



Sen. Win Stoller

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10200SB2531sam002

LRB102 15312 HLH 25342 a

1 AMENDMENT TO SENATE BILL 2531

2 AMENDMENT NO. _____. Amend Senate Bill 2531, AS AMENDED,
3 by replacing everything after the enacting clause with the
4 following:

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

7 (35 ILCS 5/201)

8 (Text of Section without the changes made by P.A. 101-8,
9 which did not take effect (see Section 99 of P.A. 101-8))

10 Sec. 201. Tax imposed.

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

1 corporation or political subdivision thereof.

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

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

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

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

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

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

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

13 (5.2) In the case of an individual, trust, or estate,
14 for taxable years beginning on or after January 1, 2015,
15 and ending prior to July 1, 2017, an amount equal to 3.75%
16 of the taxpayer's net income for the taxable year.

17 (5.3) In the case of an individual, trust, or estate,
18 for taxable years beginning prior to July 1, 2017, and
19 ending after June 30, 2017, an amount equal to the sum of
20 (i) 3.75% of the taxpayer's net income for the period
21 prior to July 1, 2017, as calculated under Section 202.5,
22 and (ii) 4.95% of the taxpayer's net income for the period
23 after June 30, 2017, as calculated under Section 202.5.

24 (5.4) In the case of an individual, trust, or estate,
25 for taxable years beginning on or after July 1, 2017, an
26 amount equal to 4.95% of the taxpayer's net income for the

1 taxable year.

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

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

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

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

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

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

8 (12) In the case of a corporation, for taxable years
9 beginning on or after January 1, 2015, and ending prior to
10 July 1, 2017, an amount equal to 5.25% of the taxpayer's
11 net income for the taxable year.

12 (13) In the case of a corporation, for taxable years
13 beginning prior to July 1, 2017, and ending after June 30,
14 2017, an amount equal to the sum of (i) 5.25% of the
15 taxpayer's net income for the period prior to July 1,
16 2017, as calculated under Section 202.5, and (ii) 7% of
17 the taxpayer's net income for the period after June 30,
18 2017, as calculated under Section 202.5.

19 (14) In the case of a corporation, for taxable years
20 beginning on or after July 1, 2017, an amount equal to 7%
21 of the taxpayer's net income for the taxable year.

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

24 (b-5) Surcharge; sale or exchange of assets, properties,
25 and intangibles of organization gaming licensees. For each of
26 taxable years 2019 through 2027, a surcharge is imposed on all

1 taxpayers on income arising from the sale or exchange of
2 capital assets, depreciable business property, real property
3 used in the trade or business, and Section 197 intangibles (i)
4 of an organization licensee under the Illinois Horse Racing
5 Act of 1975 and (ii) of an organization gaming licensee under
6 the Illinois Gambling Act. The amount of the surcharge is
7 equal to the amount of federal income tax liability for the
8 taxable year attributable to those sales and exchanges. The
9 surcharge imposed shall not apply if:

10 (1) the organization gaming license, organization
11 license, or racetrack property is transferred as a result
12 of any of the following:

13 (A) bankruptcy, a receivership, or a debt
14 adjustment initiated by or against the initial
15 licensee or the substantial owners of the initial
16 licensee;

17 (B) cancellation, revocation, or termination of
18 any such license by the Illinois Gaming Board or the
19 Illinois Racing Board;

20 (C) a determination by the Illinois Gaming Board
21 that transfer of the license is in the best interests
22 of Illinois gaming;

23 (D) the death of an owner of the equity interest in
24 a licensee;

25 (E) the acquisition of a controlling interest in
26 the stock or substantially all of the assets of a

1 publicly traded company;

2 (F) a transfer by a parent company to a wholly
3 owned subsidiary; or

4 (G) the transfer or sale to or by one person to
5 another person where both persons were initial owners
6 of the license when the license was issued; or

7 (2) the controlling interest in the organization
8 gaming license, organization license, or racetrack
9 property is transferred in a transaction to lineal
10 descendants in which no gain or loss is recognized or as a
11 result of a transaction in accordance with Section 351 of
12 the Internal Revenue Code in which no gain or loss is
13 recognized; or

14 (3) live horse racing was not conducted in 2010 at a
15 racetrack located within 3 miles of the Mississippi River
16 under a license issued pursuant to the Illinois Horse
17 Racing Act of 1975.

18 The transfer of an organization gaming license,
19 organization license, or racetrack property by a person other
20 than the initial licensee to receive the organization gaming
21 license is not subject to a surcharge. The Department shall
22 adopt rules necessary to implement and administer this
23 subsection.

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

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

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

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

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

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

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

1 (B) the privilege tax imposed by Section 409 of
2 the Illinois Insurance Code, the fire insurance
3 company tax imposed by Section 12 of the Fire
4 Investigation Act, and the fire department taxes
5 imposed under Section 11-10-1 of the Illinois
6 Municipal Code,

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

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

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

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

26 (1) A taxpayer shall be allowed a credit equal to .5%

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

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

1 taxable years following the excess credit years. 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 (2) The term "qualified property" means property
7 which:

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

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

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

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

1 Redevelopment Zone Act; and

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

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

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

1 income tax purposes.

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

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

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

26 (8) Unless the investment credit is extended by law,

1 the basis of qualified property shall not include costs
2 incurred after December 31, 2018, except for costs
3 incurred pursuant to a binding contract entered into on or
4 before December 31, 2018.

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

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

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

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

11 (1) A taxpayer shall be allowed a credit against the
12 tax imposed by subsections (a) and (b) of this Section for
13 investment in qualified property which is placed in
14 service in an Enterprise Zone created pursuant to the
15 Illinois Enterprise Zone Act or, for property placed in
16 service on or after July 1, 2006, a River Edge
17 Redevelopment Zone established pursuant to the River Edge
18 Redevelopment Zone Act. For partners, shareholders of
19 Subchapter S corporations, and owners of limited liability
20 companies, if the liability company is treated as a
21 partnership for purposes of federal and State income
22 taxation, there shall be allowed a credit under this
23 subsection (f) to be 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
26 Internal Revenue Code. The credit shall be .5% of the

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

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

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

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

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

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

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

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

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

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

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

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

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

1 percentage times a fraction, the numerator of which is
2 0.5% and the denominator of which is 1%, but shall not
3 exceed 0.5%.

4 (8) For taxable years beginning on or after January 1,
5 2021, there shall be allowed an Enterprise Zone
6 construction jobs credit against the taxes imposed under
7 subsections (a) and (b) of this Section as provided in
8 Section 13 of the Illinois Enterprise Zone Act.

9 The credit or credits may not reduce the taxpayer's
10 liability to less than zero. If the amount of the credit or
11 credits exceeds the taxpayer's liability, the excess may
12 be carried forward and applied against the taxpayer's
13 liability in succeeding calendar years in the same manner
14 provided under paragraph (4) of Section 211 of this Act.
15 The credit or credits shall be applied to the earliest
16 year for which there is a tax liability. If there are
17 credits from more than one taxable year that are available
18 to offset a liability, the earlier credit shall be applied
19 first.

20 For partners, shareholders of Subchapter S
21 corporations, and owners of limited liability companies,
22 if the liability company is treated as a partnership for
23 the purposes of federal and State income taxation, there
24 shall be allowed a credit under this Section to be
25 determined in accordance with the determination of income
26 and distributive share of income under Sections 702 and

1 704 and Subchapter S of the Internal Revenue Code.

2 The total aggregate amount of credits awarded under
3 the Blue Collar Jobs Act (Article 20 of Public Act 101-9
4 ~~this amendatory Act of the 101st General Assembly~~) shall
5 not exceed \$20,000,000 in any State fiscal year.

6 This paragraph (8) is exempt from the provisions of
7 Section 250.

8 (g) (Blank).

9 (h) Investment credit; High Impact Business.

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

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

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

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

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

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

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

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

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

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

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

25 (6) If during any taxable year ending on or before
26 December 31, 1996, any property ceases to be qualified

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

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

1 (h-5) High Impact Business construction ~~constructions~~ jobs
2 credit. For taxable years beginning on or after January 1,
3 2021, there shall also be allowed a High Impact Business
4 construction jobs credit against the tax imposed under
5 subsections (a) and (b) of this Section as provided in
6 subsections (i) and (j) of Section 5.5 of the Illinois
7 Enterprise Zone Act.

8 The credit or credits may not reduce the taxpayer's
9 liability to less than zero. If the amount of the credit or
10 credits exceeds the taxpayer's liability, the excess may be
11 carried forward and applied against the taxpayer's liability
12 in succeeding calendar years in the manner provided under
13 paragraph (4) of Section 211 of this Act. The credit or credits
14 shall be applied to the earliest year for which there is a tax
15 liability. If there are credits from more than one taxable
16 year that are available to offset a liability, the earlier
17 credit shall be applied first.

18 For partners, shareholders of Subchapter S corporations,
19 and owners of limited liability companies, if the liability
20 company is treated as a partnership for the purposes of
21 federal and State income taxation, there shall be allowed a
22 credit under this Section to be determined in accordance with
23 the determination of income and distributive share of income
24 under Sections 702 and 704 and Subchapter S of the Internal
25 Revenue Code.

26 The total aggregate amount of credits awarded under the

1 Blue Collar Jobs Act (Article 20 of Public Act 101-9 ~~this~~
2 ~~amendatory Act of the 101st General Assembly~~) shall not exceed
3 \$20,000,000 in any State fiscal year.

4 This subsection (h-5) is exempt from the provisions of
5 Section 250.

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

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

1 subsection from more than one tax year that is available to
2 offset a liability the earliest credit arising under this
3 subsection shall be applied first.

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

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

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

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

17 (k) Research and development credit. For tax years ending
18 after July 1, 1990 and prior to December 31, 2003, and
19 beginning again for tax years ending on or after December 31,
20 2004, and ending prior to January 1, 2027, a taxpayer shall be
21 allowed a credit against the tax imposed by subsections (a)
22 and (b) of this Section for increasing research activities in
23 this State. The credit allowed against the tax imposed by
24 subsections (a) and (b) shall be equal to 6 1/2% of the
25 qualifying expenditures for increasing research activities in
26 this State. For partners, shareholders of subchapter S

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

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

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

1 ending prior to December 31, 2003 may be carried forward to any
2 year ending on or after December 31, 2003.

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

15 No inference shall be drawn from Public Act 91-644 ~~this~~
16 ~~amendatory Act of the 91st General Assembly~~ in construing this
17 Section for taxable years beginning before January 1, 1999.

18 It is the intent of the General Assembly that the research
19 and development credit under this subsection (k) shall apply
20 continuously for all tax years ending on or after December 31,
21 2004 and ending prior to January 1, 2027, including, but not
22 limited to, the period beginning on January 1, 2016 and ending
23 on July 6, 2017 (the effective date of Public Act 100-22) ~~this~~
24 ~~amendatory Act of the 100th General Assembly~~. All actions
25 taken in reliance on the continuation of the credit under this
26 subsection (k) by any taxpayer are hereby validated.

1 (1) Environmental Remediation Tax Credit.

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

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

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

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

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

26 (m) Education expense credit. Beginning with tax years

1 ending after December 31, 1999, a taxpayer who is the
2 custodian of one or more qualifying pupils shall be allowed a
3 credit against the tax imposed by subsections (a) and (b) of
4 this Section for qualified education expenses incurred on
5 behalf of the qualifying pupils. The credit shall be equal to
6 25% of qualified education expenses, but in no event may the
7 total credit under this subsection claimed by a family that is
8 the custodian of qualifying pupils exceed (i) \$500 for tax
9 years ending prior to December 31, 2017, and (ii) \$750 for tax
10 years ending on or after December 31, 2017. In no event shall a
11 credit under this subsection reduce the taxpayer's liability
12 under this Act to less than zero. Notwithstanding any other
13 provision of law, for taxable years beginning on or after
14 January 1, 2017, no taxpayer may claim a credit under this
15 subsection (m) if the taxpayer's adjusted gross income for the
16 taxable year exceeds (i) \$500,000, in the case of spouses
17 filing a joint federal tax return or (ii) \$250,000, in the case
18 of all other taxpayers. This subsection is exempt from the
19 provisions of Section 250 of this Act.

20 For purposes of this subsection:

21 "Qualifying pupils" means individuals who (i) are
22 residents of the State of Illinois, (ii) are under the age of
23 21 at the close of the school year for which a credit is
24 sought, and (iii) during the school year for which a credit is
25 sought were full-time pupils enrolled in a kindergarten
26 through twelfth grade education program at any school, as

1 defined in this subsection.

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

6 "School" means any public or nonpublic elementary or
7 secondary school in Illinois that is in compliance with Title
8 VI of the Civil Rights Act of 1964 and attendance at which
9 satisfies the requirements of Section 26-1 of the School Code,
10 except that nothing shall be construed to require a child to
11 attend any particular public or nonpublic school to qualify
12 for the credit under this Section.

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

16 (n) River Edge Redevelopment Zone site remediation tax
17 credit.

18 (i) For tax years ending on or after December 31,
19 2006, a taxpayer shall be allowed a credit against the tax
20 imposed by subsections (a) and (b) of this Section for
21 certain amounts paid for unreimbursed eligible remediation
22 costs, as specified in this subsection. For purposes of
23 this Section, "unreimbursed eligible remediation costs"
24 means costs approved by the Illinois Environmental
25 Protection Agency ("Agency") under Section 58.14a of the
26 Environmental Protection Act that were paid in performing

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

1 remediation costs in excess of \$100,000 per site.

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

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

1 (o) For each of taxable years during the Compassionate Use
2 of Medical Cannabis Program, a surcharge is imposed on all
3 taxpayers on income arising from the sale or exchange of
4 capital assets, depreciable business property, real property
5 used in the trade or business, and Section 197 intangibles of
6 an organization registrant under the Compassionate Use of
7 Medical Cannabis Program Act. The amount of the surcharge is
8 equal to the amount of federal income tax liability for the
9 taxable year attributable to those sales and exchanges. The
10 surcharge imposed does not apply if:

11 (1) the medical cannabis cultivation center
12 registration, medical cannabis dispensary registration, or
13 the property of a registration is transferred as a result
14 of any of the following:

15 (A) bankruptcy, a receivership, or a debt
16 adjustment initiated by or against the initial
17 registration or the substantial owners of the initial
18 registration;

19 (B) cancellation, revocation, or termination of
20 any registration by the Illinois Department of Public
21 Health;

22 (C) a determination by the Illinois Department of
23 Public Health that transfer of the registration is in
24 the best interests of Illinois qualifying patients as
25 defined by the Compassionate Use of Medical Cannabis
26 Program Act;

1 (D) the death of an owner of the equity interest in
2 a registrant;

3 (E) the acquisition of a controlling interest in
4 the stock or substantially all of the assets of a
5 publicly traded company;

6 (F) a transfer by a parent company to a wholly
7 owned subsidiary; or

8 (G) the transfer or sale to or by one person to
9 another person where both persons were initial owners
10 of the registration when the registration was issued;
11 or

12 (2) the cannabis cultivation center registration,
13 medical cannabis dispensary registration, or the
14 controlling interest in a registrant's property is
15 transferred in a transaction to lineal descendants in
16 which no gain or loss is recognized or as a result of a
17 transaction in accordance with Section 351 of the Internal
18 Revenue Code in which no gain or loss is recognized.

19 (p) Pass-through entity tax.

20 (1) For taxable years ending on or after December 31,
21 2021 and beginning prior to January 1, 2026, a partnership
22 (other than a publicly traded partnership under Section
23 7704 of the Internal Revenue Code) or Subchapter S
24 corporation may elect to apply the provisions of this
25 subsection. A separate election shall be made for each
26 taxable year. Such election shall be made at such time,

1 and in such form and manner as prescribed by the
2 Department, and, once made, is irrevocable.

3 (2) Entity-level tax. A partnership or Subchapter S
4 corporation electing to apply the provisions of this
5 subsection shall be subject to a tax for the privilege of
6 earning or receiving income in this State in an amount
7 equal to 4.95% of the taxpayer's net income for the
8 taxable year.

9 (3) Net income defined.

10 (A) In general. For purposes of paragraph (2), the
11 term net income has the same meaning as defined in
12 Section 202 of this Act, except that the following
13 provisions shall not apply:

14 (i) the standard exemption allowed under
15 Section 204;

16 (ii) the deduction for net losses allowed
17 under Section 207;

18 (iii) in the case of an S corporation, the
19 modification under Section 203(b)(2)(S); and

20 (iv) in the case of a partnership, the
21 modifications under Section 203(d)(2)(H) and
22 Section 203(d)(2)(I).

23 (B) Special rule for tiered partnerships. If a
24 taxpayer making the election under paragraph (1) is a
25 partner of another taxpayer making the election under
26 paragraph (1), net income shall be computed as

1 provided in subparagraph (A), except that the taxpayer
2 shall subtract its distributive share of the net
3 income of the electing partnership (including its
4 distributive share of the net income of the electing
5 partnership derived as a distributive share from
6 electing partnerships in which it is a partner).

7 (4) Credit for entity level tax. Each partner or
8 shareholder of a taxpayer making the election under this
9 section shall be allowed a credit against the tax imposed
10 under subsections (a) and (b) of Section 201 of this Act
11 for the taxable year of the partnership or Subchapter S
12 corporation for which an election is in effect ending
13 within or with the taxable year of the partner or
14 shareholder in an amount equal to 4.95% times the partner
15 or shareholder's distributive share of the net income of
16 the electing partnership or Subchapter S corporation, but
17 not to exceed the partner's or shareholder's share of the
18 tax imposed under paragraph (1) which is actually paid by
19 the partnership or Subchapter S corporation. If the
20 taxpayer is a partnership or Subchapter S corporation that
21 is itself a partner of a partnership making the election
22 under paragraph (1), the credit under this paragraph shall
23 be allowed to the taxpayer's partners or shareholders (or
24 if the partner is a partnership or Subchapter S
25 corporation then its partners or shareholders) in
26 accordance with the determination of income and

1 distributive share of income under Sections 702 and 704
2 and Subchapter S of the Internal Revenue Code. If the
3 amount of the credit allowed under this paragraph exceeds
4 the partner's or shareholder's liability for tax imposed
5 under subsections (a) and (b) of Section 201 of this Act
6 for the taxable year, such excess shall be treated as an
7 overpayment for purposes of Section 909 of this Act.

8 (5) Nonresidents. A nonresident individual who is a
9 partner or shareholder of a partnership or Subchapter S
10 corporation for a taxable year for which an election is in
11 effect under paragraph (1) shall not be required to file
12 an income tax return under this Act for such taxable year
13 if the only source of net income of the individual (or the
14 individual and the individual's spouse in the case of a
15 joint return) is from an entity making the election under
16 paragraph (1) and the credit allowed to the partner or
17 shareholder under paragraph (4) equals or exceeds the
18 individual's liability for the tax imposed under
19 subsections (a) and (b) of Section 201 of this Act for the
20 taxable year.

21 (6) Liability for tax. Except as provided in this
22 paragraph, a partnership or Subchapter S making the
23 election under paragraph (1) is liable for the
24 entity-level tax imposed under paragraph (2). If the
25 electing partnership or corporation fails to pay the full
26 amount of tax deemed assessed under paragraph (2), the

1 partners or shareholders shall be liable to pay the tax
2 assessed (including penalties and interest). Each partner
3 or shareholder shall be liable for the unpaid assessment
4 based on the ratio of the partner's or shareholder's share
5 of the net income of the partnership over the total net
6 income of the partnership. If the partnership or
7 Subchapter S corporation fails to pay the tax assessed
8 (including penalties and interest) and thereafter an
9 amount of such tax is paid by the partners or
10 shareholders, such amount shall not be collected from the
11 partnership or corporation.

12 (7) Foreign tax. For purposes of the credit allowed
13 under Section 601(b)(3) of this Act, tax paid by a
14 partnership or Subchapter S corporation to another state
15 which, as determined by the Department, is substantially
16 similar to the tax imposed under this subsection, shall be
17 considered tax paid by the partner or shareholder to the
18 extent that the partner's or shareholder's share of the
19 income of the partnership or Subchapter S corporation
20 allocated and apportioned to such other state bears to the
21 total income of the partnership or Subchapter S
22 corporation allocated or apportioned to such other state.

23 (8) Suspension of withholding. The provisions of
24 Section 709.5 of this Act shall not apply to a partnership
25 or Subchapter S corporation for the taxable year for which
26 an election under paragraph (1) is in effect.

1 (9) Requirement to pay estimated tax. For each taxable
2 year for which an election under paragraph (1) is in
3 effect, a partnership or Subchapter S corporation is
4 required to pay estimated tax for such taxable year under
5 Sections 803 and 804 of this Act if the amount payable as
6 estimated tax can reasonably be expected to exceed \$500.

7 (Source: P.A. 100-22, eff. 7-6-17; 101-9, eff. 6-5-19; 101-31,
8 eff. 6-28-19; 101-207, eff. 8-2-19; 101-363, eff. 8-9-19;
9 revised 11-18-20.)

10 (Text of Section with the changes made by P.A. 101-8,
11 which did not take effect (see Section 99 of P.A. 101-8))

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
25 equal to 2 1/2% of the taxpayer's net income for the

1 taxable 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,
14 for 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,
21 for taxable years beginning on or after January 1, 2011,
22 and ending prior to January 1, 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, 2015, and
26 ending after December 31, 2014, an amount equal to the sum

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

6 (5.2) In the case of an individual, trust, or estate,
7 for taxable years beginning on or after January 1, 2015,
8 and ending prior to July 1, 2017, an amount equal to 3.75%
9 of the taxpayer's net income for the taxable year.

10 (5.3) In the case of an individual, trust, or estate,
11 for taxable years beginning prior to July 1, 2017, and
12 ending after June 30, 2017, an amount equal to the sum of
13 (i) 3.75% of the taxpayer's net income for the period
14 prior to July 1, 2017, as calculated under Section 202.5,
15 and (ii) 4.95% of the taxpayer's net income for the period
16 after June 30, 2017, as calculated under Section 202.5.

17 (5.4) In the case of an individual, trust, or estate,
18 for taxable years beginning on or after July 1, 2017 ~~and~~
19 ~~beginning prior to January 1, 2021,~~ an amount equal to
20 4.95% of the taxpayer's net income for the taxable year.

21 ~~(5.5) In the case of an individual, trust, or estate,~~
22 ~~for taxable years beginning on or after January 1, 2021,~~
23 ~~an amount calculated under the rate structure set forth in~~
24 ~~Section 201.1.~~

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,
6 1989, as calculated under Section 202.3, and (ii) 4.8% of
7 the taxpayer's net income for the period after June 30,
8 1989, 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 July 1, 2017, 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 July 1, 2017, and ending after June 30,
11 2017, an amount equal to the sum of (i) 5.25% of the
12 taxpayer's net income for the period prior to July 1,
13 2017, as calculated under Section 202.5, and (ii) 7% of
14 the taxpayer's net income for the period after June 30,
15 2017, as calculated under Section 202.5.

16 (14) In the case of a corporation, for taxable years
17 beginning on or after July 1, 2017 ~~and beginning prior to~~
18 ~~January 1, 2021~~, an amount equal to 7% of the taxpayer's
19 net income for the taxable year.

20 ~~(15) In the case of a corporation, for taxable years~~
21 ~~beginning on or after January 1, 2021, an amount equal to~~
22 ~~7.99% of the taxpayer's net income for the taxable year.~~

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

25 (b-5) Surcharge; sale or exchange of assets, properties,
26 and intangibles of organization gaming licensees. For each of

1 taxable years 2019 through 2027, a surcharge is imposed on all
2 taxpayers on income arising from the sale or exchange of
3 capital assets, depreciable business property, real property
4 used in the trade or business, and Section 197 intangibles (i)
5 of an organization licensee under the Illinois Horse Racing
6 Act of 1975 and (ii) of an organization gaming licensee under
7 the Illinois Gambling Act. The amount of the surcharge is
8 equal to the amount of federal income tax liability for the
9 taxable year attributable to those sales and exchanges. The
10 surcharge imposed shall not apply if:

11 (1) the organization gaming license, organization
12 license, or racetrack property is transferred as a result
13 of any of the following:

14 (A) bankruptcy, a receivership, or a debt
15 adjustment initiated by or against the initial
16 licensee or the substantial owners of the initial
17 licensee;

18 (B) cancellation, revocation, or termination of
19 any such license by the Illinois Gaming Board or the
20 Illinois Racing Board;

21 (C) a determination by the Illinois Gaming Board
22 that transfer of the license is in the best interests
23 of Illinois gaming;

24 (D) the death of an owner of the equity interest in
25 a licensee;

26 (E) the acquisition of a controlling interest in

1 the stock or substantially all of the assets of a
2 publicly traded company;

3 (F) a transfer by a parent company to a wholly
4 owned subsidiary; or

5 (G) the transfer or sale to or by one person to
6 another person where both persons were initial owners
7 of the license when the license was issued; or

8 (2) the controlling interest in the organization
9 gaming license, organization license, or racetrack
10 property is transferred in a transaction to lineal
11 descendants in which no gain or loss is recognized or as a
12 result of a transaction in accordance with Section 351 of
13 the Internal Revenue Code in which no gain or loss is
14 recognized; or

15 (3) live horse racing was not conducted in 2010 at a
16 racetrack located within 3 miles of the Mississippi River
17 under a license issued pursuant to the Illinois Horse
18 Racing Act of 1975.

19 The transfer of an organization gaming license,
20 organization license, or racetrack property by a person other
21 than the initial licensee to receive the organization gaming
22 license is not subject to a surcharge. The Department shall
23 adopt rules necessary to implement and administer this
24 subsection.

25 (c) Personal Property Tax Replacement Income Tax.
26 Beginning on July 1, 1979 and thereafter, in addition to such

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

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

24 (d-1) Rate reduction for certain foreign insurers. In the
25 case of a foreign insurer, as defined by Section 35A-5 of the
26 Illinois Insurance Code, whose state or country of domicile

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

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

25 (A) the total amount of tax imposed on such
26 foreign insurer under this Act for a taxable year, net

1 of all credits allowed under this Act, plus

2 (B) the privilege tax imposed by Section 409 of
3 the Illinois Insurance Code, the fire insurance
4 company tax imposed by Section 12 of the Fire
5 Investigation Act, and the fire department taxes
6 imposed under Section 11-10-1 of the Illinois
7 Municipal Code,

8 equals 1.25% for taxable years ending prior to December
9 31, 2003, or 1.75% for taxable years ending on or after
10 December 31, 2003, of the net taxable premiums written for
11 the taxable year, as described by subsection (1) of
12 Section 409 of the Illinois Insurance Code. This paragraph
13 will in no event increase the rates imposed under
14 subsections (b) and (d).

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

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

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

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

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

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

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

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

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 (e);

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

23 (D) is used in Illinois by a taxpayer who is
24 primarily engaged in manufacturing, or in mining coal
25 or fluorite, or in retailing, or was placed in service
26 on or after July 1, 2006 in a River Edge Redevelopment

1 Zone established pursuant to the River Edge
2 Redevelopment Zone Act; and

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

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

26 (4) The basis of qualified property shall be the basis

1 used to compute the depreciation deduction for federal
2 income tax purposes.

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

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

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

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

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

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

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

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

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

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

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

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

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

1 (f);

2 (C) is acquired by purchase as defined in Section
3 179(d) of the Internal Revenue Code;

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

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

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

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

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

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

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

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

1 than 1%, the additional credit shall be limited to that
2 percentage times a fraction, the numerator of which is
3 0.5% and the denominator of which is 1%, but shall not
4 exceed 0.5%.

5 (8) For taxable years beginning on or after January 1,
6 2021, there shall be allowed an Enterprise Zone
7 construction jobs credit against the taxes imposed under
8 subsections (a) and (b) of this Section as provided in
9 Section 13 of the Illinois Enterprise Zone Act.

10 The credit or credits may not reduce the taxpayer's
11 liability to less than zero. If the amount of the credit or
12 credits exceeds the taxpayer's liability, the excess may
13 be carried forward and applied against the taxpayer's
14 liability in succeeding calendar years in the same manner
15 provided under paragraph (4) of Section 211 of this Act.
16 The credit or credits shall be applied to the earliest
17 year for which there is a tax liability. If there are
18 credits from more than one taxable year that are available
19 to offset a liability, the earlier credit shall be applied
20 first.

21 For partners, shareholders of Subchapter S
22 corporations, and owners of limited liability companies,
23 if the liability company is treated as a partnership for
24 the purposes of federal and State income taxation, there
25 shall be allowed a credit under this Section to be
26 determined in accordance with the determination of income

1 and distributive share of income under Sections 702 and
2 704 and Subchapter S of the Internal Revenue Code.

3 The total aggregate amount of credits awarded under
4 the Blue Collar Jobs Act (Article 20 of Public Act 101-9
5 ~~this amendatory Act of the 101st General Assembly~~) shall
6 not exceed \$20,000,000 in any State fiscal year.

7 This paragraph (8) is exempt from the provisions of
8 Section 250.

9 (g) (Blank).

10 (h) Investment credit; High Impact Business.

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

1 reduce a taxpayer's liability for the tax imposed by
2 subsections (a) and (b) of this Section to below zero. The
3 credit applicable to such investments shall be taken in
4 the taxable year in which such investments have been
5 completed. The credit for additional investments beyond
6 the minimum investment by a designated high impact
7 business authorized under subdivision (a) (3) (A) of Section
8 5.5 of the Illinois Enterprise Zone Act shall be available
9 only in the taxable year in which the property is placed in
10 service and shall not be allowed to the extent that it
11 would reduce a taxpayer's liability for the tax imposed by
12 subsections (a) and (b) of this Section to below zero. For
13 tax years ending on or after December 31, 1987, the credit
14 shall be allowed for the tax year in which the property is
15 placed in service, or, if the amount of the credit exceeds
16 the tax liability for that year, whether it exceeds the
17 original liability or the liability as later amended, such
18 excess may be carried forward and applied to the tax
19 liability of the 5 taxable years following the excess
20 credit year. The credit shall be applied to the earliest
21 year for which there is a liability. If there is credit
22 from more than one tax year that is available to offset a
23 liability, the credit accruing first in time shall be
24 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
19 tax depreciation purposes is increased after it has been
20 placed in service in a federally designated Foreign Trade
21 Zone or Sub-Zone located in Illinois by the taxpayer, the
22 amount of such increase shall be deemed property placed in
23 service on 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
6 under subsections (a) and (b) of this Section for such
7 taxable year shall be increased. Such increase shall be
8 determined by (i) recomputing the investment credit which
9 would have been allowed for the year in which credit for
10 such property was originally allowed by eliminating such
11 property from such computation, and (ii) subtracting such
12 recomputed credit from the amount of credit previously
13 allowed. For the purposes of this paragraph (6), a
14 reduction of the basis of qualified property resulting
15 from a redetermination of the purchase price shall be
16 deemed a disposition of qualified property to the extent
17 of such 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
23 Section 18-183 of the Property Tax Code, the tax imposed
24 under subsections (a) and (b) of this Section shall be
25 increased for the taxable year in which the taxpayer
26 relocated its facility by an amount equal to the amount of

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

2 (h-5) High Impact Business construction ~~constructions~~ jobs
3 credit. For taxable years beginning on or after January 1,
4 2021, there shall also be allowed a High Impact Business
5 construction jobs credit against the tax imposed under
6 subsections (a) and (b) of this Section as provided in
7 subsections (i) and (j) of Section 5.5 of the Illinois
8 Enterprise Zone Act.

9 The credit or credits may not reduce the taxpayer's
10 liability to less than zero. If the amount of the credit or
11 credits exceeds the taxpayer's liability, the excess may be
12 carried forward and applied against the taxpayer's liability
13 in succeeding calendar years in the manner provided under
14 paragraph (4) of Section 211 of this Act. The credit or credits
15 shall be applied to the earliest year for which there is a tax
16 liability. If there are credits from more than one taxable
17 year that are available to offset a liability, the earlier
18 credit shall be applied first.

19 For partners, shareholders of Subchapter S corporations,
20 and owners of limited liability companies, if the liability
21 company is treated as a partnership for the purposes of
22 federal and State income taxation, there shall be allowed a
23 credit under this Section to be determined in accordance with
24 the determination of income and distributive share of income
25 under Sections 702 and 704 and Subchapter S of the Internal
26 Revenue Code.

1 The total aggregate amount of credits awarded under the
2 Blue Collar Jobs Act (Article 20 of Public Act 101-9 ~~this~~
3 ~~amendatory Act of the 101st General Assembly~~) shall not exceed
4 \$20,000,000 in any State fiscal year.

5 This subsection (h-5) is exempt from the provisions of
6 Section 250.

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

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

1 there is a liability. If there is a credit under this
2 subsection from more than one tax year that is available to
3 offset a liability the earliest credit arising under this
4 subsection shall be applied first.

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

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

1 subchapter S corporations, and owners of limited liability
2 companies, if the liability company is treated as a
3 partnership for purposes of federal and State income taxation,
4 there shall be allowed a credit under this subsection (j) to be
5 determined in accordance with the determination of income and
6 distributive share of income under Sections 702 and 704 and
7 subchapter S of the Internal Revenue Code.

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

18 (k) Research and development credit. For tax years ending
19 after July 1, 1990 and prior to December 31, 2003, and
20 beginning again for tax years ending on or after December 31,
21 2004, and ending prior to January 1, 2027, a taxpayer shall be
22 allowed a credit against the tax imposed by subsections (a)
23 and (b) of this Section for increasing research activities in
24 this State. The credit allowed against the tax imposed by
25 subsections (a) and (b) shall be equal to 6 1/2% of the
26 qualifying expenditures for increasing research activities in

1 this State. For partners, shareholders of subchapter S
2 corporations, and owners of limited liability companies, if
3 the liability company is treated as a partnership for purposes
4 of federal and State income taxation, there shall be allowed a
5 credit under this subsection to be determined in accordance
6 with the determination of income and distributive share of
7 income under Sections 702 and 704 and subchapter S of the
8 Internal Revenue Code.

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

22 Any credit in excess of the tax liability for the taxable
23 year may be carried forward. A taxpayer may elect to have the
24 unused credit shown on its final completed return carried over
25 as a credit against the tax liability for the following 5
26 taxable years or until it has been fully used, whichever

1 occurs first; provided that no credit earned in a tax year
2 ending prior to December 31, 2003 may be carried forward to any
3 year ending on or after December 31, 2003.

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 Public Act 91-644 ~~this~~
17 ~~amendatory Act of the 91st General Assembly~~ in construing this
18 Section for taxable years beginning before January 1, 1999.

19 It is the intent of the General Assembly that the research
20 and development credit under this subsection (k) shall apply
21 continuously for all tax years ending on or after December 31,
22 2004 and ending prior to January 1, 2027, including, but not
23 limited to, the period beginning on January 1, 2016 and ending
24 on July 6, 2017 (the effective date of Public Act 100-22) ~~this~~
25 ~~amendatory Act of the 100th General Assembly~~. All actions
26 taken in reliance on the continuation of the credit under this

1 subsection (k) by any taxpayer are hereby validated.

2 (1) Environmental Remediation Tax Credit.

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

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

24 (ii) A credit allowed under this subsection that is
25 unused in the year the credit is earned may be carried
26 forward to each of the 5 taxable years following the year

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

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

1 (m) Education expense credit. Beginning with tax years
2 ending after December 31, 1999, a taxpayer who is the
3 custodian of one or more qualifying pupils shall be allowed a
4 credit against the tax imposed by subsections (a) and (b) of
5 this Section for qualified education expenses incurred on
6 behalf of the qualifying pupils. The credit shall be equal to
7 25% of qualified education expenses, but in no event may the
8 total credit under this subsection claimed by a family that is
9 the custodian of qualifying pupils exceed (i) \$500 for tax
10 years ending prior to December 31, 2017, and (ii) \$750 for tax
11 years ending on or after December 31, 2017. In no event shall a
12 credit under this subsection reduce the taxpayer's liability
13 under this Act to less than zero. Notwithstanding any other
14 provision of law, for taxable years beginning on or after
15 January 1, 2017, no taxpayer may claim a credit under this
16 subsection (m) if the taxpayer's adjusted gross income for the
17 taxable year exceeds (i) \$500,000, in the case of spouses
18 filing a joint federal tax return or (ii) \$250,000, in the case
19 of all other taxpayers. This subsection is exempt from the
20 provisions of Section 250 of this Act.

21 For purposes of this subsection:

22 "Qualifying pupils" means individuals who (i) are
23 residents of the State of Illinois, (ii) are under the age of
24 21 at the close of the school year for which a credit is
25 sought, and (iii) during the school year for which a credit is
26 sought were full-time pupils enrolled in a kindergarten

1 through twelfth grade education program at any school, as
2 defined in this subsection.

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

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

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

17 (n) River Edge Redevelopment Zone site remediation tax
18 credit.

19 (i) For tax years ending on or after December 31,
20 2006, a taxpayer shall be allowed a credit against the tax
21 imposed by subsections (a) and (b) of this Section for
22 certain amounts paid for unreimbursed eligible remediation
23 costs, as specified in this subsection. For purposes of
24 this Section, "unreimbursed eligible remediation costs"
25 means costs approved by the Illinois Environmental
26 Protection Agency ("Agency") under Section 58.14a of the

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

1 shall be equal to 25% of the unreimbursed eligible
2 remediation costs in excess of \$100,000 per site.

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

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

1 Environmental Protection Act.

2 (o) For each of taxable years during the Compassionate Use
3 of Medical Cannabis Program, a surcharge is imposed on all
4 taxpayers on income arising from the sale or exchange of
5 capital assets, depreciable business property, real property
6 used in the trade or business, and Section 197 intangibles of
7 an organization registrant under the Compassionate Use of
8 Medical Cannabis Program Act. The amount of the surcharge is
9 equal to the amount of federal income tax liability for the
10 taxable year attributable to those sales and exchanges. The
11 surcharge imposed does not apply if:

12 (1) the medical cannabis cultivation center
13 registration, medical cannabis dispensary registration, or
14 the property of a registration is transferred as a result
15 of any of the following:

16 (A) bankruptcy, a receivership, or a debt
17 adjustment initiated by or against the initial
18 registration or the substantial owners of the initial
19 registration;

20 (B) cancellation, revocation, or termination of
21 any registration by the Illinois Department of Public
22 Health;

23 (C) a determination by the Illinois Department of
24 Public Health that transfer of the registration is in
25 the best interests of Illinois qualifying patients as
26 defined by the Compassionate Use of Medical Cannabis

1 Program Act;

2 (D) the death of an owner of the equity interest in
3 a registrant;

4 (E) the acquisition of a controlling interest in
5 the stock or substantially all of the assets of a
6 publicly traded company;

7 (F) a transfer by a parent company to a wholly
8 owned subsidiary; or

9 (G) the transfer or sale to or by one person to
10 another person where both persons were initial owners
11 of the registration when the registration was issued;
12 or

13 (2) the cannabis cultivation center registration,
14 medical cannabis dispensary registration, or the
15 controlling interest in a registrant's property is
16 transferred in a transaction to lineal descendants in
17 which no gain or loss is recognized or as a result of a
18 transaction in accordance with Section 351 of the Internal
19 Revenue Code in which no gain or loss is recognized.

20 (p) Pass-through entity tax.

21 (1) For taxable years ending on or after December 31,
22 2021 and beginning prior to January 1, 2026, a partnership
23 (other than a publicly traded partnership under Section
24 7704 of the Internal Revenue Code) or Subchapter S
25 corporation may elect to apply the provisions of this
26 subsection. A separate election shall be made for each

1 taxable year. Such election shall be made at such time,
2 and in such form and manner as prescribed by the
3 Department, and, once made, is irrevocable.

4 (2) Entity-level tax. A partnership or Subchapter S
5 corporation electing to apply the provisions of this
6 subsection shall be subject to a tax for the privilege of
7 earning or receiving income in this State in an amount
8 equal to 4.95% of the taxpayer's net income for the
9 taxable year.

10 (3) Net income defined.

11 (A) In general. For purposes of paragraph (2), the
12 term net income has the same meaning as defined in
13 Section 202 of this Act, except that the following
14 provisions shall not apply:

15 (i) the standard exemption allowed under
16 Section 204;

17 (ii) the deduction for net losses allowed
18 under Section 207;

19 (iii) in the case of an S corporation, the
20 modification under Section 203(b) (2) (S); and

21 (iv) in the case of a partnership, the
22 modifications under Section 203(d) (2) (H) and
23 Section 203(d) (2) (I).

24 (B) Special rule for tiered partnerships. If a
25 taxpayer making the election under paragraph (1) is a
26 partner of another taxpayer making the election under

1 paragraph (1), net income shall be computed as
2 provided in subparagraph (A), except that the taxpayer
3 shall subtract its distributive share of the net
4 income of the electing partnership (including its
5 distributive share of the net income of the electing
6 partnership derived as a distributive share from
7 electing partnerships in which it is a partner).

8 (4) Credit for entity level tax. Each partner or
9 shareholder of a taxpayer making the election under this
10 section shall be allowed a credit against the tax imposed
11 under subsections (a) and (b) of Section 201 of this Act
12 for the taxable year of the partnership or Subchapter S
13 corporation for which an election is in effect ending
14 within or with the taxable year of the partner or
15 shareholder in an amount equal to 4.95% times the partner
16 or shareholder's distributive share of the net income of
17 the electing partnership or Subchapter S corporation, but
18 not to exceed the partner's or shareholder's share of the
19 tax imposed under paragraph (1) which is actually paid by
20 the partnership or Subchapter S corporation. If the
21 taxpayer is a partnership or Subchapter S corporation that
22 is itself a partner of a partnership making the election
23 under paragraph (1), the credit under this paragraph shall
24 be allowed to the taxpayer's partners or shareholders (or
25 if the partner is a partnership or Subchapter S
26 corporation then its partners or shareholders) in

1 accordance with the determination of income and
2 distributive share of income under Sections 702 and 704
3 and Subchapter S of the Internal Revenue Code. If the
4 amount of the credit allowed under this paragraph exceeds
5 the partner's or shareholder's liability for tax imposed
6 under subsections (a) and (b) of Section 201 of this Act
7 for the taxable year, such excess shall be treated as an
8 overpayment for purposes of Section 909 of this Act.

9 (5) Nonresidents. A nonresident individual who is a
10 partner or shareholder of a partnership or Subchapter S
11 corporation for a taxable year for which an election is in
12 effect under paragraph (1) shall not be required to file
13 an income tax return under this Act for such taxable year
14 if the only source of net income of the individual (or the
15 individual and the individual's spouse in the case of a
16 joint return) is from an entity making the election under
17 paragraph (1) and the credit allowed to the partner or
18 shareholder under paragraph (4) equals or exceeds the
19 individual's liability for the tax imposed under
20 subsections (a) and (b) of Section 201 of this Act for the
21 taxable year.

22 (6) Liability for tax. Except as provided in this
23 paragraph, a partnership or Subchapter S making the
24 election under paragraph (1) is liable for the
25 entity-level tax imposed under paragraph (2). If the
26 electing partnership or corporation fails to pay the full

1 amount of tax deemed assessed under paragraph (2), the
2 partners or shareholders shall be liable to pay the tax
3 assessed (including penalties and interest). Each partner
4 or shareholder shall be liable for the unpaid assessment
5 based on the ratio of the partner's or shareholder's share
6 of the net income of the partnership over the total net
7 income of the partnership. If the partnership or
8 Subchapter S corporation fails to pay the tax assessed
9 (including penalties and interest) and thereafter an
10 amount of such tax is paid by the partners or
11 shareholders, such amount shall not be collected from the
12 partnership or corporation.

13 (7) Foreign tax. For purposes of the credit allowed
14 under Section 601(b)(3) of this Act, tax paid by a
15 partnership or Subchapter S corporation to another state
16 which, as determined by the Department, is substantially
17 similar to the tax imposed under this subsection, shall be
18 considered tax paid by the partner or shareholder to the
19 extent that the partner's or shareholder's share of the
20 income of the partnership or Subchapter S corporation
21 allocated and apportioned to such other state bears to the
22 total income of the partnership or Subchapter S
23 corporation allocated or apportioned to such other state.

24 (8) Suspension of withholding. The provisions of
25 Section 709.5 of this Act shall not apply to a partnership
26 or Subchapter S corporation for the taxable year for which

1 an election under paragraph (1) is in effect.

2 (9) Requirement to pay estimated tax. For each taxable
3 year for which an election under paragraph (1) is in
4 effect, a partnership or Subchapter S corporation is
5 required to pay estimated tax for such taxable year under
6 Sections 803 and 804 of this Act if the amount payable as
7 estimated tax can reasonably be expected to exceed \$500.

8 (Source: P.A. 100-22, eff. 7-6-17; 101-8, see Section 99 for
9 effective date; 101-9, eff. 6-5-19; 101-31, eff. 6-28-19;
10 101-207, eff. 8-2-19; 101-363, eff. 8-9-19; revised 11-18-20.)

11 Section 99. Effective date. This Act takes effect upon
12 becoming law."