

HB5189 Enrolled

LRB102 24779 AMQ 34022 b

1 AN ACT concerning revenue.

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

4 Section 2. The Reimagining Electric Vehicles in Illinois
5 Act is amended by changing Sections 10, 15, 20, 30, and 40 as
6 follows:

7 (20 ILCS 686/10)

8 Sec. 10. Definitions. As used in this Act:

9 "Advanced battery" means a battery that consists of a
10 battery cell that can be integrated into a module, pack, or
11 system to be used in energy storage applications, including a
12 battery used in an electric vehicle or the electric grid.

13 "Advanced battery component" means a component of an
14 advanced battery, including materials, enhancements,
15 enclosures, anodes, cathodes, electrolytes, cells, and other
16 associated technologies that comprise an advanced battery.

17 "Agreement" means the agreement between a taxpayer and the
18 Department under the provisions of Section 45 of this Act.

19 "Applicant" means a taxpayer that (i) operates a business
20 in Illinois or is planning to locate a business within the
21 State of Illinois and (ii) is engaged in interstate or
22 intrastate commerce for the purpose of manufacturing electric
23 vehicles, electric vehicle component parts, or electric

HB5189 Enrolled

- 2 -

LRB102 24779 AMQ 34022 b

1 vehicle power supply equipment. "Applicant" does not include a
2 taxpayer who closes or substantially reduces by more than 50%
3 operations at one location in the State and relocates
4 substantially the same operation to another location in the
5 State. This does not prohibit a Taxpayer from expanding its
6 operations at another location in the State. This also does
7 not prohibit a Taxpayer from moving its operations from one
8 location in the State to another location in the State for the

9 purpose of expanding the operation, provided that the
10 Department determines that expansion cannot reasonably be
11 accommodated within the municipality or county in which the
12 business is located, or, in the case of a business located in
13 an incorporated area of the county, within the county in which
14 the business is located, after conferring with the chief
15 elected official of the municipality or county and taking into
16 consideration any evidence offered by the municipality or
17 county regarding the ability to accommodate expansion within
18 the municipality or county.

19 "Battery raw materials" means the raw and processed form
20 of a mineral, metal, chemical, or other material used in an
21 advanced battery component.

22 "Battery raw materials refining service provider" means a
23 business that operates a facility that filters, sifts, and
24 treats battery raw materials for use in an advanced battery.

25 "Battery recycling and reuse manufacturer" means a
26 manufacturer that is primarily engaged in the recovery,

HB5189 Enrolled

- 3 -

LRB102 24779 AMQ 34022 b

1 retrieval, processing, recycling, or recirculating of battery
2 raw materials for new use in electric vehicle batteries.

3 "Capital improvements" means the purchase, renovation,
4 rehabilitation, or construction of permanent tangible land,
5 buildings, structures, equipment, and furnishings in an
6 approved project sited in Illinois and expenditures for goods
7 or services that are normally capitalized, including
8 organizational costs and research and development costs
9 incurred in Illinois. For land, buildings, structures, and
10 equipment that are leased, the lease must equal or exceed the
11 term of the agreement, and the cost of the property shall be
12 determined from the present value, using the corporate
13 interest rate prevailing at the time of the application, of
14 the lease payments.

15 "Credit" means either a "REV Illinois Credit" or a "REV
16 Construction Jobs Credit" agreed to between the Department and
17 applicant under this Act.

18 "Department" means the Department of Commerce and Economic
19 Opportunity.

20 "Director" means the Director of Commerce and Economic

21 Opportunity.

22 "Electric vehicle" means a vehicle that is exclusively
23 powered by and refueled by electricity, including electricity
24 generated through a hydrogen fuel cells or solar technology.

25 "Electric vehicle" does not include hybrid electric vehicles,
26 electric bicycles, or extended-range electric vehicles that

HB5189 Enrolled

- 4 -

LRB102 24779 AMQ 34022 b

1 are also equipped with conventional fueled propulsion or
2 auxiliary engines.

3 "Electric vehicle manufacturer" means a new or existing
4 manufacturer that is primarily focused on reequipping,
5 expanding, or establishing a manufacturing facility in
6 Illinois that produces electric vehicles as defined in this
7 Section.

8 "Electric vehicle component parts manufacturer" means a
9 new or existing manufacturer that is ~~primarily~~ focused on
10 reequipping, expanding, or establishing a manufacturing
11 facility in Illinois that produces parts or accessories used
12 in electric vehicles ~~advanced battery components or key~~
13 ~~components that directly support the electric functions of~~
14 ~~electric vehicles, as defined by this Section, including~~
15 advanced battery component parts. The changes to this
16 definition of "electric vehicle component parts manufacturer"
17 apply to agreements under this Act that are entered into on or
18 after the effective date of this amendatory Act of the 102nd
19 General Assembly.

20 "Electric vehicle power supply equipment" means the
21 equipment used specifically for the purpose of delivering
22 electricity to an electric vehicle, including hydrogen fuel
23 cells or solar refueling infrastructure.

24 "Electric vehicle power supply manufacturer" means a new
25 or existing manufacturer that is focused on reequipping,
26 expanding, or establishing a manufacturing facility in

HB5189 Enrolled

- 5 -

LRB102 24779 AMQ 34022 b

1 Illinois that produces electric vehicle power supply equipment
2 used for the purpose of delivering electricity to an electric

3 vehicle, including hydrogen fuel cell or solar refueling
4 infrastructure.

5 "Energy Transition Area" means a county with less than
6 100,000 people or a municipality that contains one or more of
7 the following:

8 (1) a fossil fuel plant that was retired from service
9 or has significant reduced service within 6 years before
10 the time of the application or will be retired or have
11 service significantly reduced within 6 years following the
12 time of the application; or

13 (2) a coal mine that was closed or had operations
14 significantly reduced within 6 years before the time of
15 the application or is anticipated to be closed or have
16 operations significantly reduced within 6 years following
17 the time of the application.

18 "Full-time employee" means an individual who is employed
19 for consideration for at least 35 hours each week or who
20 renders any other standard of service generally accepted by
21 industry custom or practice as full-time employment. An
22 individual for whom a W-2 is issued by a Professional Employer
23 Organization (PEO) is a full-time employee if employed in the
24 service of the applicant for consideration for at least 35
25 hours each week.

26 "Incremental income tax" means the total amount withheld

HB5189 Enrolled

- 6 -

LRB102 24779 AMQ 34022 b

1 during the taxable year from the compensation of new employees
2 and, if applicable, retained employees under Article 7 of the
3 Illinois Income Tax Act arising from employment at a project
4 that is the subject of an agreement.

5 "Institution of higher education" or "institution" means
6 any accredited public or private university, college,
7 community college, business, technical, or vocational school,
8 or other accredited educational institution offering degrees
9 and instruction beyond the secondary school level.

10 "Minority person" means a minority person as defined in
11 the Business Enterprise for Minorities, Women, and Persons
12 with Disabilities Act.

13 "New employee" means a newly-hired full-time employee
14 employed to work at the project site and whose work is directly

15 related to the project.

16 "Noncompliance date" means, in the case of a taxpayer that
17 is not complying with the requirements of the agreement or the
18 provisions of this Act, the day following the last date upon
19 which the taxpayer was in compliance with the requirements of
20 the agreement and the provisions of this Act, as determined by
21 the Director, pursuant to Section 70.

22 "Pass-through entity" means an entity that is exempt from
23 the tax under subsection (b) or (c) of Section 205 of the
24 Illinois Income Tax Act.

25 "Placed in service" means the state or condition of
26 readiness, availability for a specifically assigned function,

HB5189 Enrolled

- 7 -

LRB102 24779 AMQ 34022 b

1 and the facility is constructed and ready to conduct its
2 facility operations to manufacture goods.

3 "Professional employer organization" (PEO) means an
4 employee leasing company, as defined in Section 206.1 of the
5 Illinois Unemployment Insurance Act.

6 "Program" means the Reimagining Electric Vehicles in
7 Illinois Program (the REV Illinois Program) established in
8 this Act.

9 "Project" or "REV Illinois Project" means a for-profit
10 economic development activity for the manufacture of electric
11 vehicles, electric vehicle component parts, or electric
12 vehicle power supply equipment which is designated by the
13 Department as a REV Illinois Project and is the subject of an
14 agreement.

15 "Recycling facility" means a location at which the
16 taxpayer disposes of batteries and other component parts in
17 manufacturing of electric vehicles, electric vehicle component
18 parts, or electric vehicle power supply equipment.

19 "Related member" means a person that, with respect to the
20 taxpayer during any portion of the taxable year, is any one of
21 the following:

22 (1) An individual stockholder, if the stockholder and
23 the members of the stockholder's family (as defined in
24 Section 318 of the Internal Revenue Code) own directly,
25 indirectly, beneficially, or constructively, in the
26 aggregate, at least 50% of the value of the taxpayer's

HB5189 Enrolled

- 8 -

LRB102 24779 AMQ 34022 b

1 outstanding stock.

2 (2) A partnership, estate, trust and any partner or
3 beneficiary, if the partnership, estate, or trust, and its
4 partners or beneficiaries own directly, indirectly,
5 beneficially, or constructively, in the aggregate, at
6 least 50% of the profits, capital, stock, or value of the
7 taxpayer.

8 (3) A corporation, and any party related to the
9 corporation in a manner that would require an attribution
10 of stock from the corporation under the attribution rules
11 of Section 318 of the Internal Revenue Code, if the
12 Taxpayer owns directly, indirectly, beneficially, or
13 constructively at least 50% of the value of the
14 corporation's outstanding stock.

15 (4) A corporation and any party related to that
16 corporation in a manner that would require an attribution
17 of stock from the corporation to the party or from the
18 party to the corporation under the attribution rules of
19 Section 318 of the Internal Revenue Code, if the
20 corporation and all such related parties own in the
21 aggregate at least 50% of the profits, capital, stock, or
22 value of the taxpayer.

23 (5) A person to or from whom there is an attribution of
24 stock ownership in accordance with Section 1563(e) of the
25 Internal Revenue Code, except, for purposes of determining
26 whether a person is a related member under this paragraph,

HB5189 Enrolled

- 9 -

LRB102 24779 AMQ 34022 b

1 20% shall be substituted for 5% wherever 5% appears in
2 Section 1563(e) of the Internal Revenue Code.

3 "Retained employee" means a full-time employee employed by
4 the taxpayer prior to the term of the Agreement who continues
5 to be employed during the term of the agreement whose job
6 duties are directly and substantially related to the project.
7 ~~For purposes of this definition, "directly and substantially~~

~~related to the project" means at least two-thirds of the~~
~~employee's job duties must be directly related to the project~~
~~and the employee must devote at least two-thirds of his or her~~
~~time to the project.~~ The term "retained employee" does not
include any individual who has a direct or an indirect
ownership interest of at least 5% in the profits, equity,
capital, or value of the taxpayer or a child, grandchild,
parent, or spouse, other than a spouse who is legally
separated from the individual, of any individual who has a
direct or indirect ownership of at least 5% in the profits,
equity, capital, or value of the taxpayer. The changes to this
definition of "retained employee" apply to agreements for
credits under this Act that are entered into on or after the
effective date of this amendatory Act of the 102nd General
Assembly.

"REV Illinois credit" means a credit agreed to between the
Department and the applicant under this Act that is based on
the incremental income tax attributable to new employees and,
if applicable, retained employees, and on training costs for

HB5189 Enrolled

- 10 -

LRB102 24779 AMQ 34022 b

such employees at the applicant's project.

"REV construction jobs credit" means a credit agreed to
between the Department and the applicant under this Act that
is based on the incremental income tax attributable to
construction wages paid in connection with construction of the
project facilities.

"Statewide baseline" means the total number of full-time
employees of the applicant and any related member employed by
such entities at the time of application for incentives under
this Act.

"Taxpayer" means an individual, corporation, partnership,
or other entity that has a legal obligation to pay Illinois
income taxes and file an Illinois income tax return.

"Training costs" means costs incurred to upgrade the
technological skills of full-time employees in Illinois and
includes: curriculum development; training materials
(including scrap product costs); trainee domestic travel
expenses; instructor costs (including wages, fringe benefits,
tuition and domestic travel expenses); rent, purchase or lease

20 of training equipment; and other usual and customary training
21 costs. "Training costs" do not include costs associated with
22 travel outside the United States (unless the Taxpayer receives
23 prior written approval for the travel by the Director based on
24 a showing of substantial need or other proof the training is
25 not reasonably available within the United States), wages and
26 fringe benefits of employees during periods of training, or

HB5189 Enrolled

- 11 -

LRB102 24779 AMQ 34022 b

1 administrative cost related to full-time employees of the
2 taxpayer.

3 "Underserved area" means any geographic areas as defined
4 in Section 5-5 of the Economic Development for a Growing
5 Economy Tax Credit Act.

6 (Source: P.A. 102-669, eff. 11-16-21; 102-700, eff. 4-19-22.)

7 (20 ILCS 686/15)

8 Sec. 15. Powers of the Department. The Department, in
9 addition to those powers granted under the Civil
10 Administrative Code of Illinois, is granted and shall have all
11 the powers necessary or convenient to administer the program
12 under this Act and to carry out and effectuate the purposes and
13 provisions of this Act, including, but not limited to, the
14 power and authority to:

15 (1) adopt rules deemed necessary and appropriate for
16 the administration of the REV Illinois Program, the
17 designation of REV Illinois Projects, and the awarding of
18 credits;

19 (2) establish forms for applications, notifications,
20 contracts, or any other agreements and accept applications
21 at any time during the year;

22 (3) assist taxpayers pursuant to the provisions of
23 this Act and cooperate with taxpayers that are parties to
24 agreements under this Act to promote, foster, and support
25 economic development, capital investment, and job creation

HB5189 Enrolled

- 12 -

LRB102 24779 AMQ 34022 b

1 or retention within the State;

2 (4) enter into agreements and memoranda of
3 understanding for participation of, and engage in
4 cooperation with, agencies of the federal government,
5 units of local government, universities, research
6 foundations or institutions, regional economic development
7 corporations, or other organizations to implement the
8 requirements and purposes of this Act;

9 (5) gather information and conduct inquiries, in the
10 manner and by the methods it deems desirable, including
11 without limitation, gathering information with respect to
12 applicants for the purpose of making any designations or
13 certifications necessary or desirable or to gather
14 information to assist the Department with any
15 recommendation or guidance in the furtherance of the
16 purposes of this Act;

17 (6) establish, negotiate and effectuate agreements and
18 any term, agreement, or other document with any person,
19 necessary or appropriate to accomplish the purposes of
20 this Act; and to consent, subject to the provisions of any
21 agreement with another party, to the modification or
22 restructuring of any agreement to which the Department is
23 a party;

24 (7) fix, determine, charge, and collect any premiums,
25 fees, charges, costs, and expenses from applicants,
26 including, without limitation, any application fees,

HB5189 Enrolled

- 13 -

LRB102 24779 AMQ 34022 b

1 commitment fees, program fees, financing charges, or
2 publication fees as deemed appropriate to pay expenses
3 necessary or incident to the administration, staffing, or
4 operation in connection with the Department's activities
5 under this Act, or for preparation, implementation, and
6 enforcement of the terms of the agreement, or for
7 consultation, advisory and legal fees, and other costs;
8 however, all fees and expenses incident thereto shall be
9 the responsibility of the applicant;

10 (8) provide for sufficient personnel to permit
11 administration, staffing, operation, and related support
12 required to adequately discharge its duties and

responsibilities described in this Act from funds made available through charges to applicants or from funds as may be appropriated by the General Assembly for the administration of this Act;

(9) require applicants, upon written request, to issue any necessary authorization to the appropriate federal, State, or local authority for the release of information concerning a project being considered under the provisions of this Act, with the information requested to include, but not be limited to, financial reports, returns, or records relating to the taxpayer or its project;

(10) require that a taxpayer shall at all times keep proper books of record and account in accordance with generally accepted accounting principles consistently

HB5189 Enrolled

- 14 -

LRB102 24779 AMQ 34022 b

applied, with the books, records, or papers related to the agreement in the custody or control of the taxpayer open for reasonable Department inspection and audits, and including, without limitation, the making of copies of the books, records, or papers, and the inspection or appraisal of any of the taxpayer or project assets;

(11) take whatever actions are necessary or appropriate to protect the State's interest in the event of bankruptcy, default, foreclosure, or noncompliance with the terms and conditions of financial assistance or participation required under this Act, including the power to sell, dispose, lease, or rent, upon terms and conditions determined by the Director to be appropriate, real or personal property that the Department may receive as a result of these actions; and -

(12) determine the conditions and procedures for renewing the REV Illinois Credit awarded in accordance with this Act.

(Source: P.A. 102-669, eff. 11-16-21.)

(20 ILCS 686/20)

Sec. 20. REV Illinois Program; project applications.

(a) The Reimagining Electric Vehicles in Illinois (REV

23 Illinois) Program is hereby established and shall be
24 administered by the Department. The Program will provide
25 financial incentives to any one or more of the following: (1)

HB5189 Enrolled

- 15 -

LRB102 24779 AMQ 34022 b

1 eligible manufacturers of electric vehicles, electric vehicle
2 component parts, and electric vehicle power supply equipment;
3 (2) battery recycling and reuse manufacturers; or (3) battery
4 raw materials refining service providers.

5 (b) Any taxpayer planning a project to be located in
6 Illinois may request consideration for designation of its
7 project as a REV Illinois Project, by formal written letter of
8 request or by formal application to the Department, in which
9 the applicant states its intent to make at least a specified
10 level of investment and intends to hire a specified number of
11 full-time employees at a designated location in Illinois. As
12 circumstances require, the Department shall require a formal
13 application from an applicant and a formal letter of request
14 for assistance.

15 (c) In order to qualify for credits under the REV Illinois
16 Program, an applicant must:

17 (1) for an electric vehicle manufacturer:

18 (A) make an investment of at least \$1,500,000,000
19 in capital improvements at the project site;

20 (B) to be placed in service within the State
21 within a 60-month period after approval of the
22 application; and

23 (C) create at least 500 new full-time employee
24 jobs; or

25 (2) for an electric vehicle component parts
26 manufacturer:

HB5189 Enrolled

- 16 -

LRB102 24779 AMQ 34022 b

1 (A) make an investment of at least \$300,000,000 in
2 capital improvements at the project site;

3 (B) manufacture one or more parts that are
4 primarily used for electric vehicle manufacturing;

5 (C) to be placed in service within the State

6 within a 60-month period after approval of the
7 application; and

8 (D) create at least 150 new full-time employee
9 jobs; or

10 (3) for an electric vehicle manufacturer, an electric
11 vehicle power supply equipment manufacturer, an electric
12 vehicle component part manufacturer that does not qualify
13 under paragraph (2) above, a battery recycling and reuse
14 manufacturer, or a battery raw materials refining service
15 provider:

16 (A) make an investment of at least \$20,000,000 in
17 capital improvements at the project site;

18 (B) for electric vehicle component part
19 manufacturers, manufacture one or more parts that are
20 primarily used for electric vehicle manufacturing;

21 (C) to be placed in service within the State
22 within a 48-month period after approval of the
23 application; and

24 (D) create at least 50 new full-time employee
25 jobs; or

26 (4) for an electric vehicle manufacturer or electric

HB5189 Enrolled

- 17 -

LRB102 24779 AMQ 34022 b

1 vehicle component parts manufacturer with existing
2 operations within Illinois that intends to convert or
3 expand, in whole or in part, the existing facility from
4 traditional manufacturing to primarily electric vehicle
5 manufacturing, electric vehicle component parts
6 manufacturing, or electric vehicle power supply equipment
7 manufacturing:

8 (A) make an investment of at least \$100,000,000 in
9 capital improvements at the project site;

10 (B) to be placed in service within the State
11 within a 60-month period after approval of the
12 application; and

13 (C) create the lesser of 75 new full-time employee
14 jobs or new full-time employee jobs equivalent to 10%
15 of the Statewide baseline applicable to the taxpayer
16 and any related member at the time of application.

(d) For agreements entered into prior to April 19, 2022 (the effective date of Public Act 102-700). ~~this amendatory Act of the 102nd General Assembly~~, for any applicant creating the full-time employee jobs noted in subsection (c), those jobs must have a total compensation equal to or greater than 120% of the average wage paid to full-time employees in the county where the project is located, as determined by the U.S. Bureau of Labor Statistics. For agreements entered into on or after April 19, 2022 (the effective date of Public Act 102-700). ~~this amendatory Act of the 102nd General Assembly~~, for any

HB5189 Enrolled

- 18 -

LRB102 24779 AMQ 34022 b

applicant creating the full-time employee jobs noted in subsection (c), those jobs must have a compensation equal to or greater than 120% of the average wage paid to full-time employees in a similar position within an occupational group in the county where the project is located, as determined by the Department ~~U.S. Bureau of Labor Statistics~~.

(e) For any applicant, within 24 months after being placed in service, it must certify to the Department that it is carbon neutral or has attained certification under one of more of the following green building standards:

- (1) BREEAM for New Construction or BREEAM In-Use;
- (2) ENERGY STAR;
- (3) Envision;
- (4) ISO 50001 - energy management;
- (5) LEED for Building Design and Construction or LEED for Building Operations and Maintenance;
- (6) Green Globes for New Construction or Green Globes for Existing Buildings; or
- (7) UL 3223.

(f) Each applicant must outline its hiring plan and commitment to recruit and hire full-time employee positions at the project site. The hiring plan may include a partnership with an institution of higher education to provide internships, including, but not limited to, internships supported by the Clean Jobs Workforce Network Program, or full-time permanent employment for students at the project

1 site. Additionally, the applicant may create or utilize
2 participants from apprenticeship programs that are approved by
3 and registered with the United States Department of Labor's
4 Bureau of Apprenticeship and Training. The applicant may apply
5 for apprenticeship education expense credits in accordance
6 with the provisions set forth in 14 Ill. ~~Adm. Admin.~~ Code 522.
7 Each applicant is required to report annually, on or before
8 April 15, on the diversity of its workforce in accordance with
9 Section 50 of this Act. For existing facilities of applicants
10 under paragraph (3) of subsection (b) above, if the taxpayer
11 expects a reduction in force due to its transition to
12 manufacturing electric vehicle, electric vehicle component
13 parts, or electric vehicle power supply equipment, the plan
14 submitted under this Section must outline the taxpayer's plan
15 to assist with retraining its workforce aligned with the
16 taxpayer's adoption of new technologies and anticipated
17 efforts to retrain employees through employment opportunities
18 within the taxpayer's workforce.

19 (g) Each applicant must demonstrate a contractual or other
20 relationship with a recycling facility, or demonstrate its own
21 recycling capabilities, at the time of application and report
22 annually a continuing contractual or other relationship with a
23 recycling facility and the percentage of batteries used in
24 electric vehicles recycled throughout the term of the
25 agreement.

26 (h) A taxpayer may not enter into more than one agreement

1 under this Act with respect to a single address or location for
2 the same period of time. Also, a taxpayer may not enter into an
3 agreement under this Act with respect to a single address or
4 location for the same period of time for which the taxpayer
5 currently holds an active agreement under the Economic
6 Development for a Growing Economy Tax Credit Act. This
7 provision does not preclude the applicant from entering into
8 an additional agreement after the expiration or voluntary
9 termination of an earlier agreement under this Act or under
10 the Economic Development for a Growing Economy Tax Credit Act

11 to the extent that the taxpayer's application otherwise
12 satisfies the terms and conditions of this Act and is approved
13 by the Department. An applicant with an existing agreement
14 under the Economic Development for a Growing Economy Tax
15 Credit Act may submit an application for an agreement under
16 this Act after it terminates any existing agreement under the
17 Economic Development for a Growing Economy Tax Credit Act with
18 respect to the same address or location. If a project that is
19 subject to an existing agreement under the Economic
20 Development for a Growing Economy Tax Credit Act meets the
21 requirements to be designated as a REV Illinois project under
22 this Act, including for actions undertaken prior to the
23 effective date of this Act, the taxpayer that is subject to
24 that existing agreement under the Economic Development for a
25 Growing Economy Tax Credit Act may apply to the Department to
26 amend the agreement to allow the project to become a

HB5189 Enrolled

- 21 -

LRB102 24779 AMQ 34022 b

1 designated REV Illinois project. Following the amendment, time
2 accrued during which the project was eligible for credits
3 under the existing agreement under the Economic Development
4 for a Growing Economy Tax Credit Act shall count toward the
5 duration of the credit subject to limitations described in
6 Section 40 of this Act.

7 (i) If, at any time following the designation of a project
8 as a REV Illinois Project by the Department and prior to the
9 termination or expiration of an agreement under this Act, the
10 project ceases to qualify as a REV Illinois project because
11 the taxpayer is no longer an electric vehicle manufacturer, an
12 electric vehicle component manufacturer, an electric vehicle
13 power supply equipment manufacturer, a battery recycling and
14 reuse manufacturer, or a battery raw materials refining
15 service provider, that project may receive tax credit awards
16 as described in Section 5-15 and Section 5-51 of the Economic
17 Development for a Growing Economy Tax Credit Act, as long as
18 the project continues to meet requirements to obtain those
19 credits as described in the Economic Development for a Growing
20 Economy Tax Credit Act and remains compliant with terms
21 contained in the Agreement under this Act not related to their
22 status as an electric vehicle manufacturer, an electric

23 vehicle component manufacturer, an electric vehicle power
24 supply equipment manufacturer, a battery recycling and reuse
25 manufacturer, or a battery raw materials refining service
26 provider. Time accrued during which the project was eligible

HB5189 Enrolled

- 22 -

LRB102 24779 AMQ 34022 b

1 for credits under an agreement under this Act shall count
2 toward the duration of the credit subject to limitations
3 described in Section 5-45 of the Economic Development for a
4 Growing Economy Tax Credit Act.
5 (Source: P.A. 102-669, eff. 11-16-21; 102-700, eff. 4-19-22;
6 revised 6-27-22.)

7 (20 ILCS 686/30)

8 Sec. 30. Tax credit awards.

9 (a) Subject to the conditions set forth in this Act, a
10 taxpayer is entitled to a credit against the tax imposed
11 pursuant to subsections (a) and (b) of Section 201 of the
12 Illinois Income Tax Act for a taxable year beginning on or
13 after January 1, 2025 if the taxpayer is awarded a credit by
14 the Department in accordance with an agreement under this Act.
15 The Department has authority to award credits under this Act
16 on and after January 1, 2022.

17 (b) REV Illinois Credits. A taxpayer may receive a tax
18 credit against the tax imposed under subsections (a) and (b)
19 of Section 201 of the Illinois Income Tax Act, not to exceed
20 the sum of (i) 75% of the incremental income tax attributable
21 to new employees at the applicant's project and (ii) 10% of the
22 training costs of the new employees. If the project is located
23 in an underserved area or an energy transition area, then the
24 amount of the credit may not exceed the sum of (i) 100% of the
25 incremental income tax attributable to new employees at the

HB5189 Enrolled

- 23 -

LRB102 24779 AMQ 34022 b

1 applicant's project; and (ii) 10% of the training costs of the
2 new employees. The percentage of training costs includable in
3 the calculation may be increased by an additional 15% for
4 training costs associated with new employees that are recent

(2 years or less) graduates, certificate holders, or credential recipients from an institution of higher education in Illinois, or, if the training is provided by an institution of higher education in Illinois, the Clean Jobs Workforce Network Program, or an apprenticeship and training program located in Illinois and approved by and registered with the United States Department of Labor's Bureau of Apprenticeship and Training. An applicant is also eligible for a training credit that shall not exceed 10% of the training costs of retained employees for the purpose of upskilling to meet the operational needs of the applicant or the REV Illinois Project. The percentage of training costs includable in the calculation shall not exceed a total of 25%. If an applicant agrees to hire the required number of new employees, then the maximum amount of the credit for that applicant may be increased by an amount not to exceed 75% ~~25%~~ of the incremental income tax attributable to retained employees at the applicant's project; provided that, in order to receive the increase for retained employees, the applicant must, if applicable, meet or exceed the statewide baseline. If the Project is in an underserved area or an energy transition area, the maximum amount of the credit attributable to

HB5189 Enrolled

- 24 -

LRB102 24779 AMQ 34022 b

retained employees for the applicant may be increased to an amount not to exceed 100% ~~50%~~ of the incremental income tax attributable to retained employees at the applicant's project; provided that, in order to receive the increase for retained employees, the applicant must meet or exceed the statewide baseline. REV Illinois Credits awarded may include credit earned for incremental income tax withheld and training costs incurred by the taxpayer beginning on or after January 1, 2022. Credits so earned and certified by the Department may be applied against the tax imposed by subsections (a) and (b) of Section 201 of the Illinois Income Tax Act for taxable years beginning on or after January 1, 2025.

(c) REV Construction Jobs Credit. For construction wages associated with a project that qualified for a REV Illinois Credit under subsection (b), the taxpayer may receive a tax credit against the tax imposed under subsections (a) and (b)

17 of Section 201 of the Illinois Income Tax Act in an amount
18 equal to 50% of the incremental income tax attributable to
19 construction wages paid in connection with construction of the
20 project facilities, as a jobs credit for workers hired to
21 construct the project.

22 The REV Construction Jobs Credit may not exceed 75% of the
23 amount of the incremental income tax attributable to
24 construction wages paid in connection with construction of the
25 project facilities if the project is in an underserved area or
26 an energy transition area.

HB5189 Enrolled

- 25 -

LRB102 24779 AMQ 34022 b

1 (d) The Department shall certify to the Department of
2 Revenue: (1) the identity of Taxpayers that are eligible for
3 the REV Illinois Credit and REV Construction Jobs Credit; (2)
4 the amount of the REV Illinois Credits and REV Construction
5 Jobs Credits awarded in each calendar year; and (3) the amount
6 of the REV Illinois Credit and REV Construction Jobs Credit
7 claimed in each calendar year. REV Illinois Credits awarded
8 may include credit earned for Incremental Income Tax withheld
9 and Training Costs incurred by the Taxpayer beginning on or
10 after January 1, 2022. Credits so earned and certified by the
11 Department may be applied against the tax imposed by Section
12 201(a) and (b) of the Illinois Income Tax Act for taxable years
13 beginning on or after January 1, 2025.

14 (e) Applicants seeking certification for a tax credits
15 related to the construction of the project facilities in the
16 State shall require the contractor to enter into a project
17 labor agreement that conforms with the Project Labor
18 Agreements Act.

19 (f) Any applicant issued a certificate for a tax credit or
20 tax exemption under this Act must annually report to the
21 Department the total project tax benefits received. Reports
22 are due no later than May 31 of each year and shall cover the
23 previous calendar year. The first report is for the 2022
24 calendar year and is due no later than May 31, 2023.

25 (g) Nothing in this Act shall prohibit an award of credit
26 to an applicant that uses a PEO if all other award criteria are

1 satisfied.

2 (h) With respect to any portion of a REV Illinois Credit
3 that is based on the incremental income tax attributable to
4 new employees or retained employees, in lieu of the Credit
5 allowed under this Act against the taxes imposed pursuant to
6 subsections (a) and (b) of Section 201 of the Illinois Income
7 Tax Act, a taxpayer that otherwise meets the criteria set
8 forth in this Section, the taxpayer may elect to claim the
9 credit, on or after January 1, 2025, against its obligation to
10 pay over withholding under Section 704A of the Illinois Income
11 Tax Act. The election shall be made in the manner prescribed by
12 the Department of Revenue and once made shall be irrevocable.
13 (Source: P.A. 102-669, eff. 11-16-21.)

14 (20 ILCS 686/40)

15 Sec. 40. Amount and duration of the credits; limitation to
16 amount of costs of specified items. The Department shall
17 determine the amount and duration of the REV Illinois Credit
18 awarded under this Act, subject to the limitations set forth
19 in this Act. For a project that qualified under paragraph (1),
20 (2), or (4) of subsection (c) of Section 20, the duration of
21 the credit may not exceed 15 taxable years, with an option to
22 renew the agreement for no more than one term not to exceed an
23 additional 15 taxable years. For project that qualified under
24 paragraph (3) of subsection (c) of Section 20, the duration of
25 the credit may not exceed 10 taxable years, with an option to

1 renew the agreement for no more than one term not to exceed an
2 additional 10 taxable years. The credit may be stated as a
3 percentage of the incremental income tax and training costs
4 attributable to the applicant's project and may include a
5 fixed dollar limitation.

6 Nothing in this Section shall prevent the Department, in
7 consultation with the Department of Revenue, from adopting
8 rules to extend the sunset of any earned, existing, and unused
9 tax credit or credits a taxpayer may be in possession of, as
10 provided for in Section 605-1055 of the Department of Commerce
11

and Economic Opportunity Law of the Civil Administrative Code of Illinois, notwithstanding the carry-forward provisions pursuant to paragraph (4) of Section 211 of the Illinois Income Tax Act.
(Source: P.A. 102-669, eff. 11-16-21.)

Section 5. The Illinois Income Tax Act is amended by changing Section 203 as follows:

(35 ILCS 5/203) (from Ch. 120, par. 2-203)

Sec. 203. Base income defined.

(a) Individuals.

(1) In general. In the case of an individual, base income means an amount equal to the taxpayer's adjusted gross income for the taxable year as modified by paragraph (2).

HB5189 Enrolled

- 28 -

LRB102 24779 AMQ 34022 b

(2) Modifications. The adjusted gross income referred to in paragraph (1) shall be modified by adding thereto the sum of the following amounts:

(A) An amount equal to all amounts paid or accrued to the taxpayer as interest or dividends during the taxable year to the extent excluded from gross income in the computation of adjusted gross income, except stock dividends of qualified public utilities described in Section 305(e) of the Internal Revenue Code;

(B) An amount equal to the amount of tax imposed by this Act to the extent deducted from gross income in the computation of adjusted gross income for the taxable year;

(C) An amount equal to the amount received during the taxable year as a recovery or refund of real property taxes paid with respect to the taxpayer's principal residence under the Revenue Act of 1939 and for which a deduction was previously taken under subparagraph (L) of this paragraph (2) prior to July 1, 1991, the retrospective application date of Article 4 of Public Act 87-17. In the case of multi-unit or

23 multi-use structures and farm dwellings, the taxes on
24 the taxpayer's principal residence shall be that
25 portion of the total taxes for the entire property
26 which is attributable to such principal residence;

HB5189 Enrolled

- 29 -

LRB102 24779 AMQ 34022 b

1 (D) An amount equal to the amount of the capital
2 gain deduction allowable under the Internal Revenue
3 Code, to the extent deducted from gross income in the
4 computation of adjusted gross income;

5 (D-5) An amount, to the extent not included in
6 adjusted gross income, equal to the amount of money
7 withdrawn by the taxpayer in the taxable year from a
8 medical care savings account and the interest earned
9 on the account in the taxable year of a withdrawal
10 pursuant to subsection (b) of Section 20 of the
11 Medical Care Savings Account Act or subsection (b) of
12 Section 20 of the Medical Care Savings Account Act of
13 2000;

14 (D-10) For taxable years ending after December 31,
15 1997, an amount equal to any eligible remediation
16 costs that the individual deducted in computing
17 adjusted gross income and for which the individual
18 claims a credit under subsection (l) of Section 201;

19 (D-15) For taxable years 2001 and thereafter, an
20 amount equal to the bonus depreciation deduction taken
21 on the taxpayer's federal income tax return for the
22 taxable year under subsection (k) of Section 168 of
23 the Internal Revenue Code;

24 (D-16) If the taxpayer sells, transfers, abandons,
25 or otherwise disposes of property for which the
26 taxpayer was required in any taxable year to make an

HB5189 Enrolled

- 30 -

LRB102 24779 AMQ 34022 b

1 addition modification under subparagraph (D-15), then
2 an amount equal to the aggregate amount of the
3 deductions taken in all taxable years under

subparagraph (Z) with respect to that property.

If the taxpayer continues to own property through the last day of the last tax year for which a subtraction is allowed with respect to that property under subparagraph (Z) and for which the taxpayer was allowed in any taxable year to make a subtraction modification under subparagraph (Z), then an amount equal to that subtraction modification.

The taxpayer is required to make the addition modification under this subparagraph only once with respect to any one piece of property;

(D-17) An amount equal to the amount otherwise allowed as a deduction in computing base income for interest paid, accrued, or incurred, directly or indirectly, (i) for taxable years ending on or after December 31, 2004, to a foreign person who would be a member of the same unitary business group but for the fact that foreign person's business activity outside the United States is 80% or more of the foreign person's total business activity and (ii) for taxable years ending on or after December 31, 2008, to a person who would be a member of the same unitary business group but for the fact that the person is prohibited

HB5189 Enrolled

- 31 -

LRB102 24779 AMQ 34022 b

under Section 1501(a)(27) from being included in the unitary business group because he or she is ordinarily required to apportion business income under different subsections of Section 304. The addition modification required by this subparagraph shall be reduced to the extent that dividends were included in base income of the unitary group for the same taxable year and received by the taxpayer or by a member of the taxpayer's unitary business group (including amounts included in gross income under Sections 951 through 964 of the Internal Revenue Code and amounts included in gross income under Section 78 of the Internal Revenue Code) with respect to the stock of the same person to whom the interest was paid, accrued, or

15 incurred.

16 This paragraph shall not apply to the following:

17 (i) an item of interest paid, accrued, or
18 incurred, directly or indirectly, to a person who
19 is subject in a foreign country or state, other
20 than a state which requires mandatory unitary
21 reporting, to a tax on or measured by net income
22 with respect to such interest; or

23 (ii) an item of interest paid, accrued, or
24 incurred, directly or indirectly, to a person if
25 the taxpayer can establish, based on a
26 preponderance of the evidence, both of the

HB5189 Enrolled

- 32 -

LRB102 24779 AMQ 34022 b

1 following:

2 (a) the person, during the same taxable
3 year, paid, accrued, or incurred, the interest
4 to a person that is not a related member, and

5 (b) the transaction giving rise to the
6 interest expense between the taxpayer and the
7 person did not have as a principal purpose the
8 avoidance of Illinois income tax, and is paid
9 pursuant to a contract or agreement that
10 reflects an arm's-length interest rate and
11 terms; or

12 (iii) the taxpayer can establish, based on
13 clear and convincing evidence, that the interest
14 paid, accrued, or incurred relates to a contract
15 or agreement entered into at arm's-length rates
16 and terms and the principal purpose for the
17 payment is not federal or Illinois tax avoidance;
18 or

19 (iv) an item of interest paid, accrued, or
20 incurred, directly or indirectly, to a person if
21 the taxpayer establishes by clear and convincing
22 evidence that the adjustments are unreasonable; or
23 if the taxpayer and the Director agree in writing
24 to the application or use of an alternative method
25 of apportionment under Section 304(f).

26

Nothing in this subsection shall preclude the

HB5189 Enrolled

- 33 -

LRB102 24779 AMQ 34022 b

1 Director from making any other adjustment
2 otherwise allowed under Section 404 of this Act
3 for any tax year beginning after the effective
4 date of this amendment provided such adjustment is
5 made pursuant to regulation adopted by the
6 Department and such regulations provide methods
7 and standards by which the Department will utilize
8 its authority under Section 404 of this Act;

9 (D-18) An amount equal to the amount of intangible
10 expenses and costs otherwise allowed as a deduction in
11 computing base income, and that were paid, accrued, or
12 incurred, directly or indirectly, (i) for taxable
13 years ending on or after December 31, 2004, to a
14 foreign person who would be a member of the same
15 unitary business group but for the fact that the
16 foreign person's business activity outside the United
17 States is 80% or more of that person's total business
18 activity and (ii) for taxable years ending on or after
19 December 31, 2008, to a person who would be a member of
20 the same unitary business group but for the fact that
21 the person is prohibited under Section 1501(a)(27)
22 from being included in the unitary business group
23 because he or she is ordinarily required to apportion
24 business income under different subsections of Section
25 304. The addition modification required by this
26 subparagraph shall be reduced to the extent that

HB5189 Enrolled

- 34 -

LRB102 24779 AMQ 34022 b

1 dividends were included in base income of the unitary
2 group for the same taxable year and received by the
3 taxpayer or by a member of the taxpayer's unitary
4 business group (including amounts included in gross
5 income under Sections 951 through 964 of the Internal

6 Revenue Code and amounts included in gross income
7 under Section 78 of the Internal Revenue Code) with
8 respect to the stock of the same person to whom the
9 intangible expenses and costs were directly or
10 indirectly paid, incurred, or accrued. The preceding
11 sentence does not apply to the extent that the same
12 dividends caused a reduction to the addition
13 modification required under Section 203(a)(2)(D-17) of
14 this Act. As used in this subparagraph, the term
15 "intangible expenses and costs" includes (1) expenses,
16 losses, and costs for, or related to, the direct or
17 indirect acquisition, use, maintenance or management,
18 ownership, sale, exchange, or any other disposition of
19 intangible property; (2) losses incurred, directly or
20 indirectly, from factoring transactions or discounting
21 transactions; (3) royalty, patent, technical, and
22 copyright fees; (4) licensing fees; and (5) other
23 similar expenses and costs. For purposes of this
24 subparagraph, "intangible property" includes patents,
25 patent applications, trade names, trademarks, service
26 marks, copyrights, mask works, trade secrets, and

HB5189 Enrolled

- 35 -

LRB102 24779 AMQ 34022 b

1 similar types of intangible assets.

2 This paragraph shall not apply to the following:

3 (i) any item of intangible expenses or costs
4 paid, accrued, or incurred, directly or
5 indirectly, from a transaction with a person who
6 is subject in a foreign country or state, other
7 than a state which requires mandatory unitary
8 reporting, to a tax on or measured by net income
9 with respect to such item; or

10 (ii) any item of intangible expense or cost
11 paid, accrued, or incurred, directly or
12 indirectly, if the taxpayer can establish, based
13 on a preponderance of the evidence, both of the
14 following:

15 (a) the person during the same taxable
16 year paid, accrued, or incurred, the

17 intangible expense or cost to a person that is
18 not a related member, and
19 (b) the transaction giving rise to the
20 intangible expense or cost between the
21 taxpayer and the person did not have as a
22 principal purpose the avoidance of Illinois
23 income tax, and is paid pursuant to a contract
24 or agreement that reflects arm's-length terms;
25 or
26 (iii) any item of intangible expense or cost

HB5189 Enrolled

- 36 -

LRB102 24779 AMQ 34022 b

1 paid, accrued, or incurred, directly or
2 indirectly, from a transaction with a person if
3 the taxpayer establishes by clear and convincing
4 evidence, that the adjustments are unreasonable;
5 or if the taxpayer and the Director agree in
6 writing to the application or use of an
7 alternative method of apportionment under Section
8 304(f);

9 Nothing in this subsection shall preclude the
10 Director from making any other adjustment
11 otherwise allowed under Section 404 of this Act
12 for any tax year beginning after the effective
13 date of this amendment provided such adjustment is
14 made pursuant to regulation adopted by the
15 Department and such regulations provide methods
16 and standards by which the Department will utilize
17 its authority under Section 404 of this Act;

18 (D-19) For taxable years ending on or after
19 December 31, 2008, an amount equal to the amount of
20 insurance premium expenses and costs otherwise allowed
21 as a deduction in computing base income, and that were
22 paid, accrued, or incurred, directly or indirectly, to
23 a person who would be a member of the same unitary
24 business group but for the fact that the person is
25 prohibited under Section 1501(a)(27) from being
26 included in the unitary business group because he or

HB5189 Enrolled

- 37 -

LRB102 24779 AMQ 34022 b

1 she is ordinarily required to apportion business
2 income under different subsections of Section 304. The
3 addition modification required by this subparagraph
4 shall be reduced to the extent that dividends were
5 included in base income of the unitary group for the
6 same taxable year and received by the taxpayer or by a
7 member of the taxpayer's unitary business group
8 (including amounts included in gross income under
9 Sections 951 through 964 of the Internal Revenue Code
10 and amounts included in gross income under Section 78
11 of the Internal Revenue Code) with respect to the
12 stock of the same person to whom the premiums and costs
13 were directly or indirectly paid, incurred, or
14 accrued. The preceding sentence does not apply to the
15 extent that the same dividends caused a reduction to
16 the addition modification required under Section
17 203(a)(2)(D-17) or Section 203(a)(2)(D-18) of this
18 Act;

19 (D-20) For taxable years beginning on or after
20 January 1, 2002 and ending on or before December 31,
21 2006, in the case of a distribution from a qualified
22 tuition program under Section 529 of the Internal
23 Revenue Code, other than (i) a distribution from a
24 College Savings Pool created under Section 16.5 of the
25 State Treasurer Act or (ii) a distribution from the
26 Illinois Prepaid Tuition Trust Fund, an amount equal

HB5189 Enrolled

- 38 -

LRB102 24779 AMQ 34022 b

1 to the amount excluded from gross income under Section
2 529(c)(3)(B). For taxable years beginning on or after
3 January 1, 2007, in the case of a distribution from a
4 qualified tuition program under Section 529 of the
5 Internal Revenue Code, other than (i) a distribution
6 from a College Savings Pool created under Section 16.5
7 of the State Treasurer Act, (ii) a distribution from
8 the Illinois Prepaid Tuition Trust Fund, or (iii) a

9 distribution from a qualified tuition program under
10 Section 529 of the Internal Revenue Code that (I)
11 adopts and determines that its offering materials
12 comply with the College Savings Plans Network's
13 disclosure principles and (II) has made reasonable
14 efforts to inform in-state residents of the existence
15 of in-state qualified tuition programs by informing
16 Illinois residents directly and, where applicable, to
17 inform financial intermediaries distributing the
18 program to inform in-state residents of the existence
19 of in-state qualified tuition programs at least
20 annually, an amount equal to the amount excluded from
21 gross income under Section 529(c)(3)(B).

22 For the purposes of this subparagraph (D-20), a
23 qualified tuition program has made reasonable efforts
24 if it makes disclosures (which may use the term
25 "in-state program" or "in-state plan" and need not
26 specifically refer to Illinois or its qualified

HB5189 Enrolled

- 39 -

LRB102 24779 AMQ 34022 b

1 programs by name) (i) directly to prospective
2 participants in its offering materials or makes a
3 public disclosure, such as a website posting; and (ii)
4 where applicable, to intermediaries selling the
5 out-of-state program in the same manner that the
6 out-of-state program distributes its offering
7 materials;

8 (D-20.5) For taxable years beginning on or after
9 January 1, 2018, in the case of a distribution from a
10 qualified ABLE program under Section 529A of the
11 Internal Revenue Code, other than a distribution from
12 a qualified ABLE program created under Section 16.6 of
13 the State Treasurer Act, an amount equal to the amount
14 excluded from gross income under Section 529A(c)(1)(B)
15 of the Internal Revenue Code;

16 (D-21) For taxable years beginning on or after
17 January 1, 2007, in the case of transfer of moneys from
18 a qualified tuition program under Section 529 of the
19

Internal Revenue Code that is administered by the State to an out-of-state program, an amount equal to the amount of moneys previously deducted from base income under subsection (a)(2)(Y) of this Section;

(D-21.5) For taxable years beginning on or after January 1, 2018, in the case of the transfer of moneys from a qualified tuition program under Section 529 or a qualified ABLE program under Section 529A of the

HB5189 Enrolled

- 40 -

LRB102 24779 AMQ 34022 b

Internal Revenue Code that is administered by this State to an ABLE account established under an out-of-state ABLE account program, an amount equal to the contribution component of the transferred amount that was previously deducted from base income under subsection (a)(2)(Y) or subsection (a)(2)(HH) of this Section;

(D-22) For taxable years beginning on or after January 1, 2009, and prior to January 1, 2018, in the case of a nonqualified withdrawal or refund of moneys from a qualified tuition program under Section 529 of the Internal Revenue Code administered by the State that is not used for qualified expenses at an eligible education institution, an amount equal to the contribution component of the nonqualified withdrawal or refund that was previously deducted from base income under subsection (a)(2)(y) of this Section, provided that the withdrawal or refund did not result from the beneficiary's death or disability. For taxable years beginning on or after January 1, 2018:

(1) in the case of a nonqualified withdrawal or refund, as defined under Section 16.5 of the State Treasurer Act, of moneys from a qualified tuition program under Section 529 of the Internal Revenue Code administered by the State, an amount equal to the contribution component of the nonqualified withdrawal

HB5189 Enrolled

- 41 -

LRB102 24779 AMQ 34022 b

1 or refund that was previously deducted from base
2 income under subsection (a)(2)(Y) of this Section, and
3 (2) in the case of a nonqualified withdrawal or refund
4 from a qualified ABLE program under Section 529A of
5 the Internal Revenue Code administered by the State
6 that is not used for qualified disability expenses, an
7 amount equal to the contribution component of the
8 nonqualified withdrawal or refund that was previously
9 deducted from base income under subsection (a)(2)(HH)
10 of this Section;

11 (D-23) An amount equal to the credit allowable to
12 the taxpayer under Section 218(a) of this Act,
13 determined without regard to Section 218(c) of this
14 Act;

15 (D-24) For taxable years ending on or after
16 December 31, 2017, an amount equal to the deduction
17 allowed under Section 199 of the Internal Revenue Code
18 for the taxable year;

19 (D-25) In the case of a resident, an amount equal
20 to the amount of tax for which a credit is allowed
21 pursuant to Section 201(p)(7) of this Act;

22 and by deducting from the total so obtained the sum of the
23 following amounts:

24 (E) For taxable years ending before December 31,
25 2001, any amount included in such total in respect of
26 any compensation (including but not limited to any

1 compensation paid or accrued to a serviceman while a
2 prisoner of war or missing in action) paid to a
3 resident by reason of being on active duty in the Armed
4 Forces of the United States and in respect of any
5 compensation paid or accrued to a resident who as a
6 governmental employee was a prisoner of war or missing
7 in action, and in respect of any compensation paid to a
8 resident in 1971 or thereafter for annual training
9 performed pursuant to Sections 502 and 503, Title 32,
10 United States Code as a member of the Illinois

11 National Guard or, beginning with taxable years ending
12 on or after December 31, 2007, the National Guard of
13 any other state. For taxable years ending on or after
14 December 31, 2001, any amount included in such total
15 in respect of any compensation (including but not
16 limited to any compensation paid or accrued to a
17 serviceman while a prisoner of war or missing in
18 action) paid to a resident by reason of being a member
19 of any component of the Armed Forces of the United
20 States and in respect of any compensation paid or
21 accrued to a resident who as a governmental employee
22 was a prisoner of war or missing in action, and in
23 respect of any compensation paid to a resident in 2001
24 or thereafter by reason of being a member of the
25 Illinois National Guard or, beginning with taxable
26 years ending on or after December 31, 2007, the

HB5189 Enrolled

- 43 -

LRB102 24779 AMQ 34022 b

1 National Guard of any other state. The provisions of
2 this subparagraph (E) are exempt from the provisions
3 of Section 250;

4 (F) An amount equal to all amounts included in
5 such total pursuant to the provisions of Sections
6 402(a), 402(c), 403(a), 403(b), 406(a), 407(a), and
7 408 of the Internal Revenue Code, or included in such
8 total as distributions under the provisions of any
9 retirement or disability plan for employees of any
10 governmental agency or unit, or retirement payments to
11 retired partners, which payments are excluded in
12 computing net earnings from self employment by Section
13 1402 of the Internal Revenue Code and regulations
14 adopted pursuant thereto;

15 (G) The valuation limitation amount;

16 (H) An amount equal to the amount of any tax
17 imposed by this Act which was refunded to the taxpayer
18 and included in such total for the taxable year;

19 (I) An amount equal to all amounts included in
20 such total pursuant to the provisions of Section 111
21

of the Internal Revenue Code as a recovery of items
previously deducted from adjusted gross income in the
computation of taxable income;

(J) An amount equal to those dividends included in
such total which were paid by a corporation which
conducts business operations in a River Edge

HB5189 Enrolled

- 44 -

LRB102 24779 AMQ 34022 b

Redevelopment Zone or zones created under the River
Edge Redevelopment Zone Act, and conducts
substantially all of its operations in a River Edge
Redevelopment Zone or zones. This subparagraph (J) is
exempt from the provisions of Section 250;

(K) An amount equal to those dividends included in
such total that were paid by a corporation that
conducts business operations in a federally designated
Foreign Trade Zone or Sub-Zone and that is designated
a High Impact Business located in Illinois; provided
that dividends eligible for the deduction provided in
subparagraph (J) of paragraph (2) of this subsection
shall not be eligible for the deduction provided under
this subparagraph (K);

(L) For taxable years ending after December 31,
1983, an amount equal to all social security benefits
and railroad retirement benefits included in such
total pursuant to Sections 72(r) and 86 of the
Internal Revenue Code;

(M) With the exception of any amounts subtracted
under subparagraph (N), an amount equal to the sum of
all amounts disallowed as deductions by (i) Sections
171(a)(2) and 265(a)(2) of the Internal Revenue Code,
and all amounts of expenses allocable to interest and
disallowed as deductions by Section 265(a)(1) of the
Internal Revenue Code; and (ii) for taxable years

HB5189 Enrolled

- 45 -

LRB102 24779 AMQ 34022 b

ending on or after August 13, 1999, Sections

171(a)(2), 265, 280C, and 832(b)(5)(B)(i) of the Internal Revenue Code, plus, for taxable years ending on or after December 31, 2011, Section 45G(e)(3) of the Internal Revenue Code and, for taxable years ending on or after December 31, 2008, any amount included in gross income under Section 87 of the Internal Revenue Code; the provisions of this subparagraph are exempt from the provisions of Section 250;

(N) An amount equal to all amounts included in such total which are exempt from taxation by this State either by reason of its statutes or Constitution or by reason of the Constitution, treaties or statutes of the United States; provided that, in the case of any statute of this State that exempts income derived from bonds or other obligations from the tax imposed under this Act, the amount exempted shall be the interest net of bond premium amortization;

(O) An amount equal to any contribution made to a job training project established pursuant to the Tax Increment Allocation Redevelopment Act;

(P) An amount equal to the amount of the deduction used to compute the federal income tax credit for restoration of substantial amounts held under claim of right for the taxable year pursuant to Section 1341 of

the Internal Revenue Code or of any itemized deduction taken from adjusted gross income in the computation of taxable income for restoration of substantial amounts held under claim of right for the taxable year;

(Q) An amount equal to any amounts included in such total, received by the taxpayer as an acceleration in the payment of life, endowment or annuity benefits in advance of the time they would otherwise be payable as an indemnity for a terminal illness;

(R) An amount equal to the amount of any federal or State bonus paid to veterans of the Persian Gulf War;

(S) An amount, to the extent included in adjusted gross income, equal to the amount of a contribution made in the taxable year on behalf of the taxpayer to a medical care savings account established under the Medical Care Savings Account Act or the Medical Care Savings Account Act of 2000 to the extent the contribution is accepted by the account administrator as provided in that Act;

(T) An amount, to the extent included in adjusted gross income, equal to the amount of interest earned in the taxable year on a medical care savings account established under the Medical Care Savings Account Act or the Medical Care Savings Account Act of 2000 on behalf of the taxpayer, other than interest added

HB5189 Enrolled

- 47 -

LRB102 24779 AMQ 34022 b

pursuant to item (D-5) of this paragraph (2);

(U) For one taxable year beginning on or after January 1, 1994, an amount equal to the total amount of tax imposed and paid under subsections (a) and (b) of Section 201 of this Act on grant amounts received by the taxpayer under the Nursing Home Grant Assistance Act during the taxpayer's taxable years 1992 and 1993;

(V) Beginning with tax years ending on or after December 31, 1995 and ending with tax years ending on or before December 31, 2004, an amount equal to the amount paid by a taxpayer who is a self-employed taxpayer, a partner of a partnership, or a shareholder in a Subchapter S corporation for health insurance or long-term care insurance for that taxpayer or that taxpayer's spouse or dependents, to the extent that the amount paid for that health insurance or long-term care insurance may be deducted under Section 213 of the Internal Revenue Code, has not been deducted on the federal income tax return of the taxpayer, and does not exceed the taxable income attributable to that taxpayer's income, self-employment income, or Subchapter S corporation income; except that no deduction shall be allowed under this item (V) if the

24 taxpayer is eligible to participate in any health
25 insurance or long-term care insurance plan of an
26 employer of the taxpayer or the taxpayer's spouse. The

HB5189 Enrolled

- 48 -

LRB102 24779 AMQ 34022 b

1 amount of the health insurance and long-term care
2 insurance subtracted under this item (V) shall be
3 determined by multiplying total health insurance and
4 long-term care insurance premiums paid by the taxpayer
5 times a number that represents the fractional
6 percentage of eligible medical expenses under Section
7 213 of the Internal Revenue Code of 1986 not actually
8 deducted on the taxpayer's federal income tax return;

9 (W) For taxable years beginning on or after
10 January 1, 1998, all amounts included in the
11 taxpayer's federal gross income in the taxable year
12 from amounts converted from a regular IRA to a Roth
13 IRA. This paragraph is exempt from the provisions of
14 Section 250;

15 (X) For taxable year 1999 and thereafter, an
16 amount equal to the amount of any (i) distributions,
17 to the extent includible in gross income for federal
18 income tax purposes, made to the taxpayer because of
19 his or her status as a victim of persecution for racial
20 or religious reasons by Nazi Germany or any other Axis
21 regime or as an heir of the victim and (ii) items of
22 income, to the extent includible in gross income for
23 federal income tax purposes, attributable to, derived
24 from or in any way related to assets stolen from,
25 hidden from, or otherwise lost to a victim of
26 persecution for racial or religious reasons by Nazi

HB5189 Enrolled

- 49 -

LRB102 24779 AMQ 34022 b

1 Germany or any other Axis regime immediately prior to,
2 during, and immediately after World War II, including,
3 but not limited to, interest on the proceeds

4 receivable as insurance under policies issued to a
5 victim of persecution for racial or religious reasons
6 by Nazi Germany or any other Axis regime by European
7 insurance companies immediately prior to and during
8 World War II; provided, however, this subtraction from
9 federal adjusted gross income does not apply to assets
10 acquired with such assets or with the proceeds from
11 the sale of such assets; provided, further, this
12 paragraph shall only apply to a taxpayer who was the
13 first recipient of such assets after their recovery
14 and who is a victim of persecution for racial or
15 religious reasons by Nazi Germany or any other Axis
16 regime or as an heir of the victim. The amount of and
17 the eligibility for any public assistance, benefit, or
18 similar entitlement is not affected by the inclusion
19 of items (i) and (ii) of this paragraph in gross income
20 for federal income tax purposes. This paragraph is
21 exempt from the provisions of Section 250;

22 (Y) For taxable years beginning on or after
23 January 1, 2002 and ending on or before December 31,
24 2004, moneys contributed in the taxable year to a
25 College Savings Pool account under Section 16.5 of the
26 State Treasurer Act, except that amounts excluded from

HB5189 Enrolled

- 50 -

LRB102 24779 AMQ 34022 b

1 gross income under Section 529(c)(3)(C)(i) of the
2 Internal Revenue Code shall not be considered moneys
3 contributed under this subparagraph (Y). For taxable
4 years beginning on or after January 1, 2005, a maximum
5 of \$10,000 contributed in the taxable year to (i) a
6 College Savings Pool account under Section 16.5 of the
7 State Treasurer Act or (ii) the Illinois Prepaid
8 Tuition Trust Fund, except that amounts excluded from
9 gross income under Section 529(c)(3)(C)(i) of the
10 Internal Revenue Code shall not be considered moneys
11 contributed under this subparagraph (Y). For purposes
12 of this subparagraph, contributions made by an
13 employer on behalf of an employee, or matching
14 contributions made by an employee, shall be treated as

made by the employee. This subparagraph (Y) is exempt from the provisions of Section 250;

(Z) For taxable years 2001 and thereafter, for the taxable year in which the bonus depreciation deduction is taken on the taxpayer's federal income tax return under subsection (k) of Section 168 of the Internal Revenue Code and for each applicable taxable year thereafter, an amount equal to "x", where:

(1) "y" equals the amount of the depreciation deduction taken for the taxable year on the taxpayer's federal income tax return on property for which the bonus depreciation deduction was

HB5189 Enrolled

- 51 -

LRB102 24779 AMQ 34022 b

taken in any year under subsection (k) of Section 168 of the Internal Revenue Code, but not including the bonus depreciation deduction;

(2) for taxable years ending on or before December 31, 2005, "x" equals "y" multiplied by 30 and then divided by 70 (or "y" multiplied by 0.429); and

(3) for taxable years ending after December 31, 2005:

(i) for property on which a bonus depreciation deduction of 30% of the adjusted basis was taken, "x" equals "y" multiplied by 30 and then divided by 70 (or "y" multiplied by 0.429);

(ii) for property on which a bonus depreciation deduction of 50% of the adjusted basis was taken, "x" equals "y" multiplied by 1.0;

(iii) for property on which a bonus depreciation deduction of 100% of the adjusted basis was taken in a taxable year ending on or after December 31, 2021, "x" equals the depreciation deduction that would be allowed on that property if the taxpayer had made the election under Section 168(k)(7) of the

Internal Revenue Code to not claim bonus

HB5189 Enrolled

- 52 -

LRB102 24779 AMQ 34022 b

1 depreciation on that property; and
2 (iv) for property on which a bonus
3 depreciation deduction of a percentage other
4 than 30%, 50% or 100% of the adjusted basis
5 was taken in a taxable year ending on or after
6 December 31, 2021, "x" equals "y" multiplied
7 by 100 times the percentage bonus depreciation
8 on the property (that is, $100(\text{bonus}\%)$) and
9 then divided by 100 times 1 minus the
10 percentage bonus depreciation on the property
11 (that is, $100(1-\text{bonus}\%)$).

12 The aggregate amount deducted under this
13 subparagraph in all taxable years for any one piece of
14 property may not exceed the amount of the bonus
15 depreciation deduction taken on that property on the
16 taxpayer's federal income tax return under subsection
17 (k) of Section 168 of the Internal Revenue Code. This
18 subparagraph (Z) is exempt from the provisions of
19 Section 250;

20 (AA) If the taxpayer sells, transfers, abandons,
21 or otherwise disposes of property for which the
22 taxpayer was required in any taxable year to make an
23 addition modification under subparagraph (D-15), then
24 an amount equal to that addition modification.

25 If the taxpayer continues to own property through
26 the last day of the last tax year for which a

HB5189 Enrolled

- 53 -

LRB102 24779 AMQ 34022 b

1 subtraction is allowed with respect to that property
2 under subparagraph (Z) and for which the taxpayer was
3 required in any taxable year to make an addition
4 modification under subparagraph (D-15), then an amount
5 equal to that addition modification.

6 The taxpayer is allowed to take the deduction

7 under this subparagraph only once with respect to any
8 one piece of property.

9 This subparagraph (AA) is exempt from the
10 provisions of Section 250;

11 (BB) Any amount included in adjusted gross income,
12 other than salary, received by a driver in a
13 ridesharing arrangement using a motor vehicle;

14 (CC) The amount of (i) any interest income (net of
15 the deductions allocable thereto) taken into account
16 for the taxable year with respect to a transaction
17 with a taxpayer that is required to make an addition
18 modification with respect to such transaction under
19 Section 203(a)(2)(D-17), 203(b)(2)(E-12),
20 203(c)(2)(G-12), or 203(d)(2)(D-7), but not to exceed
21 the amount of that addition modification, and (ii) any
22 income from intangible property (net of the deductions
23 allocable thereto) taken into account for the taxable
24 year with respect to a transaction with a taxpayer
25 that is required to make an addition modification with
26 respect to such transaction under Section

HB5189 Enrolled

- 54 -

LRB102 24779 AMQ 34022 b

1 203(a)(2)(D-18), 203(b)(2)(E-13), 203(c)(2)(G-13), or
2 203(d)(2)(D-8), but not to exceed the amount of that
3 addition modification. This subparagraph (CC) is
4 exempt from the provisions of Section 250;

5 (DD) An amount equal to the interest income taken
6 into account for the taxable year (net of the
7 deductions allocable thereto) with respect to
8 transactions with (i) a foreign person who would be a
9 member of the taxpayer's unitary business group but
10 for the fact that the foreign person's business
11 activity outside the United States is 80% or more of
12 that person's total business activity and (ii) for
13 taxable years ending on or after December 31, 2008, to
14 a person who would be a member of the same unitary
15 business group but for the fact that the person is
16 prohibited under Section 1501(a)(27) from being
17

18 included in the unitary business group because he or
19 she is ordinarily required to apportion business
20 income under different subsections of Section 304, but
21 not to exceed the addition modification required to be
22 made for the same taxable year under Section
23 203(a)(2)(D-17) for interest paid, accrued, or
24 incurred, directly or indirectly, to the same person.
25 This subparagraph (DD) is exempt from the provisions
26 of Section 250;

(EE) An amount equal to the income from intangible

HB5189 Enrolled

- 55 -

LRB102 24779 AMQ 34022 b

1 property taken into account for the taxable year (net
2 of the deductions allocable thereto) with respect to
3 transactions with (i) a foreign person who would be a
4 member of the taxpayer's unitary business group but
5 for the fact that the foreign person's business
6 activity outside the United States is 80% or more of
7 that person's total business activity and (ii) for
8 taxable years ending on or after December 31, 2008, to
9 a person who would be a member of the same unitary
10 business group but for the fact that the person is
11 prohibited under Section 1501(a)(27) from being
12 included in the unitary business group because he or
13 she is ordinarily required to apportion business
14 income under different subsections of Section 304, but
15 not to exceed the addition modification required to be
16 made for the same taxable year under Section
17 203(a)(2)(D-18) for intangible expenses and costs
18 paid, accrued, or incurred, directly or indirectly, to
19 the same foreign person. This subparagraph (EE) is
20 exempt from the provisions of Section 250;

(FF) An amount equal to any amount awarded to the
22 taxpayer during the taxable year by the Court of
23 Claims under subsection (c) of Section 8 of the Court
24 of Claims Act for time unjustly served in a State
25 prison. This subparagraph (FF) is exempt from the
26 provisions of Section 250;

HB5189 Enrolled

- 56 -

LRB102 24779 AMQ 34022 b

1 (GG) For taxable years ending on or after December
2 31, 2011, in the case of a taxpayer who was required to
3 add back any insurance premiums under Section
4 203(a)(2)(D-19), such taxpayer may elect to subtract
5 that part of a reimbursement received from the
6 insurance company equal to the amount of the expense
7 or loss (including expenses incurred by the insurance
8 company) that would have been taken into account as a
9 deduction for federal income tax purposes if the
10 expense or loss had been uninsured. If a taxpayer
11 makes the election provided for by this subparagraph
12 (GG), the insurer to which the premiums were paid must
13 add back to income the amount subtracted by the
14 taxpayer pursuant to this subparagraph (GG). This
15 subparagraph (GG) is exempt from the provisions of
16 Section 250; ~~and~~

17 (HH) For taxable years beginning on or after
18 January 1, 2018 and prior to January 1, 2028 ~~January 1,~~
19 ~~2023~~, a maximum of \$10,000 contributed in the taxable
20 year to a qualified ABLE account under Section 16.6 of
21 the State Treasurer Act, except that amounts excluded
22 from gross income under Section 529(c)(3)(C)(i) or
23 Section 529A(c)(1)(C) of the Internal Revenue Code
24 shall not be considered moneys contributed under this
25 subparagraph (HH). For purposes of this subparagraph
26 (HH), contributions made by an employer on behalf of

HB5189 Enrolled

- 57 -

LRB102 24779 AMQ 34022 b

1 an employee, or matching contributions made by an
2 employee, shall be treated as made by the employee;
3 and -

4 (II) For taxable years that begin on or after
5 January 1, 2021 and begin before January 1, 2026, the
6 amount that is included in the taxpayer's federal
7 adjusted gross income pursuant to Section 61 of the
8 Internal Revenue Code as discharge of indebtedness

9 attributable to student loan forgiveness and that is
10 not excluded from the taxpayer's federal adjusted
11 gross income pursuant to paragraph (5) of subsection
12 (f) of Section 108 of the Internal Revenue Code.

13 (b) Corporations.

14 (1) In general. In the case of a corporation, base
15 income means an amount equal to the taxpayer's taxable
16 income for the taxable year as modified by paragraph (2).

17 (2) Modifications. The taxable income referred to in
18 paragraph (1) shall be modified by adding thereto the sum
19 of the following amounts:

20 (A) An amount equal to all amounts paid or accrued
21 to the taxpayer as interest and all distributions
22 received from regulated investment companies during
23 the taxable year to the extent excluded from gross
24 income in the computation of taxable income;

25 (B) An amount equal to the amount of tax imposed by

HB5189 Enrolled

- 58 -

LRB102 24779 AMQ 34022 b

1 this Act to the extent deducted from gross income in
2 the computation of taxable income for the taxable
3 year;

4 (C) In the case of a regulated investment company,
5 an amount equal to the excess of (i) the net long-term
6 capital gain for the taxable year, over (ii) the
7 amount of the capital gain dividends designated as
8 such in accordance with Section 852(b)(3)(C) of the
9 Internal Revenue Code and any amount designated under
10 Section 852(b)(3)(D) of the Internal Revenue Code,
11 attributable to the taxable year (this amendatory Act
12 of 1995 (Public Act 89-89) is declarative of existing
13 law and is not a new enactment);

14 (D) The amount of any net operating loss deduction
15 taken in arriving at taxable income, other than a net
16 operating loss carried forward from a taxable year
17 ending prior to December 31, 1986;

18 (E) For taxable years in which a net operating
19 loss carryback or carryforward from a taxable year

20 ending prior to December 31, 1986 is an element of
21 taxable income under paragraph (1) of subsection (e)
22 or subparagraph (E) of paragraph (2) of subsection
23 (e), the amount by which addition modifications other
24 than those provided by this subparagraph (E) exceeded
25 subtraction modifications in such earlier taxable
26 year, with the following limitations applied in the

HB5189 Enrolled

- 59 -

LRB102 24779 AMQ 34022 b

1 order that they are listed:

2 (i) the addition modification relating to the
3 net operating loss carried back or forward to the
4 taxable year from any taxable year ending prior to
5 December 31, 1986 shall be reduced by the amount
6 of addition modification under this subparagraph
7 (E) which related to that net operating loss and
8 which was taken into account in calculating the
9 base income of an earlier taxable year, and

10 (ii) the addition modification relating to the
11 net operating loss carried back or forward to the
12 taxable year from any taxable year ending prior to
13 December 31, 1986 shall not exceed the amount of
14 such carryback or carryforward;

15 For taxable years in which there is a net
16 operating loss carryback or carryforward from more
17 than one other taxable year ending prior to December
18 31, 1986, the addition modification provided in this
19 subparagraph (E) shall be the sum of the amounts
20 computed independently under the preceding provisions
21 of this subparagraph (E) for each such taxable year;

22 (E-5) For taxable years ending after December 31,
23 1997, an amount equal to any eligible remediation
24 costs that the corporation deducted in computing
25 adjusted gross income and for which the corporation
26 claims a credit under subsection (1) of Section 201;

HB5189 Enrolled

- 60 -

LRB102 24779 AMQ 34022 b

1 (E-10) For taxable years 2001 and thereafter, an
2 amount equal to the bonus depreciation deduction taken
3 on the taxpayer's federal income tax return for the
4 taxable year under subsection (k) of Section 168 of
5 the Internal Revenue Code;

6 (E-11) If the taxpayer sells, transfers, abandons,
7 or otherwise disposes of property for which the
8 taxpayer was required in any taxable year to make an
9 addition modification under subparagraph (E-10), then
10 an amount equal to the aggregate amount of the
11 deductions taken in all taxable years under
12 subparagraph (T) with respect to that property.

13 If the taxpayer continues to own property through
14 the last day of the last tax year for which a
15 subtraction is allowed with respect to that property
16 under subparagraph (T) and for which the taxpayer was
17 allowed in any taxable year to make a subtraction
18 modification under subparagraph (T), then an amount
19 equal to that subtraction modification.

20 The taxpayer is required to make the addition
21 modification under this subparagraph only once with
22 respect to any one piece of property;

23 (E-12) An amount equal to the amount otherwise
24 allowed as a deduction in computing base income for
25 interest paid, accrued, or incurred, directly or
26 indirectly, (i) for taxable years ending on or after

HB5189 Enrolled

- 61 -

LRB102 24779 AMQ 34022 b

1 December 31, 2004, to a foreign person who would be a
2 member of the same unitary business group but for the
3 fact the foreign person's business activity outside
4 the United States is 80% or more of the foreign
5 person's total business activity and (ii) for taxable
6 years ending on or after December 31, 2008, to a person
7 who would be a member of the same unitary business
8 group but for the fact that the person is prohibited
9 under Section 1501(a)(27) from being included in the
10 unitary business group because he or she is ordinarily
11 required to apportion business income under different

subsections of Section 304. The addition modification required by this subparagraph shall be reduced to the extent that dividends were included in base income of the unitary group for the same taxable year and received by the taxpayer or by a member of the taxpayer's unitary business group (including amounts included in gross income pursuant to Sections 951 through 964 of the Internal Revenue Code and amounts included in gross income under Section 78 of the Internal Revenue Code) with respect to the stock of the same person to whom the interest was paid, accrued, or incurred.

This paragraph shall not apply to the following:

(i) an item of interest paid, accrued, or incurred, directly or indirectly, to a person who

HB5189 Enrolled

- 62 -

LRB102 24779 AMQ 34022 b

is subject in a foreign country or state, other than a state which requires mandatory unitary reporting, to a tax on or measured by net income with respect to such interest; or

(ii) an item of interest paid, accrued, or incurred, directly or indirectly, to a person if the taxpayer can establish, based on a preponderance of the evidence, both of the following:

(a) the person, during the same taxable year, paid, accrued, or incurred, the interest to a person that is not a related member, and

(b) the transaction giving rise to the interest expense between the taxpayer and the person did not have as a principal purpose the avoidance of Illinois income tax, and is paid pursuant to a contract or agreement that reflects an arm's-length interest rate and terms; or

(iii) the taxpayer can establish, based on clear and convincing evidence, that the interest paid, accrued, or incurred relates to a contract

23 or agreement entered into at arm's-length rates
24 and terms and the principal purpose for the
25 payment is not federal or Illinois tax avoidance;
26 or

HB5189 Enrolled

- 63 -

LRB102 24779 AMQ 34022 b

1 (iv) an item of interest paid, accrued, or
2 incurred, directly or indirectly, to a person if
3 the taxpayer establishes by clear and convincing
4 evidence that the adjustments are unreasonable; or
5 if the taxpayer and the Director agree in writing
6 to the application or use of an alternative method
7 of apportionment under Section 304(f).

8 Nothing in this subsection shall preclude the
9 Director from making any other adjustment
10 otherwise allowed under Section 404 of this Act
11 for any tax year beginning after the effective
12 date of this amendment provided such adjustment is
13 made pursuant to regulation adopted by the
14 Department and such regulations provide methods
15 and standards by which the Department will utilize
16 its authority under Section 404 of this Act;

17 (E-13) An amount equal to the amount of intangible
18 expenses and costs otherwise allowed as a deduction in
19 computing base income, and that were paid, accrued, or
20 incurred, directly or indirectly, (i) for taxable
21 years ending on or after December 31, 2004, to a
22 foreign person who would be a member of the same
23 unitary business group but for the fact that the
24 foreign person's business activity outside the United
25 States is 80% or more of that person's total business
26 activity and (ii) for taxable years ending on or after

HB5189 Enrolled

- 64 -

LRB102 24779 AMQ 34022 b

1 December 31, 2008, to a person who would be a member of
2 the same unitary business group but for the fact that
3

the person is prohibited under Section 1501(a)(27) from being included in the unitary business group because he or she is ordinarily required to apportion business income under different subsections of Section 304. The addition modification required by this subparagraph shall be reduced to the extent that dividends were included in base income of the unitary group for the same taxable year and received by the taxpayer or by a member of the taxpayer's unitary business group (including amounts included in gross income pursuant to Sections 951 through 964 of the Internal Revenue Code and amounts included in gross income under Section 78 of the Internal Revenue Code) with respect to the stock of the same person to whom the intangible expenses and costs were directly or indirectly paid, incurred, or accrued. The preceding sentence shall not apply to the extent that the same dividends caused a reduction to the addition modification required under Section 203(b)(2)(E-12) of this Act. As used in this subparagraph, the term "intangible expenses and costs" includes (1) expenses, losses, and costs for, or related to, the direct or indirect acquisition, use, maintenance or management, ownership, sale, exchange, or any other disposition of

HB5189 Enrolled

- 65 -

LRB102 24779 AMQ 34022 b

intangible property; (2) losses incurred, directly or indirectly, from factoring transactions or discounting transactions; (3) royalty, patent, technical, and copyright fees; (4) licensing fees; and (5) other similar expenses and costs. For purposes of this subparagraph, "intangible property" includes patents, patent applications, trade names, trademarks, service marks, copyrights, mask works, trade secrets, and similar types of intangible assets.

This paragraph shall not apply to the following:

- (i) any item of intangible expenses or costs paid, accrued, or incurred, directly or indirectly, from a transaction with a person who

14 is subject in a foreign country or state, other
15 than a state which requires mandatory unitary
16 reporting, to a tax on or measured by net income
17 with respect to such item; or

18 (ii) any item of intangible expense or cost
19 paid, accrued, or incurred, directly or
20 indirectly, if the taxpayer can establish, based
21 on a preponderance of the evidence, both of the
22 following:

23 (a) the person during the same taxable
24 year paid, accrued, or incurred, the
25 intangible expense or cost to a person that is
26 not a related member, and

HB5189 Enrolled

- 66 -

LRB102 24779 AMQ 34022 b

1 (b) the transaction giving rise to the
2 intangible expense or cost between the
3 taxpayer and the person did not have as a
4 principal purpose the avoidance of Illinois
5 income tax, and is paid pursuant to a contract
6 or agreement that reflects arm's-length terms;
7 or

8 (iii) any item of intangible expense or cost
9 paid, accrued, or incurred, directly or
10 indirectly, from a transaction with a person if
11 the taxpayer establishes by clear and convincing
12 evidence, that the adjustments are unreasonable;
13 or if the taxpayer and the Director agree in
14 writing to the application or use of an
15 alternative method of apportionment under Section
16 304(f);

17 Nothing in this subsection shall preclude the
18 Director from making any other adjustment
19 otherwise allowed under Section 404 of this Act
20 for any tax year beginning after the effective
21 date of this amendment provided such adjustment is
22 made pursuant to regulation adopted by the
23 Department and such regulations provide methods
24 and standards by which the Department will utilize

25 its authority under Section 404 of this Act;
26 (E-14) For taxable years ending on or after

HB5189 Enrolled

- 67 -

LRB102 24779 AMQ 34022 b

1 December 31, 2008, an amount equal to the amount of
2 insurance premium expenses and costs otherwise allowed
3 as a deduction in computing base income, and that were
4 paid, accrued, or incurred, directly or indirectly, to
5 a person who would be a member of the same unitary
6 business group but for the fact that the person is
7 prohibited under Section 1501(a)(27) from being
8 included in the unitary business group because he or
9 she is ordinarily required to apportion business
10 income under different subsections of Section 304. The
11 addition modification required by this subparagraph
12 shall be reduced to the extent that dividends were
13 included in base income of the unitary group for the
14 same taxable year and received by the taxpayer or by a
15 member of the taxpayer's unitary business group
16 (including amounts included in gross income under
17 Sections 951 through 964 of the Internal Revenue Code
18 and amounts included in gross income under Section 78
19 of the Internal Revenue Code) with respect to the
20 stock of the same person to whom the premiums and costs
21 were directly or indirectly paid, incurred, or
22 accrued. The preceding sentence does not apply to the
23 extent that the same dividends caused a reduction to
24 the addition modification required under Section
25 203(b)(2)(E-12) or Section 203(b)(2)(E-13) of this
26 Act;

HB5189 Enrolled

- 68 -

LRB102 24779 AMQ 34022 b

1 (E-15) For taxable years beginning after December
2 31, 2008, any deduction for dividends paid by a
3 captive real estate investment trust that is allowed
4 to a real estate investment trust under Section
5

857(b)(2)(B) of the Internal Revenue Code for
dividends paid;

(E-16) An amount equal to the credit allowable to
the taxpayer under Section 218(a) of this Act,
determined without regard to Section 218(c) of this
Act;

(E-17) For taxable years ending on or after
December 31, 2017, an amount equal to the deduction
allowed under Section 199 of the Internal Revenue Code
for the taxable year;

(E-18) for taxable years beginning after December
31, 2018, an amount equal to the deduction allowed
under Section 250(a)(1)(A) of the Internal Revenue
Code for the taxable year;

(E-19) for taxable years ending on or after June
30, 2021, an amount equal to the deduction allowed
under Section 250(a)(1)(B)(i) of the Internal Revenue
Code for the taxable year;

(E-20) for taxable years ending on or after June
30, 2021, an amount equal to the deduction allowed
under Sections 243(e) and 245A(a) of the Internal
Revenue Code for the taxable year.

HB5189 Enrolled

- 69 -

LRB102 24779 AMQ 34022 b

and by deducting from the total so obtained the sum of the
following amounts:

(F) An amount equal to the amount of any tax
imposed by this Act which was refunded to the taxpayer
and included in such total for the taxable year;

(G) An amount equal to any amount included in such
total under Section 78 of the Internal Revenue Code;

(H) In the case of a regulated investment company,
an amount equal to the amount of exempt interest
dividends as defined in subsection (b)(5) of Section
852 of the Internal Revenue Code, paid to shareholders
for the taxable year;

(I) With the exception of any amounts subtracted
under subparagraph (J), an amount equal to the sum of
all amounts disallowed as deductions by (i) Sections

171(a)(2) and 265(a)(2) and amounts disallowed as
interest expense by Section 291(a)(3) of the Internal
Revenue Code, and all amounts of expenses allocable to
interest and disallowed as deductions by Section
265(a)(1) of the Internal Revenue Code; and (ii) for
taxable years ending on or after August 13, 1999,
Sections 171(a)(2), 265, 280C, 291(a)(3), and
832(b)(5)(B)(i) of the Internal Revenue Code, plus,
for tax years ending on or after December 31, 2011,
amounts disallowed as deductions by Section 45G(e)(3)
of the Internal Revenue Code and, for taxable years

HB5189 Enrolled

- 70 -

LRB102 24779 AMQ 34022 b

ending on or after December 31, 2008, any amount
included in gross income under Section 87 of the
Internal Revenue Code and the policyholders' share of
tax-exempt interest of a life insurance company under
Section 807(a)(2)(B) of the Internal Revenue Code (in
the case of a life insurance company with gross income
from a decrease in reserves for the tax year) or
Section 807(b)(1)(B) of the Internal Revenue Code (in
the case of a life insurance company allowed a
deduction for an increase in reserves for the tax
year); the provisions of this subparagraph are exempt
from the provisions of Section 250;

(J) An amount equal to all amounts included in
such total which are exempt from taxation by this
State either by reason of its statutes or Constitution
or by reason of the Constitution, treaties or statutes
of the United States; provided that, in the case of any
statute of this State that exempts income derived from
bonds or other obligations from the tax imposed under
this Act, the amount exempted shall be the interest
net of bond premium amortization;

(K) An amount equal to those dividends included in
such total which were paid by a corporation which
conducts business operations in a River Edge
Redevelopment Zone or zones created under the River
Edge Redevelopment Zone Act and conducts substantially

HB5189 Enrolled

- 71 -

LRB102 24779 AMQ 34022 b

1 all of its operations in a River Edge Redevelopment
2 Zone or zones. This subparagraph (K) is exempt from
3 the provisions of Section 250;

4 (L) An amount equal to those dividends included in
5 such total that were paid by a corporation that
6 conducts business operations in a federally designated
7 Foreign Trade Zone or Sub-Zone and that is designated
8 a High Impact Business located in Illinois; provided
9 that dividends eligible for the deduction provided in
10 subparagraph (K) of paragraph 2 of this subsection
11 shall not be eligible for the deduction provided under
12 this subparagraph (L);

13 (M) For any taxpayer that is a financial
14 organization within the meaning of Section 304(c) of
15 this Act, an amount included in such total as interest
16 income from a loan or loans made by such taxpayer to a
17 borrower, to the extent that such a loan is secured by
18 property which is eligible for the River Edge
19 Redevelopment Zone Investment Credit. To determine the
20 portion of a loan or loans that is secured by property
21 eligible for a Section 201(f) investment credit to the
22 borrower, the entire principal amount of the loan or
23 loans between the taxpayer and the borrower should be
24 divided into the basis of the Section 201(f)
25 investment credit property which secures the loan or
26 loans, using for this purpose the original basis of

HB5189 Enrolled

- 72 -

LRB102 24779 AMQ 34022 b

1 such property on the date that it was placed in service
2 in the River Edge Redevelopment Zone. The subtraction
3 modification available to the taxpayer in any year
4 under this subsection shall be that portion of the
5 total interest paid by the borrower with respect to
6 such loan attributable to the eligible property as
7

calculated under the previous sentence. This
subparagraph (M) is exempt from the provisions of
Section 250;

(M-1) For any taxpayer that is a financial
organization within the meaning of Section 304(c) of
this Act, an amount included in such total as interest
income from a loan or loans made by such taxpayer to a
borrower, to the extent that such a loan is secured by
property which is eligible for the High Impact
Business Investment Credit. To determine the portion
of a loan or loans that is secured by property eligible
for a Section 201(h) investment credit to the
borrower, the entire principal amount of the loan or
loans between the taxpayer and the borrower should be
divided into the basis of the Section 201(h)
investment credit property which secures the loan or
loans, using for this purpose the original basis of
such property on the date that it was placed in service
in a federally designated Foreign Trade Zone or
Sub-Zone located in Illinois. No taxpayer that is

HB5189 Enrolled

- 73 -

LRB102 24779 AMQ 34022 b

eligible for the deduction provided in subparagraph
(M) of paragraph (2) of this subsection shall be
eligible for the deduction provided under this
subparagraph (M-1). The subtraction modification
available to taxpayers in any year under this
subsection shall be that portion of the total interest
paid by the borrower with respect to such loan
attributable to the eligible property as calculated
under the previous sentence;

(N) Two times any contribution made during the
taxable year to a designated zone organization to the
extent that the contribution (i) qualifies as a
charitable contribution under subsection (c) of
Section 170 of the Internal Revenue Code and (ii)
must, by its terms, be used for a project approved by
the Department of Commerce and Economic Opportunity
under Section 11 of the Illinois Enterprise Zone Act

18 or under Section 10-10 of the River Edge Redevelopment
19 Zone Act. This subparagraph (N) is exempt from the
20 provisions of Section 250;

21 (O) An amount equal to: (i) 85% for taxable years
22 ending on or before December 31, 1992, or, a
23 percentage equal to the percentage allowable under
24 Section 243(a)(1) of the Internal Revenue Code of 1986
25 for taxable years ending after December 31, 1992, of
26 the amount by which dividends included in taxable

HB5189 Enrolled

- 74 -

LRB102 24779 AMQ 34022 b

1 income and received from a corporation that is not
2 created or organized under the laws of the United
3 States or any state or political subdivision thereof,
4 including, for taxable years ending on or after
5 December 31, 1988, dividends received or deemed
6 received or paid or deemed paid under Sections 951
7 through 965 of the Internal Revenue Code, exceed the
8 amount of the modification provided under subparagraph
9 (G) of paragraph (2) of this subsection (b) which is
10 related to such dividends, and including, for taxable
11 years ending on or after December 31, 2008, dividends
12 received from a captive real estate investment trust;
13 plus (ii) 100% of the amount by which dividends,
14 included in taxable income and received, including,
15 for taxable years ending on or after December 31,
16 1988, dividends received or deemed received or paid or
17 deemed paid under Sections 951 through 964 of the
18 Internal Revenue Code and including, for taxable years
19 ending on or after December 31, 2008, dividends
20 received from a captive real estate investment trust,
21 from any such corporation specified in clause (i) that
22 would but for the provisions of Section 1504(b)(3) of
23 the Internal Revenue Code be treated as a member of the
24 affiliated group which includes the dividend
25 recipient, exceed the amount of the modification
26 provided under subparagraph (G) of paragraph (2) of

HB5189 Enrolled

- 75 -

LRB102 24779 AMQ 34022 b

1 this subsection (b) which is related to such
2 dividends. For taxable years ending on or after June
3 30, 2021, (i) for purposes of this subparagraph, the
4 term "dividend" does not include any amount treated as
5 a dividend under Section 1248 of the Internal Revenue
6 Code, and (ii) this subparagraph shall not apply to
7 dividends for which a deduction is allowed under
8 Section 245(a) of the Internal Revenue Code. This
9 subparagraph (O) is exempt from the provisions of
10 Section 250 of this Act;

11 (P) An amount equal to any contribution made to a
12 job training project established pursuant to the Tax
13 Increment Allocation Redevelopment Act;

14 (Q) An amount equal to the amount of the deduction
15 used to compute the federal income tax credit for
16 restoration of substantial amounts held under claim of
17 right for the taxable year pursuant to Section 1341 of
18 the Internal Revenue Code;

19 (R) On and after July 20, 1999, in the case of an
20 attorney-in-fact with respect to whom an interinsurer
21 or a reciprocal insurer has made the election under
22 Section 835 of the Internal Revenue Code, 26 U.S.C.
23 835, an amount equal to the excess, if any, of the
24 amounts paid or incurred by that interinsurer or
25 reciprocal insurer in the taxable year to the
26 attorney-in-fact over the deduction allowed to that

HB5189 Enrolled

- 76 -

LRB102 24779 AMQ 34022 b

1 interinsurer or reciprocal insurer with respect to the
2 attorney-in-fact under Section 835(b) of the Internal
3 Revenue Code for the taxable year; the provisions of
4 this subparagraph are exempt from the provisions of
5 Section 250;

6 (S) For taxable years ending on or after December
7 31, 1997, in the case of a Subchapter S corporation, an
8 amount equal to all amounts of income allocable to a

shareholder subject to the Personal Property Tax Replacement Income Tax imposed by subsections (c) and (d) of Section 201 of this Act, including amounts allocable to organizations exempt from federal income tax by reason of Section 501(a) of the Internal Revenue Code. This subparagraph (S) is exempt from the provisions of Section 250;

(T) For taxable years 2001 and thereafter, for the taxable year in which the bonus depreciation deduction is taken on the taxpayer's federal income tax return under subsection (k) of Section 168 of the Internal Revenue Code and for each applicable taxable year thereafter, an amount equal to "x", where:

(1) "y" equals the amount of the depreciation deduction taken for the taxable year on the taxpayer's federal income tax return on property for which the bonus depreciation deduction was taken in any year under subsection (k) of Section

HB5189 Enrolled

- 77 -

LRB102 24779 AMQ 34022 b

168 of the Internal Revenue Code, but not including the bonus depreciation deduction;

(2) for taxable years ending on or before December 31, 2005, "x" equals "y" multiplied by 30 and then divided by 70 (or "y" multiplied by 0.429); and

(3) for taxable years ending after December 31, 2005:

(i) for property on which a bonus depreciation deduction of 30% of the adjusted basis was taken, "x" equals "y" multiplied by 30 and then divided by 70 (or "y" multiplied by 0.429);

(ii) for property on which a bonus depreciation deduction of 50% of the adjusted basis was taken, "x" equals "y" multiplied by 1.0;

(iii) for property on which a bonus depreciation deduction of 100% of the adjusted

basis was taken in a taxable year ending on or after December 31, 2021, "x" equals the depreciation deduction that would be allowed on that property if the taxpayer had made the election under Section 168(k)(7) of the Internal Revenue Code to not claim bonus depreciation on that property; and

HB5189 Enrolled

- 78 -

LRB102 24779 AMQ 34022 b

(iv) for property on which a bonus depreciation deduction of a percentage other than 30%, 50% or 100% of the adjusted basis was taken in a taxable year ending on or after December 31, 2021, "x" equals "y" multiplied by 100 times the percentage bonus depreciation on the property (that is, $100(\text{bonus}\%)$) and then divided by 100 times 1 minus the percentage bonus depreciation on the property (that is, $100(1-\text{bonus}\%)$).

The aggregate amount deducted under this subparagraph in all taxable years for any one piece of property may not exceed the amount of the bonus depreciation deduction taken on that property on the taxpayer's federal income tax return under subsection (k) of Section 168 of the Internal Revenue Code. This subparagraph (T) is exempt from the provisions of Section 250;

(U) If the taxpayer sells, transfers, abandons, or otherwise disposes of property for which the taxpayer was required in any taxable year to make an addition modification under subparagraph (E-10), then an amount equal to that addition modification.

If the taxpayer continues to own property through the last day of the last tax year for which a subtraction is allowed with respect to that property

HB5189 Enrolled

- 79 -

LRB102 24779 AMQ 34022 b

1 under subparagraph (T) and for which the taxpayer was
2 required in any taxable year to make an addition
3 modification under subparagraph (E-10), then an amount
4 equal to that addition modification.

5 The taxpayer is allowed to take the deduction
6 under this subparagraph only once with respect to any
7 one piece of property.

8 This subparagraph (U) is exempt from the
9 provisions of Section 250;

10 (V) The amount of: (i) any interest income (net of
11 the deductions allocable thereto) taken into account
12 for the taxable year with respect to a transaction
13 with a taxpayer that is required to make an addition
14 modification with respect to such transaction under
15 Section 203(a)(2)(D-17), 203(b)(2)(E-12),
16 203(c)(2)(G-12), or 203(d)(2)(D-7), but not to exceed
17 the amount of such addition modification, (ii) any
18 income from intangible property (net of the deductions
19 allocable thereto) taken into account for the taxable
20 year with respect to a transaction with a taxpayer
21 that is required to make an addition modification with
22 respect to such transaction under Section
23 203(a)(2)(D-18), 203(b)(2)(E-13), 203(c)(2)(G-13), or
24 203(d)(2)(D-8), but not to exceed the amount of such
25 addition modification, and (iii) any insurance premium
26 income (net of deductions allocable thereto) taken

HB5189 Enrolled

- 80 -

LRB102 24779 AMQ 34022 b

1 into account for the taxable year with respect to a
2 transaction with a taxpayer that is required to make
3 an addition modification with respect to such
4 transaction under Section 203(a)(2)(D-19), Section
5 203(b)(2)(E-14), Section 203(c)(2)(G-14), or Section
6 203(d)(2)(D-9), but not to exceed the amount of that
7 addition modification. This subparagraph (V) is exempt
8 from the provisions of Section 250;

9 (W) An amount equal to the interest income taken
10 into account for the taxable year (net of the
11

deductions allocable thereto) with respect to
transactions with (i) a foreign person who would be a
member of the taxpayer's unitary business group but
for the fact that the foreign person's business
activity outside the United States is 80% or more of
that person's total business activity and (ii) for
taxable years ending on or after December 31, 2008, to
a person who would be a member of the same unitary
business group but for the fact that the person is
prohibited under Section 1501(a)(27) from being
included in the unitary business group because he or
she is ordinarily required to apportion business
income under different subsections of Section 304, but
not to exceed the addition modification required to be
made for the same taxable year under Section
203(b)(2)(E-12) for interest paid, accrued, or

HB5189 Enrolled

- 81 -

LRB102 24779 AMQ 34022 b

incurred, directly or indirectly, to the same person.
This subparagraph (W) is exempt from the provisions of
Section 250;

(X) An amount equal to the income from intangible
property taken into account for the taxable year (net
of the deductions allocable thereto) with respect to
transactions with (i) a foreign person who would be a
member of the taxpayer's unitary business group but
for the fact that the foreign person's business
activity outside the United States is 80% or more of
that person's total business activity and (ii) for
taxable years ending on or after December 31, 2008, to
a person who would be a member of the same unitary
business group but for the fact that the person is
prohibited under Section 1501(a)(27) from being
included in the unitary business group because he or
she is ordinarily required to apportion business
income under different subsections of Section 304, but
not to exceed the addition modification required to be
made for the same taxable year under Section
203(b)(2)(E-13) for intangible expenses and costs

22 paid, accrued, or incurred, directly or indirectly, to
23 the same foreign person. This subparagraph (X) is
24 exempt from the provisions of Section 250;

25 (Y) For taxable years ending on or after December
26 31, 2011, in the case of a taxpayer who was required to

HB5189 Enrolled

- 82 -

LRB102 24779 AMQ 34022 b

1 add back any insurance premiums under Section
2 203(b)(2)(E-14), such taxpayer may elect to subtract
3 that part of a reimbursement received from the
4 insurance company equal to the amount of the expense
5 or loss (including expenses incurred by the insurance
6 company) that would have been taken into account as a
7 deduction for federal income tax purposes if the
8 expense or loss had been uninsured. If a taxpayer
9 makes the election provided for by this subparagraph
10 (Y), the insurer to which the premiums were paid must
11 add back to income the amount subtracted by the
12 taxpayer pursuant to this subparagraph (Y). This
13 subparagraph (Y) is exempt from the provisions of
14 Section 250; and

15 (Z) The difference between the nondeductible
16 controlled foreign corporation dividends under Section
17 965(e)(3) of the Internal Revenue Code over the
18 taxable income of the taxpayer, computed without
19 regard to Section 965(e)(2)(A) of the Internal Revenue
20 Code, and without regard to any net operating loss
21 deduction. This subparagraph (Z) is exempt from the
22 provisions of Section 250.

23 (3) Special rule. For purposes of paragraph (2)(A),
24 "gross income" in the case of a life insurance company,
25 for tax years ending on and after December 31, 1994, and
26 prior to December 31, 2011, shall mean the gross

HB5189 Enrolled

- 83 -

LRB102 24779 AMQ 34022 b

1 investment income for the taxable year and, for tax years
2

ending on or after December 31, 2011, shall mean all
amounts included in life insurance gross income under
Section 803(a)(3) of the Internal Revenue Code.

(c) Trusts and estates.

(1) In general. In the case of a trust or estate, base income means an amount equal to the taxpayer's taxable income for the taxable year as modified by paragraph (2).

(2) Modifications. Subject to the provisions of paragraph (3), the taxable income referred to in paragraph (1) shall be modified by adding thereto the sum of the following amounts:

(A) An amount equal to all amounts paid or accrued to the taxpayer as interest or dividends during the taxable year to the extent excluded from gross income in the computation of taxable income;

(B) In the case of (i) an estate, \$600; (ii) a trust which, under its governing instrument, is required to distribute all of its income currently, \$300; and (iii) any other trust, \$100, but in each such case, only to the extent such amount was deducted in the computation of taxable income;

(C) An amount equal to the amount of tax imposed by this Act to the extent deducted from gross income in the computation of taxable income for the taxable

year;

(D) The amount of any net operating loss deduction taken in arriving at taxable income, other than a net operating loss carried forward from a taxable year ending prior to December 31, 1986;

(E) For taxable years in which a net operating loss carryback or carryforward from a taxable year ending prior to December 31, 1986 is an element of taxable income under paragraph (1) of subsection (e) or subparagraph (E) of paragraph (2) of subsection (e), the amount by which addition modifications other than those provided by this subparagraph (E) exceeded

subtraction modifications in such taxable year, with the following limitations applied in the order that they are listed:

(i) the addition modification relating to the net operating loss carried back or forward to the taxable year from any taxable year ending prior to December 31, 1986 shall be reduced by the amount of addition modification under this subparagraph (E) which related to that net operating loss and which was taken into account in calculating the base income of an earlier taxable year, and

(ii) the addition modification relating to the net operating loss carried back or forward to the taxable year from any taxable year ending prior to

HB5189 Enrolled

- 85 -

LRB102 24779 AMQ 34022 b

December 31, 1986 shall not exceed the amount of such carryback or carryforward;

For taxable years in which there is a net operating loss carryback or carryforward from more than one other taxable year ending prior to December 31, 1986, the addition modification provided in this subparagraph (E) shall be the sum of the amounts computed independently under the preceding provisions of this subparagraph (E) for each such taxable year;

(F) For taxable years ending on or after January 1, 1989, an amount equal to the tax deducted pursuant to Section 164 of the Internal Revenue Code if the trust or estate is claiming the same tax for purposes of the Illinois foreign tax credit under Section 601 of this Act;

(G) An amount equal to the amount of the capital gain deduction allowable under the Internal Revenue Code, to the extent deducted from gross income in the computation of taxable income;

(G-5) For taxable years ending after December 31, 1997, an amount equal to any eligible remediation costs that the trust or estate deducted in computing adjusted gross income and for which the trust or

24 estate claims a credit under subsection (l) of Section
25 201;
26 (G-10) For taxable years 2001 and thereafter, an

HB5189 Enrolled

- 86 -

LRB102 24779 AMQ 34022 b

1 amount equal to the bonus depreciation deduction taken
2 on the taxpayer's federal income tax return for the
3 taxable year under subsection (k) of Section 168 of
4 the Internal Revenue Code; and

5 (G-11) If the taxpayer sells, transfers, abandons,
6 or otherwise disposes of property for which the
7 taxpayer was required in any taxable year to make an
8 addition modification under subparagraph (G-10), then
9 an amount equal to the aggregate amount of the
10 deductions taken in all taxable years under
11 subparagraph (R) with respect to that property.

12 If the taxpayer continues to own property through
13 the last day of the last tax year for which a
14 subtraction is allowed with respect to that property
15 under subparagraph (R) and for which the taxpayer was
16 allowed in any taxable year to make a subtraction
17 modification under subparagraph (R), then an amount
18 equal to that subtraction modification.

19 The taxpayer is required to make the addition
20 modification under this subparagraph only once with
21 respect to any one piece of property;

22 (G-12) An amount equal to the amount otherwise
23 allowed as a deduction in computing base income for
24 interest paid, accrued, or incurred, directly or
25 indirectly, (i) for taxable years ending on or after
26 December 31, 2004, to a foreign person who would be a

HB5189 Enrolled

- 87 -

LRB102 24779 AMQ 34022 b

1 member of the same unitary business group but for the
2 fact that the foreign person's business activity
3 outside the United States is 80% or more of the foreign
4 person's total business activity and (ii) for taxable

5 years ending on or after December 31, 2008, to a person
6 who would be a member of the same unitary business
7 group but for the fact that the person is prohibited
8 under Section 1501(a)(27) from being included in the
9 unitary business group because he or she is ordinarily
10 required to apportion business income under different
11 subsections of Section 304. The addition modification
12 required by this subparagraph shall be reduced to the
13 extent that dividends were included in base income of
14 the unitary group for the same taxable year and
15 received by the taxpayer or by a member of the
16 taxpayer's unitary business group (including amounts
17 included in gross income pursuant to Sections 951
18 through 964 of the Internal Revenue Code and amounts
19 included in gross income under Section 78 of the
20 Internal Revenue Code) with respect to the stock of
21 the same person to whom the interest was paid,
22 accrued, or incurred.

23 This paragraph shall not apply to the following:

24 (i) an item of interest paid, accrued, or
25 incurred, directly or indirectly, to a person who
26 is subject in a foreign country or state, other

HB5189 Enrolled

- 88 -

LRB102 24779 AMQ 34022 b

1 than a state which requires mandatory unitary
2 reporting, to a tax on or measured by net income
3 with respect to such interest; or

4 (ii) an item of interest paid, accrued, or
5 incurred, directly or indirectly, to a person if
6 the taxpayer can establish, based on a
7 preponderance of the evidence, both of the
8 following:

9 (a) the person, during the same taxable
10 year, paid, accrued, or incurred, the interest
11 to a person that is not a related member, and

12 (b) the transaction giving rise to the
13 interest expense between the taxpayer and the
14 person did not have as a principal purpose the
15 avoidance of Illinois income tax, and is paid

16 pursuant to a contract or agreement that
17 reflects an arm's-length interest rate and
18 terms; or

19 (iii) the taxpayer can establish, based on
20 clear and convincing evidence, that the interest
21 paid, accrued, or incurred relates to a contract
22 or agreement entered into at arm's-length rates
23 and terms and the principal purpose for the
24 payment is not federal or Illinois tax avoidance;
25 or

26 (iv) an item of interest paid, accrued, or

HB5189 Enrolled

- 89 -

LRB102 24779 AMQ 34022 b

1 incurred, directly or indirectly, to a person if
2 the taxpayer establishes by clear and convincing
3 evidence that the adjustments are unreasonable; or
4 if the taxpayer and the Director agree in writing
5 to the application or use of an alternative method
6 of apportionment under Section 304(f).

7 Nothing in this subsection shall preclude the
8 Director from making any other adjustment
9 otherwise allowed under Section 404 of this Act
10 for any tax year beginning after the effective
11 date of this amendment provided such adjustment is
12 made pursuant to regulation adopted by the
13 Department and such regulations provide methods
14 and standards by which the Department will utilize
15 its authority under Section 404 of this Act;

16 (G-13) An amount equal to the amount of intangible
17 expenses and costs otherwise allowed as a deduction in
18 computing base income, and that were paid, accrued, or
19 incurred, directly or indirectly, (i) for taxable
20 years ending on or after December 31, 2004, to a
21 foreign person who would be a member of the same
22 unitary business group but for the fact that the
23 foreign person's business activity outside the United
24 States is 80% or more of that person's total business
25 activity and (ii) for taxable years ending on or after
26 December 31, 2008, to a person who would be a member of

HB5189 Enrolled

- 90 -

LRB102 24779 AMQ 34022 b

1 the same unitary business group but for the fact that
2 the person is prohibited under Section 1501(a)(27)
3 from being included in the unitary business group
4 because he or she is ordinarily required to apportion
5 business income under different subsections of Section
6 304. The addition modification required by this
7 subparagraph shall be reduced to the extent that
8 dividends were included in base income of the unitary
9 group for the same taxable year and received by the
10 taxpayer or by a member of the taxpayer's unitary
11 business group (including amounts included in gross
12 income pursuant to Sections 951 through 964 of the
13 Internal Revenue Code and amounts included in gross
14 income under Section 78 of the Internal Revenue Code)
15 with respect to the stock of the same person to whom
16 the intangible expenses and costs were directly or
17 indirectly paid, incurred, or accrued. The preceding
18 sentence shall not apply to the extent that the same
19 dividends caused a reduction to the addition
20 modification required under Section 203(c)(2)(G-12) of
21 this Act. As used in this subparagraph, the term
22 "intangible expenses and costs" includes: (1)
23 expenses, losses, and costs for or related to the
24 direct or indirect acquisition, use, maintenance or
25 management, ownership, sale, exchange, or any other
26 disposition of intangible property; (2) losses

HB5189 Enrolled

- 91 -

LRB102 24779 AMQ 34022 b

1 incurred, directly or indirectly, from factoring
2 transactions or discounting transactions; (3) royalty,
3 patent, technical, and copyright fees; (4) licensing
4 fees; and (5) other similar expenses and costs. For
5 purposes of this subparagraph, "intangible property"
6 includes patents, patent applications, trade names,

7 trademarks, service marks, copyrights, mask works,
8 trade secrets, and similar types of intangible assets.

9 This paragraph shall not apply to the following:

10 (i) any item of intangible expenses or costs
11 paid, accrued, or incurred, directly or
12 indirectly, from a transaction with a person who
13 is subject in a foreign country or state, other
14 than a state which requires mandatory unitary
15 reporting, to a tax on or measured by net income
16 with respect to such item; or

17 (ii) any item of intangible expense or cost
18 paid, accrued, or incurred, directly or
19 indirectly, if the taxpayer can establish, based
20 on a preponderance of the evidence, both of the
21 following:

22 (a) the person during the same taxable
23 year paid, accrued, or incurred, the
24 intangible expense or cost to a person that is
25 not a related member, and

26 (b) the transaction giving rise to the

HB5189 Enrolled

- 92 -

LRB102 24779 AMQ 34022 b

1 intangible expense or cost between the
2 taxpayer and the person did not have as a
3 principal purpose the avoidance of Illinois
4 income tax, and is paid pursuant to a contract
5 or agreement that reflects arm's-length terms;
6 or

7 (iii) any item of intangible expense or cost
8 paid, accrued, or incurred, directly or
9 indirectly, from a transaction with a person if
10 the taxpayer establishes by clear and convincing
11 evidence, that the adjustments are unreasonable;
12 or if the taxpayer and the Director agree in
13 writing to the application or use of an
14 alternative method of apportionment under Section
15 304(f);

16 Nothing in this subsection shall preclude the
17 Director from making any other adjustment

18 otherwise allowed under Section 404 of this Act
19 for any tax year beginning after the effective
20 date of this amendment provided such adjustment is
21 made pursuant to regulation adopted by the
22 Department and such regulations provide methods
23 and standards by which the Department will utilize
24 its authority under Section 404 of this Act;
25 (G-14) For taxable years ending on or after
26 December 31, 2008, an amount equal to the amount of

HB5189 Enrolled

- 93 -

LRB102 24779 AMQ 34022 b

1 insurance premium expenses and costs otherwise allowed
2 as a deduction in computing base income, and that were
3 paid, accrued, or incurred, directly or indirectly, to
4 a person who would be a member of the same unitary
5 business group but for the fact that the person is
6 prohibited under Section 1501(a)(27) from being
7 included in the unitary business group because he or
8 she is ordinarily required to apportion business
9 income under different subsections of Section 304. The
10 addition modification required by this subparagraph
11 shall be reduced to the extent that dividends were
12 included in base income of the unitary group for the
13 same taxable year and received by the taxpayer or by a
14 member of the taxpayer's unitary business group
15 (including amounts included in gross income under
16 Sections 951 through 964 of the Internal Revenue Code
17 and amounts included in gross income under Section 78
18 of the Internal Revenue Code) with respect to the
19 stock of the same person to whom the premiums and costs
20 were directly or indirectly paid, incurred, or
21 accrued. The preceding sentence does not apply to the
22 extent that the same dividends caused a reduction to
23 the addition modification required under Section
24 203(c)(2)(G-12) or Section 203(c)(2)(G-13) of this
25 Act;
26 (G-15) An amount equal to the credit allowable to

1 the taxpayer under Section 218(a) of this Act,
2 determined without regard to Section 218(c) of this
3 Act;

4 (G-16) For taxable years ending on or after
5 December 31, 2017, an amount equal to the deduction
6 allowed under Section 199 of the Internal Revenue Code
7 for the taxable year;

8 and by deducting from the total so obtained the sum of the
9 following amounts:

10 (H) An amount equal to all amounts included in
11 such total pursuant to the provisions of Sections
12 402(a), 402(c), 403(a), 403(b), 406(a), 407(a) and 408
13 of the Internal Revenue Code or included in such total
14 as distributions under the provisions of any
15 retirement or disability plan for employees of any
16 governmental agency or unit, or retirement payments to
17 retired partners, which payments are excluded in
18 computing net earnings from self employment by Section
19 1402 of the Internal Revenue Code and regulations
20 adopted pursuant thereto;

21 (I) The valuation limitation amount;

22 (J) An amount equal to the amount of any tax
23 imposed by this Act which was refunded to the taxpayer
24 and included in such total for the taxable year;

25 (K) An amount equal to all amounts included in
26 taxable income as modified by subparagraphs (A), (B),

1 (C), (D), (E), (F) and (G) which are exempt from
2 taxation by this State either by reason of its
3 statutes or Constitution or by reason of the
4 Constitution, treaties or statutes of the United
5 States; provided that, in the case of any statute of
6 this State that exempts income derived from bonds or
7 other obligations from the tax imposed under this Act,
8 the amount exempted shall be the interest net of bond
9 premium amortization;

(L) With the exception of any amounts subtracted under subparagraph (K), an amount equal to the sum of all amounts disallowed as deductions by (i) Sections 171(a)(2) and 265(a)(2) of the Internal Revenue Code, and all amounts of expenses allocable to interest and disallowed as deductions by Section 265(a)(1) of the Internal Revenue Code; and (ii) for taxable years ending on or after August 13, 1999, Sections 171(a)(2), 265, 280C, and 832(b)(5)(B)(i) of the Internal Revenue Code, plus, (iii) for taxable years ending on or after December 31, 2011, Section 45G(e)(3) of the Internal Revenue Code and, for taxable years ending on or after December 31, 2008, any amount included in gross income under Section 87 of the Internal Revenue Code; the provisions of this subparagraph are exempt from the provisions of Section 250;

HB5189 Enrolled

- 96 -

LRB102 24779 AMQ 34022 b

(M) An amount equal to those dividends included in such total which were paid by a corporation which conducts business operations in a River Edge Redevelopment Zone or zones created under the River Edge Redevelopment Zone Act and conducts substantially all of its operations in a River Edge Redevelopment Zone or zones. This subparagraph (M) is exempt from the provisions of Section 250;

(N) An amount equal to any contribution made to a job training project established pursuant to the Tax Increment Allocation Redevelopment Act;

(O) An amount equal to those dividends included in such total that were paid by a corporation that conducts business operations in a federally designated Foreign Trade Zone or Sub-Zone and that is designated a High Impact Business located in Illinois; provided that dividends eligible for the deduction provided in subparagraph (M) of paragraph (2) of this subsection shall not be eligible for the deduction provided under

this subparagraph (O);

(P) An amount equal to the amount of the deduction used to compute the federal income tax credit for restoration of substantial amounts held under claim of right for the taxable year pursuant to Section 1341 of the Internal Revenue Code;

(Q) For taxable year 1999 and thereafter, an

HB5189 Enrolled

- 97 -

LRB102 24779 AMQ 34022 b

amount equal to the amount of any (i) distributions, to the extent includible in gross income for federal income tax purposes, made to the taxpayer because of his or her status as a victim of persecution for racial or religious reasons by Nazi Germany or any other Axis regime or as an heir of the victim and (ii) items of income, to the extent includible in gross income for federal income tax purposes, attributable to, derived from or in any way related to assets stolen from, hidden from, or otherwise lost to a victim of persecution for racial or religious reasons by Nazi Germany or any other Axis regime immediately prior to, during, and immediately after World War II, including, but not limited to, interest on the proceeds receivable as insurance under policies issued to a victim of persecution for racial or religious reasons by Nazi Germany or any other Axis regime by European insurance companies immediately prior to and during World War II; provided, however, this subtraction from federal adjusted gross income does not apply to assets acquired with such assets or with the proceeds from the sale of such assets; provided, further, this paragraph shall only apply to a taxpayer who was the first recipient of such assets after their recovery and who is a victim of persecution for racial or religious reasons by Nazi Germany or any other Axis

HB5189 Enrolled

- 98 -

LRB102 24779 AMQ 34022 b

1 regime or as an heir of the victim. The amount of and
2 the eligibility for any public assistance, benefit, or
3 similar entitlement is not affected by the inclusion
4 of items (i) and (ii) of this paragraph in gross income
5 for federal income tax purposes. This paragraph is
6 exempt from the provisions of Section 250;

7 (R) For taxable years 2001 and thereafter, for the
8 taxable year in which the bonus depreciation deduction
9 is taken on the taxpayer's federal income tax return
10 under subsection (k) of Section 168 of the Internal
11 Revenue Code and for each applicable taxable year
12 thereafter, an amount equal to "x", where:

13 (1) "y" equals the amount of the depreciation
14 deduction taken for the taxable year on the
15 taxpayer's federal income tax return on property
16 for which the bonus depreciation deduction was
17 taken in any year under subsection (k) of Section
18 168 of the Internal Revenue Code, but not
19 including the bonus depreciation deduction;

20 (2) for taxable years ending on or before
21 December 31, 2005, "x" equals "y" multiplied by 30
22 and then divided by 70 (or "y" multiplied by
23 0.429); and

24 (3) for taxable years ending after December
25 31, 2005:

26 (i) for property on which a bonus

HB5189 Enrolled

- 99 -

LRB102 24779 AMQ 34022 b

1 depreciation deduction of 30% of the adjusted
2 basis was taken, "x" equals "y" multiplied by
3 30 and then divided by 70 (or "y" multiplied
4 by 0.429);

5 (ii) for property on which a bonus
6 depreciation deduction of 50% of the adjusted
7 basis was taken, "x" equals "y" multiplied by
8 1.0;

9 (iii) for property on which a bonus
10 depreciation deduction of 100% of the adjusted
11 basis was taken in a taxable year ending on or

after December 31, 2021, "x" equals the depreciation deduction that would be allowed on that property if the taxpayer had made the election under Section 168(k)(7) of the Internal Revenue Code to not claim bonus depreciation on that property; and

(iv) for property on which a bonus depreciation deduction of a percentage other than 30%, 50% or 100% of the adjusted basis was taken in a taxable year ending on or after December 31, 2021, "x" equals "y" multiplied by 100 times the percentage bonus depreciation on the property (that is, $100(\text{bonus}\%)$) and then divided by 100 times 1 minus the percentage bonus depreciation on the property

HB5189 Enrolled

- 100 -

LRB102 24779 AMQ 34022 b

(that is, $100(1-\text{bonus}\%)$).

The aggregate amount deducted under this subparagraph in all taxable years for any one piece of property may not exceed the amount of the bonus depreciation deduction taken on that property on the taxpayer's federal income tax return under subsection (k) of Section 168 of the Internal Revenue Code. This subparagraph (R) is exempt from the provisions of Section 250;

(S) If the taxpayer sells, transfers, abandons, or otherwise disposes of property for which the taxpayer was required in any taxable year to make an addition modification under subparagraph (G-10), then an amount equal to that addition modification.

If the taxpayer continues to own property through the last day of the last tax year for which a subtraction is allowed with respect to that property under subparagraph (R) and for which the taxpayer was required in any taxable year to make an addition modification under subparagraph (G-10), then an amount equal to that addition modification.

The taxpayer is allowed to take the deduction

23 under this subparagraph only once with respect to any
24 one piece of property.

25 This subparagraph (S) is exempt from the
26 provisions of Section 250;

HB5189 Enrolled

- 101 -

LRB102 24779 AMQ 34022 b

1 (T) The amount of (i) any interest income (net of
2 the deductions allocable thereto) taken into account
3 for the taxable year with respect to a transaction
4 with a taxpayer that is required to make an addition
5 modification with respect to such transaction under
6 Section 203(a)(2)(D-17), 203(b)(2)(E-12),
7 203(c)(2)(G-12), or 203(d)(2)(D-7), but not to exceed
8 the amount of such addition modification and (ii) any
9 income from intangible property (net of the deductions
10 allocable thereto) taken into account for the taxable
11 year with respect to a transaction with a taxpayer
12 that is required to make an addition modification with
13 respect to such transaction under Section
14 203(a)(2)(D-18), 203(b)(2)(E-13), 203(c)(2)(G-13), or
15 203(d)(2)(D-8), but not to exceed the amount of such
16 addition modification. This subparagraph (T) is exempt
17 from the provisions of Section 250;

18 (U) An amount equal to the interest income taken
19 into account for the taxable year (net of the
20 deductions allocable thereto) with respect to
21 transactions with (i) a foreign person who would be a
22 member of the taxpayer's unitary business group but
23 for the fact the foreign person's business activity
24 outside the United States is 80% or more of that
25 person's total business activity and (ii) for taxable
26 years ending on or after December 31, 2008, to a person

HB5189 Enrolled

- 102 -

LRB102 24779 AMQ 34022 b

1 who would be a member of the same unitary business
2 group but for the fact that the person is prohibited

3 under Section 1501(a)(27) from being included in the
4 unitary business group because he or she is ordinarily
5 required to apportion business income under different
6 subsections of Section 304, but not to exceed the
7 addition modification required to be made for the same
8 taxable year under Section 203(c)(2)(G-12) for
9 interest paid, accrued, or incurred, directly or
10 indirectly, to the same person. This subparagraph (U)
11 is exempt from the provisions of Section 250;

12 (V) An amount equal to the income from intangible
13 property taken into account for the taxable year (net
14 of the deductions allocable thereto) with respect to
15 transactions with (i) a foreign person who would be a
16 member of the taxpayer's unitary business group but
17 for the fact that the foreign person's business
18 activity outside the United States is 80% or more of
19 that person's total business activity and (ii) for
20 taxable years ending on or after December 31, 2008, to
21 a person who would be a member of the same unitary
22 business group but for the fact that the person is
23 prohibited under Section 1501(a)(27) from being
24 included in the unitary business group because he or
25 she is ordinarily required to apportion business
26 income under different subsections of Section 304, but

HB5189 Enrolled

- 103 -

LRB102 24779 AMQ 34022 b

1 not to exceed the addition modification required to be
2 made for the same taxable year under Section
3 203(c)(2)(G-13) for intangible expenses and costs
4 paid, accrued, or incurred, directly or indirectly, to
5 the same foreign person. This subparagraph (V) is
6 exempt from the provisions of Section 250;

7 (W) in the case of an estate, an amount equal to
8 all amounts included in such total pursuant to the
9 provisions of Section 111 of the Internal Revenue Code
10 as a recovery of items previously deducted by the
11 decedent from adjusted gross income in the computation
12 of taxable income. This subparagraph (W) is exempt
13 from Section 250;

(X) an amount equal to the refund included in such total of any tax deducted for federal income tax purposes, to the extent that deduction was added back under subparagraph (F). This subparagraph (X) is exempt from the provisions of Section 250;

(Y) For taxable years ending on or after December 31, 2011, in the case of a taxpayer who was required to add back any insurance premiums under Section 203(c)(2)(G-14), such taxpayer may elect to subtract that part of a reimbursement received from the insurance company equal to the amount of the expense or loss (including expenses incurred by the insurance company) that would have been taken into account as a

HB5189 Enrolled

- 104 -

LRB102 24779 AMQ 34022 b

deduction for federal income tax purposes if the expense or loss had been uninsured. If a taxpayer makes the election provided for by this subparagraph (Y), the insurer to which the premiums were paid must add back to income the amount subtracted by the taxpayer pursuant to this subparagraph (Y). This subparagraph (Y) is exempt from the provisions of Section 250; and

(Z) For taxable years beginning after December 31, 2018 and before January 1, 2026, the amount of excess business loss of the taxpayer disallowed as a deduction by Section 461(l)(1)(B) of the Internal Revenue Code.

(3) Limitation. The amount of any modification otherwise required under this subsection shall, under regulations prescribed by the Department, be adjusted by any amounts included therein which were properly paid, credited, or required to be distributed, or permanently set aside for charitable purposes pursuant to Internal Revenue Code Section 642(c) during the taxable year.

(d) Partnerships.

(1) In general. In the case of a partnership, base income means an amount equal to the taxpayer's taxable

24 income for the taxable year as modified by paragraph (2).
25 (2) Modifications. The taxable income referred to in

HB5189 Enrolled

- 105 -

LRB102 24779 AMQ 34022 b

1 paragraph (1) shall be modified by adding thereto the sum
2 of the following amounts:

3 (A) An amount equal to all amounts paid or accrued
4 to the taxpayer as interest or dividends during the
5 taxable year to the extent excluded from gross income
6 in the computation of taxable income;

7 (B) An amount equal to the amount of tax imposed by
8 this Act to the extent deducted from gross income for
9 the taxable year;

10 (C) The amount of deductions allowed to the
11 partnership pursuant to Section 707 (c) of the
12 Internal Revenue Code in calculating its taxable
13 income;

14 (D) An amount equal to the amount of the capital
15 gain deduction allowable under the Internal Revenue
16 Code, to the extent deducted from gross income in the
17 computation of taxable income;

18 (D-5) For taxable years 2001 and thereafter, an
19 amount equal to the bonus depreciation deduction taken
20 on the taxpayer's federal income tax return for the
21 taxable year under subsection (k) of Section 168 of
22 the Internal Revenue Code;

23 (D-6) If the taxpayer sells, transfers, abandons,
24 or otherwise disposes of property for which the
25 taxpayer was required in any taxable year to make an
26 addition modification under subparagraph (D-5), then

HB5189 Enrolled

- 106 -

LRB102 24779 AMQ 34022 b

1 an amount equal to the aggregate amount of the
2 deductions taken in all taxable years under
3 subparagraph (O) with respect to that property.

4 If the taxpayer continues to own property through
5 the last day of the last tax year for which a

6 subtraction is allowed with respect to that property
7 under subparagraph (O) and for which the taxpayer was
8 allowed in any taxable year to make a subtraction
9 modification under subparagraph (O), then an amount
10 equal to that subtraction modification.

11 The taxpayer is required to make the addition
12 modification under this subparagraph only once with
13 respect to any one piece of property;

14 (D-7) An amount equal to the amount otherwise
15 allowed as a deduction in computing base income for
16 interest paid, accrued, or incurred, directly or
17 indirectly, (i) for taxable years ending on or after
18 December 31, 2004, to a foreign person who would be a
19 member of the same unitary business group but for the
20 fact the foreign person's business activity outside
21 the United States is 80% or more of the foreign
22 person's total business activity and (ii) for taxable
23 years ending on or after December 31, 2008, to a person
24 who would be a member of the same unitary business
25 group but for the fact that the person is prohibited
26 under Section 1501(a)(27) from being included in the

HB5189 Enrolled

- 107 -

LRB102 24779 AMQ 34022 b

1 unitary business group because he or she is ordinarily
2 required to apportion business income under different
3 subsections of Section 304. The addition modification
4 required by this subparagraph shall be reduced to the
5 extent that dividends were included in base income of
6 the unitary group for the same taxable year and
7 received by the taxpayer or by a member of the
8 taxpayer's unitary business group (including amounts
9 included in gross income pursuant to Sections 951
10 through 964 of the Internal Revenue Code and amounts
11 included in gross income under Section 78 of the
12 Internal Revenue Code) with respect to the stock of
13 the same person to whom the interest was paid,
14 accrued, or incurred.

15 This paragraph shall not apply to the following:

16 (i) an item of interest paid, accrued, or

17 incurred, directly or indirectly, to a person who
18 is subject in a foreign country or state, other
19 than a state which requires mandatory unitary
20 reporting, to a tax on or measured by net income
21 with respect to such interest; or

22 (ii) an item of interest paid, accrued, or
23 incurred, directly or indirectly, to a person if
24 the taxpayer can establish, based on a
25 preponderance of the evidence, both of the
26 following:

HB5189 Enrolled

- 108 -

LRB102 24779 AMQ 34022 b

1 (a) the person, during the same taxable
2 year, paid, accrued, or incurred, the interest
3 to a person that is not a related member, and

4 (b) the transaction giving rise to the
5 interest expense between the taxpayer and the
6 person did not have as a principal purpose the
7 avoidance of Illinois income tax, and is paid
8 pursuant to a contract or agreement that
9 reflects an arm's-length interest rate and
10 terms; or

11 (iii) the taxpayer can establish, based on
12 clear and convincing evidence, that the interest
13 paid, accrued, or incurred relates to a contract
14 or agreement entered into at arm's-length rates
15 and terms and the principal purpose for the
16 payment is not federal or Illinois tax avoidance;
17 or

18 (iv) an item of interest paid, accrued, or
19 incurred, directly or indirectly, to a person if
20 the taxpayer establishes by clear and convincing
21 evidence that the adjustments are unreasonable; or
22 if the taxpayer and the Director agree in writing
23 to the application or use of an alternative method
24 of apportionment under Section 304(f).

25 Nothing in this subsection shall preclude the
26 Director from making any other adjustment

HB5189 Enrolled

- 109 -

LRB102 24779 AMQ 34022 b

1 otherwise allowed under Section 404 of this Act
2 for any tax year beginning after the effective
3 date of this amendment provided such adjustment is
4 made pursuant to regulation adopted by the
5 Department and such regulations provide methods
6 and standards by which the Department will utilize
7 its authority under Section 404 of this Act; and

8 (D-8) An amount equal to the amount of intangible
9 expenses and costs otherwise allowed as a deduction in
10 computing base income, and that were paid, accrued, or
11 incurred, directly or indirectly, (i) for taxable
12 years ending on or after December 31, 2004, to a
13 foreign person who would be a member of the same
14 unitary business group but for the fact that the
15 foreign person's business activity outside the United
16 States is 80% or more of that person's total business
17 activity and (ii) for taxable years ending on or after
18 December 31, 2008, to a person who would be a member of
19 the same unitary business group but for the fact that
20 the person is prohibited under Section 1501(a)(27)
21 from being included in the unitary business group
22 because he or she is ordinarily required to apportion
23 business income under different subsections of Section
24 304. The addition modification required by this
25 subparagraph shall be reduced to the extent that
26 dividends were included in base income of the unitary

HB5189 Enrolled

- 110 -

LRB102 24779 AMQ 34022 b

1 group for the same taxable year and received by the
2 taxpayer or by a member of the taxpayer's unitary
3 business group (including amounts included in gross
4 income pursuant to Sections 951 through 964 of the
5 Internal Revenue Code and amounts included in gross
6 income under Section 78 of the Internal Revenue Code)
7 with respect to the stock of the same person to whom
8 the intangible expenses and costs were directly or

9 indirectly paid, incurred or accrued. The preceding
10 sentence shall not apply to the extent that the same
11 dividends caused a reduction to the addition
12 modification required under Section 203(d)(2)(D-7) of
13 this Act. As used in this subparagraph, the term
14 "intangible expenses and costs" includes (1) expenses,
15 losses, and costs for, or related to, the direct or
16 indirect acquisition, use, maintenance or management,
17 ownership, sale, exchange, or any other disposition of
18 intangible property; (2) losses incurred, directly or
19 indirectly, from factoring transactions or discounting
20 transactions; (3) royalty, patent, technical, and
21 copyright fees; (4) licensing fees; and (5) other
22 similar expenses and costs. For purposes of this
23 subparagraph, "intangible property" includes patents,
24 patent applications, trade names, trademarks, service
25 marks, copyrights, mask works, trade secrets, and
26 similar types of intangible assets;

HB5189 Enrolled

- 111 -

LRB102 24779 AMQ 34022 b

1 This paragraph shall not apply to the following:

2 (i) any item of intangible expenses or costs
3 paid, accrued, or incurred, directly or
4 indirectly, from a transaction with a person who
5 is subject in a foreign country or state, other
6 than a state which requires mandatory unitary
7 reporting, to a tax on or measured by net income
8 with respect to such item; or

9 (ii) any item of intangible expense or cost
10 paid, accrued, or incurred, directly or
11 indirectly, if the taxpayer can establish, based
12 on a preponderance of the evidence, both of the
13 following:

14 (a) the person during the same taxable
15 year paid, accrued, or incurred, the
16 intangible expense or cost to a person that is
17 not a related member, and

18 (b) the transaction giving rise to the
19 intangible expense or cost between the

20 taxpayer and the person did not have as a
21 principal purpose the avoidance of Illinois
22 income tax, and is paid pursuant to a contract
23 or agreement that reflects arm's-length terms;
24 or
25 (iii) any item of intangible expense or cost
26 paid, accrued, or incurred, directly or

HB5189 Enrolled

- 112 -

LRB102 24779 AMQ 34022 b

1 indirectly, from a transaction with a person if
2 the taxpayer establishes by clear and convincing
3 evidence, that the adjustments are unreasonable;
4 or if the taxpayer and the Director agree in
5 writing to the application or use of an
6 alternative method of apportionment under Section
7 304(f);

8 Nothing in this subsection shall preclude the
9 Director from making any other adjustment
10 otherwise allowed under Section 404 of this Act
11 for any tax year beginning after the effective
12 date of this amendment provided such adjustment is
13 made pursuant to regulation adopted by the
14 Department and such regulations provide methods
15 and standards by which the Department will utilize
16 its authority under Section 404 of this Act;

17 (D-9) For taxable years ending on or after
18 December 31, 2008, an amount equal to the amount of
19 insurance premium expenses and costs otherwise allowed
20 as a deduction in computing base income, and that were
21 paid, accrued, or incurred, directly or indirectly, to
22 a person who would be a member of the same unitary
23 business group but for the fact that the person is
24 prohibited under Section 1501(a)(27) from being
25 included in the unitary business group because he or
26 she is ordinarily required to apportion business

HB5189 Enrolled

- 113 -

LRB102 24779 AMQ 34022 b

1 income under different subsections of Section 304. The
2 addition modification required by this subparagraph
3 shall be reduced to the extent that dividends were
4 included in base income of the unitary group for the
5 same taxable year and received by the taxpayer or by a
6 member of the taxpayer's unitary business group
7 (including amounts included in gross income under
8 Sections 951 through 964 of the Internal Revenue Code
9 and amounts included in gross income under Section 78
10 of the Internal Revenue Code) with respect to the
11 stock of the same person to whom the premiums and costs
12 were directly or indirectly paid, incurred, or
13 accrued. The preceding sentence does not apply to the
14 extent that the same dividends caused a reduction to
15 the addition modification required under Section
16 203(d)(2)(D-7) or Section 203(d)(2)(D-8) of this Act;

17 (D-10) An amount equal to the credit allowable to
18 the taxpayer under Section 218(a) of this Act,
19 determined without regard to Section 218(c) of this
20 Act;

21 (D-11) For taxable years ending on or after
22 December 31, 2017, an amount equal to the deduction
23 allowed under Section 199 of the Internal Revenue Code
24 for the taxable year;

25 and by deducting from the total so obtained the following
26 amounts:

HB5189 Enrolled

- 114 -

LRB102 24779 AMQ 34022 b

1 (E) The valuation limitation amount;

2 (F) An amount equal to the amount of any tax
3 imposed by this Act which was refunded to the taxpayer
4 and included in such total for the taxable year;

5 (G) An amount equal to all amounts included in
6 taxable income as modified by subparagraphs (A), (B),
7 (C) and (D) which are exempt from taxation by this
8 State either by reason of its statutes or Constitution
9 or by reason of the Constitution, treaties or statutes
10 of the United States; provided that, in the case of any

11 statute of this State that exempts income derived from
12 bonds or other obligations from the tax imposed under
13 this Act, the amount exempted shall be the interest
14 net of bond premium amortization;

15 (H) Any income of the partnership which
16 constitutes personal service income as defined in
17 Section 1348(b)(1) of the Internal Revenue Code (as in
18 effect December 31, 1981) or a reasonable allowance
19 for compensation paid or accrued for services rendered
20 by partners to the partnership, whichever is greater;
21 this subparagraph (H) is exempt from the provisions of
22 Section 250;

23 (I) An amount equal to all amounts of income
24 distributable to an entity subject to the Personal
25 Property Tax Replacement Income Tax imposed by
26 subsections (c) and (d) of Section 201 of this Act

1 including amounts distributable to organizations
2 exempt from federal income tax by reason of Section
3 501(a) of the Internal Revenue Code; this subparagraph
4 (I) is exempt from the provisions of Section 250;

5 (J) With the exception of any amounts subtracted
6 under subparagraph (G), an amount equal to the sum of
7 all amounts disallowed as deductions by (i) Sections
8 171(a)(2) and 265(a)(2) of the Internal Revenue Code,
9 and all amounts of expenses allocable to interest and
10 disallowed as deductions by Section 265(a)(1) of the
11 Internal Revenue Code; and (ii) for taxable years
12 ending on or after August 13, 1999, Sections
13 171(a)(2), 265, 280C, and 832(b)(5)(B)(i) of the
14 Internal Revenue Code, plus, (iii) for taxable years
15 ending on or after December 31, 2011, Section
16 45G(e)(3) of the Internal Revenue Code and, for
17 taxable years ending on or after December 31, 2008,
18 any amount included in gross income under Section 87
19 of the Internal Revenue Code; the provisions of this
20 subparagraph are exempt from the provisions of Section
21 250;

22 (K) An amount equal to those dividends included in
23 such total which were paid by a corporation which
24 conducts business operations in a River Edge
25 Redevelopment Zone or zones created under the River
26 Edge Redevelopment Zone Act and conducts substantially

HB5189 Enrolled

- 116 -

LRB102 24779 AMQ 34022 b

1 all of its operations from a River Edge Redevelopment
2 Zone or zones. This subparagraph (K) is exempt from
3 the provisions of Section 250;

4 (L) An amount equal to any contribution made to a
5 job training project established pursuant to the Real
6 Property Tax Increment Allocation Redevelopment Act;

7 (M) An amount equal to those dividends included in
8 such total that were paid by a corporation that
9 conducts business operations in a federally designated
10 Foreign Trade Zone or Sub-Zone and that is designated
11 a High Impact Business located in Illinois; provided
12 that dividends eligible for the deduction provided in
13 subparagraph (K) of paragraph (2) of this subsection
14 shall not be eligible for the deduction provided under
15 this subparagraph (M);

16 (N) An amount equal to the amount of the deduction
17 used to compute the federal income tax credit for
18 restoration of substantial amounts held under claim of
19 right for the taxable year pursuant to Section 1341 of
20 the Internal Revenue Code;

21 (O) For taxable years 2001 and thereafter, for the
22 taxable year in which the bonus depreciation deduction
23 is taken on the taxpayer's federal income tax return
24 under subsection (k) of Section 168 of the Internal
25 Revenue Code and for each applicable taxable year
26 thereafter, an amount equal to "x", where:

HB5189 Enrolled

- 117 -

LRB102 24779 AMQ 34022 b

1 (1) "y" equals the amount of the depreciation
2 deduction taken for the taxable year on the

taxpayer's federal income tax return on property for which the bonus depreciation deduction was taken in any year under subsection (k) of Section 168 of the Internal Revenue Code, but not including the bonus depreciation deduction;

(2) for taxable years ending on or before December 31, 2005, "x" equals "y" multiplied by 30 and then divided by 70 (or "y" multiplied by 0.429); and

(3) for taxable years ending after December 31, 2005:

(i) for property on which a bonus depreciation deduction of 30% of the adjusted basis was taken, "x" equals "y" multiplied by 30 and then divided by 70 (or "y" multiplied by 0.429);

(ii) for property on which a bonus depreciation deduction of 50% of the adjusted basis was taken, "x" equals "y" multiplied by 1.0;

(iii) for property on which a bonus depreciation deduction of 100% of the adjusted basis was taken in a taxable year ending on or after December 31, 2021, "x" equals the

HB5189 Enrolled

- 118 -

LRB102 24779 AMQ 34022 b

depreciation deduction that would be allowed on that property if the taxpayer had made the election under Section 168(k)(7) of the Internal Revenue Code to not claim bonus depreciation on that property; and

(iv) for property on which a bonus depreciation deduction of a percentage other than 30%, 50% or 100% of the adjusted basis was taken in a taxable year ending on or after December 31, 2021, "x" equals "y" multiplied by 100 times the percentage bonus depreciation on the property (that is, 100(bonus%)) and then divided by 100 times 1 minus the

14 percentage bonus depreciation on the property
15 (that is, $100(1-\text{bonus}\%)$).

16 The aggregate amount deducted under this
17 subparagraph in all taxable years for any one piece of
18 property may not exceed the amount of the bonus
19 depreciation deduction taken on that property on the
20 taxpayer's federal income tax return under subsection
21 (k) of Section 168 of the Internal Revenue Code. This
22 subparagraph (O) is exempt from the provisions of
23 Section 250;

24 (P) If the taxpayer sells, transfers, abandons, or
25 otherwise disposes of property for which the taxpayer
26 was required in any taxable year to make an addition

HB5189 Enrolled

- 119 -

LRB102 24779 AMQ 34022 b

1 modification under subparagraph (D-5), then an amount
2 equal to that addition modification.

3 If the taxpayer continues to own property through
4 the last day of the last tax year for which a
5 subtraction is allowed with respect to that property
6 under subparagraph (O) and for which the taxpayer was
7 required in any taxable year to make an addition
8 modification under subparagraph (D-5), then an amount
9 equal to that addition modification.

10 The taxpayer is allowed to take the deduction
11 under this subparagraph only once with respect to any
12 one piece of property.

13 This subparagraph (P) is exempt from the
14 provisions of Section 250;

15 (Q) The amount of (i) any interest income (net of
16 the deductions allocable thereto) taken into account
17 for the taxable year with respect to a transaction
18 with a taxpayer that is required to make an addition
19 modification with respect to such transaction under
20 Section 203(a)(2)(D-17), 203(b)(2)(E-12),
21 203(c)(2)(G-12), or 203(d)(2)(D-7), but not to exceed
22 the amount of such addition modification and (ii) any
23 income from intangible property (net of the deductions
24 allocable thereto) taken into account for the taxable

25 year with respect to a transaction with a taxpayer
26 that is required to make an addition modification with

HB5189 Enrolled

- 120 -

LRB102 24779 AMQ 34022 b

1 respect to such transaction under Section
2 203(a)(2)(D-18), 203(b)(2)(E-13), 203(c)(2)(G-13), or
3 203(d)(2)(D-8), but not to exceed the amount of such
4 addition modification. This subparagraph (Q) is exempt
5 from Section 250;

6 (R) An amount equal to the interest income taken
7 into account for the taxable year (net of the
8 deductions allocable thereto) with respect to
9 transactions with (i) a foreign person who would be a
10 member of the taxpayer's unitary business group but
11 for the fact that the foreign person's business
12 activity outside the United States is 80% or more of
13 that person's total business activity and (ii) for
14 taxable years ending on or after December 31, 2008, to
15 a person who would be a member of the same unitary
16 business group but for the fact that the person is
17 prohibited under Section 1501(a)(27) from being
18 included in the unitary business group because he or
19 she is ordinarily required to apportion business
20 income under different subsections of Section 304, but
21 not to exceed the addition modification required to be
22 made for the same taxable year under Section
23 203(d)(2)(D-7) for interest paid, accrued, or
24 incurred, directly or indirectly, to the same person.
25 This subparagraph (R) is exempt from Section 250;

26 (S) An amount equal to the income from intangible

HB5189 Enrolled

- 121 -

LRB102 24779 AMQ 34022 b

1 property taken into account for the taxable year (net
2 of the deductions allocable thereto) with respect to
3 transactions with (i) a foreign person who would be a
4 member of the taxpayer's unitary business group but

5 for the fact that the foreign person's business
6 activity outside the United States is 80% or more of
7 that person's total business activity and (ii) for
8 taxable years ending on or after December 31, 2008, to
9 a person who would be a member of the same unitary
10 business group but for the fact that the person is
11 prohibited under Section 1501(a)(27) from being
12 included in the unitary business group because he or
13 she is ordinarily required to apportion business
14 income under different subsections of Section 304, but
15 not to exceed the addition modification required to be
16 made for the same taxable year under Section
17 203(d)(2)(D-8) for intangible expenses and costs paid,
18 accrued, or incurred, directly or indirectly, to the
19 same person. This subparagraph (S) is exempt from
20 Section 250; and

21 (T) For taxable years ending on or after December
22 31, 2011, in the case of a taxpayer who was required to
23 add back any insurance premiums under Section
24 203(d)(2)(D-9), such taxpayer may elect to subtract
25 that part of a reimbursement received from the
26 insurance company equal to the amount of the expense

HB5189 Enrolled

- 122 -

LRB102 24779 AMQ 34022 b

1 or loss (including expenses incurred by the insurance
2 company) that would have been taken into account as a
3 deduction for federal income tax purposes if the
4 expense or loss had been uninsured. If a taxpayer
5 makes the election provided for by this subparagraph
6 (T), the insurer to which the premiums were paid must
7 add back to income the amount subtracted by the
8 taxpayer pursuant to this subparagraph (T). This
9 subparagraph (T) is exempt from the provisions of
10 Section 250.

11 (e) Gross income; adjusted gross income; taxable income.

12 (1) In general. Subject to the provisions of paragraph

13 (2) and subsection (b)(3), for purposes of this Section

14 and Section 803(e), a taxpayer's gross income, adjusted

gross income, or taxable income for the taxable year shall mean the amount of gross income, adjusted gross income or taxable income properly reportable for federal income tax purposes for the taxable year under the provisions of the Internal Revenue Code. Taxable income may be less than zero. However, for taxable years ending on or after December 31, 1986, net operating loss carryforwards from taxable years ending prior to December 31, 1986, may not exceed the sum of federal taxable income for the taxable year before net operating loss deduction, plus the excess of addition modifications over subtraction modifications

HB5189 Enrolled

- 123 -

LRB102 24779 AMQ 34022 b

for the taxable year. For taxable years ending prior to December 31, 1986, taxable income may never be an amount in excess of the net operating loss for the taxable year as defined in subsections (c) and (d) of Section 172 of the Internal Revenue Code, provided that when taxable income of a corporation (other than a Subchapter S corporation), trust, or estate is less than zero and addition modifications, other than those provided by subparagraph (E) of paragraph (2) of subsection (b) for corporations or subparagraph (E) of paragraph (2) of subsection (c) for trusts and estates, exceed subtraction modifications, an addition modification must be made under those subparagraphs for any other taxable year to which the taxable income less than zero (net operating loss) is applied under Section 172 of the Internal Revenue Code or under subparagraph (E) of paragraph (2) of this subsection (e) applied in conjunction with Section 172 of the Internal Revenue Code.

(2) Special rule. For purposes of paragraph (1) of this subsection, the taxable income properly reportable for federal income tax purposes shall mean:

(A) Certain life insurance companies. In the case of a life insurance company subject to the tax imposed by Section 801 of the Internal Revenue Code, life insurance company taxable income, plus the amount of distribution from pre-1984 policyholder surplus

HB5189 Enrolled

- 124 -

LRB102 24779 AMQ 34022 b

1 accounts as calculated under Section 815a of the
2 Internal Revenue Code;

3 (B) Certain other insurance companies. In the case
4 of mutual insurance companies subject to the tax
5 imposed by Section 831 of the Internal Revenue Code,
6 insurance company taxable income;

7 (C) Regulated investment companies. In the case of
8 a regulated investment company subject to the tax
9 imposed by Section 852 of the Internal Revenue Code,
10 investment company taxable income;

11 (D) Real estate investment trusts. In the case of
12 a real estate investment trust subject to the tax
13 imposed by Section 857 of the Internal Revenue Code,
14 real estate investment trust taxable income;

15 (E) Consolidated corporations. In the case of a
16 corporation which is a member of an affiliated group
17 of corporations filing a consolidated income tax
18 return for the taxable year for federal income tax
19 purposes, taxable income determined as if such
20 corporation had filed a separate return for federal
21 income tax purposes for the taxable year and each
22 preceding taxable year for which it was a member of an
23 affiliated group. For purposes of this subparagraph,
24 the taxpayer's separate taxable income shall be
25 determined as if the election provided by Section
26 243(b)(2) of the Internal Revenue Code had been in

HB5189 Enrolled

- 125 -

LRB102 24779 AMQ 34022 b

1 effect for all such years;

2 (F) Cooperatives. In the case of a cooperative
3 corporation or association, the taxable income of such
4 organization determined in accordance with the
5 provisions of Section 1381 through 1388 of the
6 Internal Revenue Code, but without regard to the
7 prohibition against offsetting losses from patronage

8 activities against income from nonpatronage
9 activities; except that a cooperative corporation or
10 association may make an election to follow its federal
11 income tax treatment of patronage losses and
12 nonpatronage losses. In the event such election is
13 made, such losses shall be computed and carried over
14 in a manner consistent with subsection (a) of Section
15 207 of this Act and apportioned by the apportionment
16 factor reported by the cooperative on its Illinois
17 income tax return filed for the taxable year in which
18 the losses are incurred. The election shall be
19 effective for all taxable years with original returns
20 due on or after the date of the election. In addition,
21 the cooperative may file an amended return or returns,
22 as allowed under this Act, to provide that the
23 election shall be effective for losses incurred or
24 carried forward for taxable years occurring prior to
25 the date of the election. Once made, the election may
26 only be revoked upon approval of the Director. The

HB5189 Enrolled

- 126 -

LRB102 24779 AMQ 34022 b

1 Department shall adopt rules setting forth
2 requirements for documenting the elections and any
3 resulting Illinois net loss and the standards to be
4 used by the Director in evaluating requests to revoke
5 elections. Public Act 96-932 is declaratory of
6 existing law;

7 (G) Subchapter S corporations. In the case of: (i)
8 a Subchapter S corporation for which there is in
9 effect an election for the taxable year under Section
10 1362 of the Internal Revenue Code, the taxable income
11 of such corporation determined in accordance with
12 Section 1363(b) of the Internal Revenue Code, except
13 that taxable income shall take into account those
14 items which are required by Section 1363(b)(1) of the
15 Internal Revenue Code to be separately stated; and
16 (ii) a Subchapter S corporation for which there is in
17 effect a federal election to opt out of the provisions

18 of the Subchapter S Revision Act of 1982 and have
19 applied instead the prior federal Subchapter S rules
20 as in effect on July 1, 1982, the taxable income of
21 such corporation determined in accordance with the
22 federal Subchapter S rules as in effect on July 1,
23 1982; and

24 (H) Partnerships. In the case of a partnership,
25 taxable income determined in accordance with Section
26 703 of the Internal Revenue Code, except that taxable

HB5189 Enrolled

- 127 -

LRB102 24779 AMQ 34022 b

1 income shall take into account those items which are
2 required by Section 703(a)(1) to be separately stated
3 but which would be taken into account by an individual
4 in calculating his taxable income.

5 (3) Recapture of business expenses on disposition of
6 asset or business. Notwithstanding any other law to the
7 contrary, if in prior years income from an asset or
8 business has been classified as business income and in a
9 later year is demonstrated to be non-business income, then
10 all expenses, without limitation, deducted in such later
11 year and in the 2 immediately preceding taxable years
12 related to that asset or business that generated the
13 non-business income shall be added back and recaptured as
14 business income in the year of the disposition of the
15 asset or business. Such amount shall be apportioned to
16 Illinois using the greater of the apportionment fraction
17 computed for the business under Section 304 of this Act
18 for the taxable year or the average of the apportionment
19 fractions computed for the business under Section 304 of
20 this Act for the taxable year and for the 2 immediately
21 preceding taxable years.

22 (f) Valuation limitation amount.

23 (1) In general. The valuation limitation amount
24 referred to in subsections (a)(2)(G), (c)(2)(I) and
25 (d)(2)(E) is an amount equal to:

1 (A) The sum of the pre-August 1, 1969 appreciation
2 amounts (to the extent consisting of gain reportable
3 under the provisions of Section 1245 or 1250 of the
4 Internal Revenue Code) for all property in respect of
5 which such gain was reported for the taxable year;
6 plus

7 (B) The lesser of (i) the sum of the pre-August 1,
8 1969 appreciation amounts (to the extent consisting of
9 capital gain) for all property in respect of which
10 such gain was reported for federal income tax purposes
11 for the taxable year, or (ii) the net capital gain for
12 the taxable year, reduced in either case by any amount
13 of such gain included in the amount determined under
14 subsection (a)(2)(F) or (c)(2)(H).

15 (2) Pre-August 1, 1969 appreciation amount.

16 (A) If the fair market value of property referred
17 to in paragraph (1) was readily ascertainable on
18 August 1, 1969, the pre-August 1, 1969 appreciation
19 amount for such property is the lesser of (i) the
20 excess of such fair market value over the taxpayer's
21 basis (for determining gain) for such property on that
22 date (determined under the Internal Revenue Code as in
23 effect on that date), or (ii) the total gain realized
24 and reportable for federal income tax purposes in
25 respect of the sale, exchange or other disposition of
26 such property.

1 (B) If the fair market value of property referred
2 to in paragraph (1) was not readily ascertainable on
3 August 1, 1969, the pre-August 1, 1969 appreciation
4 amount for such property is that amount which bears
5 the same ratio to the total gain reported in respect of
6 the property for federal income tax purposes for the
7 taxable year, as the number of full calendar months in
8 that part of the taxpayer's holding period for the
9 property ending July 31, 1969 bears to the number of

10 full calendar months in the taxpayer's entire holding
11 period for the property.

12 (C) The Department shall prescribe such
13 regulations as may be necessary to carry out the
14 purposes of this paragraph.

15 (g) Double deductions. Unless specifically provided
16 otherwise, nothing in this Section shall permit the same item
17 to be deducted more than once.

18 (h) Legislative intention. Except as expressly provided by
19 this Section there shall be no modifications or limitations on
20 the amounts of income, gain, loss or deduction taken into
21 account in determining gross income, adjusted gross income or
22 taxable income for federal income tax purposes for the taxable
23 year, or in the amount of such items entering into the
24 computation of base income and net income under this Act for

HB5189 Enrolled

- 130 -

LRB102 24779 AMQ 34022 b

1 such taxable year, whether in respect of property values as of
2 August 1, 1969 or otherwise.

3 (Source: P.A. 101-9, eff. 6-5-19; 101-81, eff. 7-12-19;
4 102-16, eff. 6-17-21; 102-558, eff. 8-20-21; 102-658, eff.
5 8-27-21; 102-813, eff. 5-13-22.)

6 Section 10. The Live Theater Production Tax Credit Act is
7 amended by changing Sections 10-5, 10-10, 10-20, and 10-30 as
8 follows:

9 (35 ILCS 17/10-5)

10 Sec. 10-5. Purpose. The Illinois economy depends heavily
11 on the commercial for-profit live theater industry and the
12 accredited theater productions ~~pre-Broadway and long-run shows~~
13 that are presented in Illinois. As a result of intense
14 competition from other prominent theater cities in the United
15 States and abroad in attracting theater productions
16 ~~pre-Broadway and long-run shows~~, Illinois must move
17 aggressively with new business development investment tools so
18 that Illinois is more competitive in site location decision
19 making for show producers. In an increasingly global economy,
20 Illinois' long-term development will benefit from the

21 rational, strategic use of State resources in support of
22 ~~accredited theater productions pre-Broadway live theater and~~
23 ~~long-run show development and growth~~. It is the purpose of
24 this Act to preserve and expand the existing work force used in

HB5189 Enrolled

- 131 -

LRB102 24779 AMQ 34022 b

1 live theater and enhance the marketing of the presentation of
2 live theater in Illinois. It shall be the policy of this State
3 to promote and encourage the training and hiring of Illinois
4 residents who represent the diversity of the Illinois
5 population through the creation and implementation of
6 training, education, and recruitment programs organized in
7 cooperation with Illinois colleges and universities, labor
8 organizations, and the commercial for-profit live theater
9 industry.

10 (Source: P.A. 97-636, eff. 6-1-12.)

11 (35 ILCS 17/10-10)

12 Sec. 10-10. Definitions. As used in this Act:

13 "Accredited theater production" means a for-profit live
14 stage presentation in a qualified production facility, as
15 defined in this Section, that is either (i) a pre-Broadway
16 production or (ii) a long-run production for which the
17 aggregate Illinois labor and marketing expenditures exceed
18 \$100,000. For credits awarded under this Act in State Fiscal
19 Year 2023, "accredited theater production" also includes any
20 commercial Broadway touring show.

21 "Commercial Broadway touring show" means a production that
22 (i) is performed in a qualified production facility and plays
23 in more than 2 other markets in North America outside of
24 Illinois within 12 months of its Illinois presentation and
25 (ii) has Illinois production spending of not less than

HB5189 Enrolled

- 132 -

LRB102 24779 AMQ 34022 b

1 \$100,000, as shown on the applicant's application for the
2 credit.

3 "Pre-Broadway production" means a live stage production
4 that, in its original or adaptive version, is performed in a

5 qualified production facility having a presentation scheduled
6 for Broadway's Theater District in New York City within 12
7 months after its Illinois presentation.

8 "Long-run production" means a live stage production that
9 is performed in a qualified production facility for longer
10 than 8 weeks, with at least 6 performances per week, and
11 includes a production that spans the end of one tax year and
12 the commencement of a new tax year that, in combination, meets
13 the criteria set forth in this definition making it a long-run
14 production eligible for a theater tax credit award in each tax
15 year or portion thereof.

16 "Accredited theater production certificate" means a
17 certificate issued by the Department certifying that the
18 production is an accredited theater production that meets the
19 guidelines of this Act.

20 "Applicant" means a taxpayer that is a theater producer,
21 owner, licensee, operator, or presenter that is presenting or
22 has presented a live stage presentation located within the
23 State of Illinois who:

- 24 (1) owns or licenses the theatrical rights of the
25 stage presentation for the Illinois production period; or
26 (2) has contracted or will contract directly with the

HB5189 Enrolled

- 133 -

LRB102 24779 AMQ 34022 b

1 owner or licensee of the theatrical rights or a person
2 acting on behalf of the owner or licensee to provide live
3 performances of the production.

4 An applicant that directly or indirectly owns, controls,
5 or operates multiple qualified production facilities shall be
6 presumed to be and considered for the purposes of this Act to
7 be a single applicant; provided, however, that as to each of
8 the applicant's qualified production facilities, the applicant
9 shall be eligible to separately and contemporaneously (i)
10 apply for and obtain accredited theater production
11 certificates, (ii) stage accredited theater productions, and
12 (iii) apply for and receive a tax credit award certificate for
13 each of the applicant's accredited theater productions
14 performed at each of the applicant's qualified production
15 facilities.

16 "Department" means the Department of Commerce and Economic

17 Opportunity.

18 "Director" means the Director of the Department.

19 "Illinois labor expenditure" means gross salary or wages
20 including, but not limited to, taxes, benefits, and any other
21 consideration incurred or paid to non-talent employees of the
22 applicant for services rendered to and on behalf of the
23 accredited theater production. To qualify as an Illinois labor
24 expenditure, the expenditure must be:

25 (1) incurred or paid by the applicant on or after the
26 effective date of the Act for services related to any

HB5189 Enrolled

- 134 -

LRB102 24779 AMQ 34022 b

1 portion of an accredited theater production from its
2 pre-production stages, including, but not limited to, the
3 writing of the script, casting, hiring of service
4 providers, purchases from vendors, marketing, advertising,
5 public relations, load in, rehearsals, performances, other
6 accredited theater production related activities, and load
7 out;

8 (2) directly attributable to the accredited theater
9 production;

10 (3) limited to the first \$100,000 of wages incurred or
11 paid to each employee of an accredited theater production
12 in each tax year;

13 (4) included in the federal income tax basis of the
14 property;

15 (5) paid in the tax year for which the applicant is
16 claiming the tax credit award, or no later than 60 days
17 after the end of the tax year;

18 (6) paid to persons residing in Illinois at the time
19 payments were made; and

20 (7) reasonable in the circumstances.

21 "Illinois production spending" means any and all expenses
22 directly or indirectly incurred relating to an accredited
23 theater production presented in any qualified production
24 facility of the applicant, including, but not limited to,
25 expenditures for:

26 (1) national marketing, public relations, and the

HB5189 Enrolled

- 135 -

LRB102 24779 AMQ 34022 b

1 creation and placement of print, electronic, television,
2 billboard, and other forms of advertising; and

3 (2) the construction and fabrication of scenic
4 materials and elements; provided, however, that the
5 maximum amount of expenditures attributable to the
6 construction and fabrication of scenic materials and
7 elements eligible for a tax credit award shall not exceed
8 \$500,000 per applicant per production in any single tax
9 year.

10 "Qualified production facility" means a facility located
11 in the State in which live theatrical productions are, or are
12 intended to be, exclusively presented that contains at least
13 one stage, a seating capacity of 1,200 or more seats, and
14 dressing rooms, storage areas, and other ancillary amenities
15 necessary for the accredited theater production.

16 "Tax credit award" means the issuance to a taxpayer by the
17 Department of a tax credit award in conformance with Sections
18 10-40 and 10-45 of this Act.

19 "Tax year" means a calendar year for the period January 1
20 to and including December 31.

21 (Source: P.A. 97-636, eff. 6-1-12.)

22 (35 ILCS 17/10-20)

23 Sec. 10-20. Tax credit award. Subject to the conditions
24 set forth in this Act, an applicant is entitled to a tax credit
25 award as approved by the Department for qualifying Illinois

HB5189 Enrolled

- 136 -

LRB102 24779 AMQ 34022 b

1 labor expenditures and Illinois production spending for each
2 tax year in which the applicant is awarded an accredited
3 theater production certificate issued by the Department. The
4 amount of tax credits awarded pursuant to this Act shall not
5 exceed \$2,000,000 in any State fiscal year, except that the
6 amount of tax credits awarded pursuant to this Act for the
7 State fiscal year ending on June 30, 2023 shall not exceed
8 \$4,000,000. For the State fiscal year ending on June 30, 2023,
9 no more than \$2,000,000 in credits may be awarded to

~~accredited theater productions that are not commercial Broadway touring shows, and no more than \$2,000,000 in credits may be awarded to commercial Broadway touring shows. for State fiscal years ending on or before June 30, 2022 and ending on or after June 30, 2024. Due to the impact of the COVID-19 pandemic, for the State fiscal year ending on June 30, 2023, the amount of tax credits awarded pursuant to this Act shall not exceed \$4,000,000. For the State fiscal year ending on June 30, 2023, credits awarded under this Act in excess of \$2,000,000 must be awarded to applicants with Illinois production spending of not less than \$2,500,000, as shown on the applicant's application for the credit.~~ Credits shall be awarded on a first-come, first-served basis. Notwithstanding the foregoing, if the amount of credits applied for in any fiscal year exceeds the amount authorized to be awarded under this Section, the excess credit amount shall be awarded in the next fiscal year in which credits remain available for award

HB5189 Enrolled

- 137 -

LRB102 24779 AMQ 34022 b

and shall be treated as having been applied for on the first day of that fiscal year.

(Source: P.A. 102-700, eff. 4-19-22.)

(35 ILCS 17/10-30)

Sec. 10-30. Review of application for accredited theater production certificate.

(a) The Department shall issue an accredited theater production certificate to an applicant if it finds that by a preponderance the following conditions exist:

(1) the applicant intends to make the expenditure in the State required for certification of the accredited theater production;

(2) the applicant's accredited theater production is economically sound and will benefit the people of the State of Illinois by increasing opportunities for employment and will strengthen the economy of Illinois;

(3) the following requirements related to the implementation of a diversity plan have been met: (i) the applicant has filed with the Department a diversity plan outlining specific goals for hiring Illinois labor

21 expenditure eligible minority persons and women, as
22 defined in the Business Enterprise for Minorities, Women,
23 and Persons with Disabilities Act, and for using vendors
24 receiving certification under the Business Enterprise for
25 Minorities, Women, and Persons with Disabilities Act; (ii)

HB5189 Enrolled

- 138 -

LRB102 24779 AMQ 34022 b

1 the Department has approved the plan as meeting the
2 requirements established by the Department and verified
3 that the applicant has met or made good faith efforts in
4 achieving those goals; and (iii) the Department has
5 adopted any rules that are necessary to ensure compliance
6 with the provisions set forth in this paragraph and
7 necessary to require that the applicant's plan reflects
8 the diversity of the population of this State;

9 (4) the applicant's accredited theater production
10 application indicates whether the applicant intends to
11 participate in training, education, and recruitment
12 programs that are organized in cooperation with Illinois
13 colleges and universities, labor organizations, and the
14 holders of accredited theater production certificates and
15 are designed to promote and encourage the training and
16 hiring of Illinois residents who represent the diversity
17 of Illinois;

18 (5) except for commercial Broadway touring shows
19 qualifying in the State fiscal year ending June 30, 2023,
20 if not for the tax credit award, the applicant's
21 accredited theater production would not occur in Illinois,
22 which may be demonstrated by any means, including, but not
23 limited to, evidence that: (i) the applicant, presenter,
24 owner, or licensee of the production rights has other
25 state or international location options at which to
26 present the production and could reasonably and

HB5189 Enrolled

- 139 -

LRB102 24779 AMQ 34022 b

1 efficiently locate outside of the State, (ii) at least one
2 other state or nation could be considered for the

3 production, (iii) the receipt of the tax award credit is a
4 major factor in the decision of the applicant, presenter,
5 production owner or licensee as to where the production
6 will be presented and that without the tax credit award
7 the applicant likely would not create or retain jobs in
8 Illinois, or (iv) receipt of the tax credit award is
9 essential to the applicant's decision to create or retain
10 new jobs in the State; and

11 (6) the tax credit award will result in an overall
12 positive impact to the State, as determined by the
13 Department using the best available data.

14 (b) If any of the provisions in this Section conflict with
15 any existing collective bargaining agreements, the terms and
16 conditions of those collective bargaining agreements shall
17 control.

18 (c) The Department shall act expeditiously regarding
19 approval of applications for accredited theater production
20 certificates so as to accommodate the pre-production work,
21 booking, commencement of ticket sales, determination of
22 performance dates, load in, and other matters relating to the
23 live theater productions for which approval is sought.

24 (Source: P.A. 100-391, eff. 8-25-17.)

25 Section 15. The Property Tax Code is amended by changing

HB5189 Enrolled

- 140 -

LRB102 24779 AMQ 34022 b

1 Section 21-25 as follows:

2 (35 ILCS 200/21-25)

3 Sec. 21-25. Due dates; accelerated billing in counties of
4 3,000,000 or more. Except as hereinafter provided and as
5 provided in Section 21-40, in counties with 3,000,000 or more
6 inhabitants in which the accelerated method of billing and
7 paying taxes provided for in Section 21-30 is in effect, the
8 estimated first installment of unpaid taxes shall be deemed
9 delinquent and shall bear interest after March 1 at the rate of
10 1 1/2% per month or portion thereof until paid or forfeited.
11 For tax year 2010, the estimated first installment of unpaid
12 taxes shall be deemed delinquent and shall bear interest after
13 April 1 at the rate of 1.5% per month or portion thereof until

14 paid or forfeited. For tax year 2022, the estimated first
15 installment of unpaid taxes shall be deemed delinquent and
16 shall bear interest after April 1, 2023 at the rate of 1.5% per
17 month or portion thereof until paid or forfeited. For all tax
18 years, the second installment of unpaid taxes shall be deemed
19 delinquent and shall bear interest after August 1 annually at
20 the same interest rate until paid or forfeited.
21 Notwithstanding any other provision of law, if a taxpayer owes
22 an arrearage of taxes due to an administrative error, and if
23 the county collector sends a separate bill for that arrearage
24 as provided in Section 14-41, then any part of the arrearage of
25 taxes that remains unpaid on the day after the due date

HB5189 Enrolled

- 141 -

LRB102 24779 AMQ 34022 b

1 specified on that tax bill shall be deemed delinquent and
2 shall bear interest after that date at the rate of 1 1/2% per
3 month or portion thereof.

4 If the county board elects by ordinance adopted prior to
5 July 1 of a levy year to provide for taxes to be paid in 4
6 installments, each installment for that levy year and each
7 subsequent year shall be deemed delinquent and shall begin to
8 bear interest 30 days after the date specified by the
9 ordinance for mailing bills, at the rate of 1 1/2% per month or
10 portion thereof, until paid or forfeited.

11 Payment received by mail and postmarked on or before the
12 required due date is not delinquent.

13 Taxes levied on homestead property in which a member of
14 the National Guard or reserves of the armed forces of the
15 United States who was called to active duty on or after August
16 1, 1990, and who has an ownership interest, shall not be deemed
17 delinquent and no interest shall accrue or be charged as a
18 penalty on such taxes due and payable in 1991 or 1992 until one
19 year after that member returns to civilian status.

20 If an Illinois resident who is a member of the Illinois
21 National Guard or a reserve component of the armed forces of
22 the United States and who has an ownership interest in
23 property taxed under this Act is called to active duty for
24 deployment outside the continental United States and is on
25 active duty on the due date of any installment of taxes due
26 under this Act, he or she shall not be deemed delinquent in the

HB5189 Enrolled

- 142 -

LRB102 24779 AMQ 34022 b

1 payment of the installment and no interest shall accrue or be
2 charged as a penalty on the installment until 180 days after
3 that member returns to civilian status. To be deemed not
4 delinquent in the payment of an installment of taxes and any
5 interest on that installment, the reservist or guardsperson
6 must make a reasonable effort to notify the county clerk and
7 the county collector of his or her activation to active duty
8 and must notify the county clerk and the county collector
9 within 180 days after his or her deactivation and provide
10 verification of the date of his or her deactivation. An
11 installment of property taxes on the property of any reservist
12 or guardsperson who fails to provide timely notice and
13 verification of deactivation to the county clerk is subject to
14 interest and penalties as delinquent taxes under this Code
15 from the date of deactivation.
16 (Source: P.A. 98-286, eff. 1-1-14.)

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