

1 AN ACT in relation to taxation.

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 adding Section 213 as follows:

6 (35 ILCS 5/213 new)

7 Sec. 213. Pharmaceutical production tax credit.

8 (a) For taxable years ending on or after September 12,
9 2001, a taxpayer is entitled to a credit against the tax
10 imposed under subsections (a) and (b) of Section 201 for the
11 taxpayer's pharmaceutical production expense incurred and
12 paid during the taxable year and after September 11, 2001 in
13 an amount equal to the lesser of the taxpayer's income tax
14 liability under subsections (a) and (b) of Section 201 for
15 the taxable year or the amount determined in subdivision
16 (a)(3) by completing the following steps:

17 (1) Add the pharmaceutical production expenses
18 incurred by the taxpayer in the taxable year.

19 (2) Multiply the result determined in subdivision
20 (a)(1) by one-tenth.

21 (3) Add the product determined in subdivision
22 (a)(2) to the credit carryforward, if any, to which the
23 taxpayer is entitled for the taxable year under
24 subsection (b).

25 (b) If the amount determined under subsection (a) for a
26 taxpayer in a taxable year exceeds the taxpayer's income tax
27 liability under subsections (a) and (b) of Section 201 for
28 the taxable year, the taxpayer may carry forward the excess
29 to the immediately following taxable year. A taxpayer is not
30 entitled to a carryback or refund of any unused credit.

31 (c) To receive the credit authorized under this Section,

1 a taxpayer must submit to the Department all information that
2 the Department determines is necessary for the calculation of
3 the credit and for the determination of whether an expense
4 was a qualified expense.

5 (d) If a pass through entity is entitled to a credit
6 under this Section but does not have income tax liability
7 against which the credit may be applied, a shareholder,
8 partner, or member of the pass through entity is entitled to
9 a tax credit equal to:

10 (1) the tax credit determined for the pass through
11 entity for the taxable year; multiplied by

12 (2) the percentage of the pass through entity's
13 distributed income to which the shareholder, partner, or
14 member is entitled.

15 (e) As used in this Section:

16 "Antibiotic drug" means any drug intended for use by man
17 containing any quantity of any chemical substance that is
18 produced by a microorganism and which has the capacity to
19 inhibit or destroy microorganisms in dilute solution
20 (including the chemically synthesized equivalent of any such
21 substance).

22 "Base level" means a taxpayer's average daily
23 pharmaceutical production for the 365-day period ending
24 September 11, 2001.

25 "Pharmaceutical production" means a taxpayer's production
26 of antibiotic drugs and vaccines that are used to treat
27 bioterrorism agents, including anthrax and smallpox.

28 "Pharmaceutical production expense" means an expense
29 incurred by a taxpayer to increase the taxpayer's
30 pharmaceutical production above the taxpayer's base level.

31 "Taxpayer" means an individual, corporation, trust or
32 estate, or a partnership.

33 (f) This Section is exempt from the provisions of
34 Section 250.