the terms and conditions of the certification. However, no
23 business enterprise shall be required, as a condition for
24 certification under clause (3) of this subsection ~~Section~~, to
25 attest that its decision to invest under clause (1) of this
26 Section and to locate under clause (2) of this Section is

1 predicated upon the availability of the exemptions authorized
2 by this Section.

3 (b) In addition, a business that is primarily engaged in
4 manufacturing is exempt from the additional charges added to
5 its utility bills as a pass-on of State utility taxes under
6 Section 9-222 of this Act.

7 (c) A business enterprise shall be exempt, in whole or in
8 part, from the pass-on charges of municipal utility taxes
9 imposed under Section 9-221, only if it meets the criteria
10 specified in clauses (1) through (3) of subsection (a) of this
11 Section and the municipality has adopted an ordinance
12 authorizing the exemption under paragraph (e) of Section 8-11-2
13 of the Illinois Municipal Code. Upon certification of the
14 business enterprises by the Department of Commerce and Economic
15 Opportunity, the Department of Commerce and Economic
16 Opportunity shall notify the Department of Revenue of such
17 certification. The Department of Revenue shall notify the
18 public utilities of the exemption status of business
19 enterprises from the pass-on charges of State and municipal
20 utility taxes. Such exemption status shall be effective within
21 3 months after certification of the business enterprise.

22 (Source: P.A. 96-716, eff. 8-25-09; 96-865, eff. 1-21-10.)

23 Section 99. Effective date. This Act takes effect upon
24 becoming law.