



# **SENATE JOURNAL**

**STATE OF ILLINOIS**

**NINETY-FOURTH GENERAL ASSEMBLY**

**23RD LEGISLATIVE DAY**

**THURSDAY, MARCH 17, 2005**

**1:05 O'CLOCK P.M.**

**SENATE**  
**Daily Journal Index**  
**23rd Legislative Day**

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The Senate met pursuant to adjournment.  
Honorable Emil Jones, Jr., President of the Senate, presiding.  
Prayer by Reverend Joseph Eby, Chatham Presbyterian Church, Chatham, Illinois.  
Senator Maloney led the Senate in the Pledge of Allegiance.

The Journal of Wednesday, March 16, 2005, was being read when on motion of Senator Hunter, further reading of same was dispensed with and unless some Senator had corrections to offer, the Journal would stand approved. No corrections being offered, the Journal was ordered to stand approved.

### **LEGISLATIVE MEASURES FILED**

The following Floor amendments to the Senate Bills listed below have been filed with the Secretary and referred to the Committee on Rules:

Senate Floor Amendment No. 1 to Senate Bill 129  
Senate Floor Amendment No. 1 to Senate Bill 304  
Senate Floor Amendment No. 1 to Senate Bill 1355  
Senate Floor Amendment No. 2 to Senate Bill 1444  
Senate Floor Amendment No. 1 to Senate Bill 1871  
Senate Floor Amendment No. 1 to Senate Bill 2116

The following Committee amendments to the Senate Bills listed below have been filed with the Secretary and referred to the Committee on Rules:

Senate Committee Amendment No. 1 to Senate Bill 521  
Senate Committee Amendment No. 1 to Senate Bill 1893

### **PRESENTATION OF RESOLUTIONS**

#### **SENATE RESOLUTION 119**

Offered by Senator Risinger and all Senators:  
Mourns the death of Steven "Steve" W. Whisler of Sheffield..

#### **SENATE RESOLUTION 120**

Offered by Senator Risinger and all Senators:  
Mourns the death of Paul Raymond Swanson of Princeton.

#### **SENATE RESOLUTION 121**

Offered by Senator Risinger and all Senators:  
Mourns the death of Donald A. "Pete" Kermeen of Kewanee.

#### **SENATE RESOLUTION 122**

Offered by Senator Hunter and all Senators:  
Mourns the death of Helen Jean Sykes-Freeman of Chicago.

By unanimous consent, the foregoing resolutions were referred to the Resolutions Consent Calendar.

### **MESSAGES FROM THE PRESIDENT**

#### **OFFICE OF THE SENATE PRESIDENT STATE OF ILLINOIS**

EMIL JONES, JR.  
SENATE PRESIDENT

327 STATE CAPITOL  
Springfield, Illinois 62706

[March 17, 2005]

March 17, 2005

Ms. Linda Hawker  
Secretary of the Senate  
Room 403, State House  
Springfield, Illinois 62706

Dear Madam Secretary:

Pursuant to Senate Rule 2-10, I hereby establish April 30, 2005, as the Committee deadline for the following Senate Bills:

SB's 20, 50, 150, 154, 243, 276, 280, 447, 1344, 1345, 1346, 1347, 1348, 1349, 1350, 1351, 1352, 1353, 1716, 1717, 1718, 1719, 1978, 1979, 1980 and 1981.

Very truly yours,  
s/Emil Jones, Jr.  
Senate President

cc: Senate Minority Leader Frank Watson

**OFFICE OF THE SENATE PRESIDENT  
STATE OF ILLINOIS**

EMIL JONES, JR.  
SENATE PRESIDENT

327 STATE CAPITOL  
Springfield, Illinois 62706

March 17, 2005

Ms. Linda Hawker  
Secretary of the Senate  
403 State House  
Springfield, Illinois 62706

Dear Madam Secretary:

Pursuant to Senate Rule 2-10, the following deadlines indicated on the 2005 Senate Regular Session Schedule are not applicable to Senate and House appropriation bills:

March 17, 2005, Senate Bills Out of Committee;  
April 15, 2005, Senate Bills Third Reading;  
May 5, 2005, House Bills Out of Committee; and  
May 20, 2005, House Bills Third Reading.

Very truly yours,  
s/Emil Jones, Jr.  
Senate President

cc: Senate Minority Leader Frank Watson

At the hour of 1:13 o'clock p.m., Senator Hendon presiding.

**REPORT FROM RULES COMMITTEE**

Senator Viverito, Chairperson of the Committee on Rules, reported that the Committee recommends that **Senate Bills numbered 20, 50, 150, 154, 243, 276, 280, 447, 1344, 1345, 1346, 1347, 1348, 1349, 1350, 1351, 1352, 1353, 1716, 1717, 1718, 1719, 1978, 1979, 1980 and 1981** be re-referred from the Committee on Judiciary to the Committee on Rules.

[March 17, 2005]

Senator Viverito, Chairperson of the Committee on Rules, during its March 17, 2005 meeting, reported the following Legislative Measures have been assigned to the indicated Standing Committee of the Senate:

Executive: **SENATE BILLS 20, 50, 150, 154, 243, 276, 280, 447, 1344, 1345, 1346, 1347, 1348, 1349, 1350, 1351, 1352, 1353, 1716, 1717, 1718, 1719, 1978, 1979, 1980, 1981 and HOUSE BILL 337.**

Senator Viverito, Chairperson of the Committee on Rules, during its March 17, 2005 meeting, reported the following Legislative Measures have been assigned to the indicated Standing Committee of the Senate:

Judiciary: **Senate Committee Amendment No. 1 to Senate Bill 1724; Senate Committee Amendment No. 1 to Senate Bill 1893; Senate Committee Amendment No. 2 to Senate Bill 1914.**

### READING BILLS OF THE SENATE A SECOND TIME

On motion of Senator Cullerton, **Senate Bill No. 1846** having been printed, was taken up, read by title a second time.

The following amendment was offered in the Committee on Judiciary, adopted and ordered printed:

#### AMENDMENT NO. 1 TO SENATE BILL 1846

AMENDMENT NO. 1. Amend Senate Bill 1846 on page 1, by inserting after line 12 the following:

"(c) The failure of an arbitrator to make a disclosure required by law does not cause any loss of immunity under this Section."; and

on page 1, line 13 by changing "(c)" to "(d)"; and

on page 1, line 26 by changing "(d)" to "(e)"; and

on page 1, line 29 by changing "(c)" to "(d)".

There being no further amendments, the foregoing Amendment No. 1 was ordered engrossed; and the bill, as amended, was ordered to a third reading.

On motion of Senator Lightford, **Senate Bill No. 1848** having been printed, was taken up, read by title a second time and ordered to a third reading.

On motion of Senator Lightford, **Senate Bill No. 1850** having been printed, was taken up, read by title a second time and ordered to a third reading.

On motion of Senator Lightford, **Senate Bill No. 1851** having been printed, was taken up, read by title a second time and ordered to a third reading.

On motion of Senator Lightford, **Senate Bill No. 1854** having been printed, was taken up, read by title a second time and ordered to a third reading.

On motion of Senator Cullerton, **Senate Bill No. 1857** having been printed, was taken up, read by title a second time and ordered to a third reading.

On motion of Senator Garrett, **Senate Bill No. 1861** having been printed, was taken up, read by title a second time and ordered to a third reading.

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On motion of Senator Garrett, **Senate Bill No. 1862** having been printed, was taken up, read by title a second time and ordered to a third reading.

On motion of Senator Garrett, **Senate Bill No. 1863** having been printed, was taken up, read by title a second time and ordered to a third reading.

On motion of Senator J. Sullivan, **Senate Bill No. 1865** having been printed, was taken up, read by title a second time.

The following amendment was offered in the Committee on Revenue, adopted and ordered printed:

**AMENDMENT NO. 1 TO SENATE BILL 1865**

AMENDMENT NO. 1. Amend Senate Bill 1865 by replacing everything after the enacting clause with the following:

"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).

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

(D) 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 adjusted gross income;

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

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

(D-15) For taxable years 2001 and thereafter, an amount equal to the bonus depreciation deduction (30% of the adjusted basis of the qualified property) taken on the taxpayer's federal income tax return for the taxable year under subsection (k) of Section 168 of the Internal Revenue Code;

(D-16) If the taxpayer reports a capital gain or loss on the taxpayer's federal income tax return for the taxable year based on a sale or transfer of property for which the taxpayer was required in any taxable year to make an addition modification under subparagraph (D-15), then an amount equal to the aggregate amount of the deductions taken in all taxable years under subparagraph (Z) with respect to that property.

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

(D-17) For taxable years ending on or after December 31, 2004, an amount equal to

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the amount otherwise allowed as a deduction in computing base income for interest paid, accrued, or incurred, directly or indirectly, 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. 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 incurred.

This paragraph shall not apply to the following:

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

(a) the foreign 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 foreign 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 or agreement entered into at arm's-length rates and terms and the principal purpose for the payment is not federal or Illinois tax avoidance; or

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

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

(D-18) For taxable years ending on or after December 31, 2004, an amount equal to the amount of intangible expenses and costs otherwise allowed as a deduction in computing base income, and that were paid, accrued, or incurred, directly or indirectly, to a foreign person who would be a member of the same 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. 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 intangible expenses and costs were directly or indirectly paid, incurred, or accrued. The preceding sentence does not apply to the extent that the same dividends caused a reduction to the addition modification required under Section 203(a)(2)(D-17) 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 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:

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

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

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

(b) the transaction giving rise to the intangible expense or cost between the taxpayer and the foreign 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 arm's-length terms; or

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

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

(D-20) For taxable years beginning on or after January 1, 2002, in the case of a distribution from a qualified tuition program under Section 529 of the Internal Revenue Code, other than (i) a distribution from a College Savings Pool created under Section 16.5 of the State Treasurer Act or (ii) a distribution from the Illinois Prepaid Tuition Trust Fund, an amount equal to the amount excluded from gross income under Section 529(c)(3)(B);

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

(E) For taxable years ending before December 31, 2001, any amount included in such total in respect of any compensation (including but not limited to any compensation paid or accrued to a serviceman while a prisoner of war or missing in action) paid to a resident by reason of being on active duty in the Armed Forces of the United States and in respect of any compensation paid or accrued to a resident who as a governmental employee was a prisoner of war or missing in action, and in respect of any compensation paid to a resident in 1971 or thereafter for annual training performed pursuant to Sections 502 and 503, Title 32, United States Code as a member of the Illinois National Guard. For taxable years ending on or after December 31, 2001, any amount included in such total in respect of any compensation (including but not limited to any compensation paid or accrued to a serviceman while a prisoner of war or missing in action) paid to a resident by reason of being a member of any component of the Armed Forces of the United States and in respect of any compensation paid or accrued to a resident who as a governmental employee was a prisoner of war or missing in action, and in respect of any compensation paid to a resident in 2001 or thereafter by reason of being a member of the Illinois National Guard. The provisions of this amendatory Act of the 92nd General Assembly are exempt from the provisions of Section 250;

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

(G) The valuation limitation amount;

(H) 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;

(I) An amount equal to all amounts included in such total pursuant to the provisions of Section 111 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 an Enterprise Zone or zones created under the Illinois Enterprise Zone Act, and conducts substantially all of its operations in an Enterprise Zone

or zones;

(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(2) of the Internal Revenue Code of 1954, as now or hereafter amended, and all amounts of expenses allocable to interest and disallowed as deductions by Section 265(1) of the Internal Revenue Code of 1954, as now or hereafter amended; 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; 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 of 1986;

(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 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 of 1986, 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 taxpayer is eligible to participate in any health insurance or long-term care insurance plan of an employer of the taxpayer or the taxpayer's spouse. The amount of the health insurance and long-term care insurance subtracted under this item (V) shall be determined by multiplying total health insurance and long-term care insurance premiums paid by the taxpayer times a number that represents the fractional percentage of eligible medical expenses under Section 213 of the Internal Revenue Code of 1986 not actually deducted on the taxpayer's federal income tax return;

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

(X) For taxable year 1999 and thereafter, an 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 regime or as an heir of the victim. The amount of and the eligibility for any public assistance, benefit, or similar entitlement is not affected by the inclusion of items (i) and (ii) of this paragraph in gross income for federal income tax purposes. This paragraph is exempt from the provisions of Section 250;

(Y) For taxable years beginning on or after January 1, 2002 and ending on or before December 31, 2004, moneys contributed in the taxable year to a College Savings Pool account under Section 16.5 of the State Treasurer Act, except that amounts excluded from gross income under Section 529(c)(3)(C)(i) of the Internal Revenue Code shall not be considered moneys contributed under this subparagraph (Y). For taxable years beginning on or after January 1, 2005, a maximum of \$10,000 contributed in the taxable year to (i) a College Savings Pool account under Section 16.5 of the State Treasurer Act or (ii) the Illinois Prepaid Tuition Trust Fund, except that amounts excluded from gross income under Section 529(c)(3)(C)(i) of the Internal Revenue Code shall not be considered moneys contributed under this subparagraph (Y). 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 (30% of the adjusted basis of the qualified property) 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 (30% of the adjusted basis of the qualified property) was taken in any year under subsection (k) of Section 168 of the Internal Revenue Code, but not including the bonus depreciation deduction; and

(2) "x" equals "y" multiplied by 30 and then divided by 70 (or "y" multiplied by 0.429).

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 (30% of the adjusted basis of the qualified property) taken on that property on the taxpayer's federal income tax return under subsection (k) of Section 168 of the Internal Revenue Code;

(AA) If the taxpayer reports a capital gain or loss on the taxpayer's federal income tax return for the taxable year based on a sale or transfer of property for which the taxpayer was required in any taxable year to make an addition modification under subparagraph (D-15), then an amount equal to that addition modification.

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

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

(CC) The amount of (i) any interest income (net of the deductions allocable thereto) taken into account for the taxable year with respect to a transaction with a taxpayer that is required to make an addition modification with respect to such transaction under Section 203(a)(2)(D-17), 203(b)(2)(E-13), 203(c)(2)(G-12), or 203(d)(2)(D-7), but not to exceed the amount of that addition modification, and (ii) any income from intangible property (net of the deductions allocable thereto)

taken into account for the taxable year with respect to a transaction with a taxpayer that is required to make an addition modification with respect to such transaction under Section 203(a)(2)(D-18), 203(b)(2)(E-14), 203(e)(2)(G-13), or 203(d)(2)(D-8), but not to exceed the amount of that addition modification;

(DD) An amount equal to the interest income taken into account for the taxable year (net of the deductions allocable thereto) with respect to transactions with 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, but not to exceed the addition modification required to be made for the same taxable year under Section 203(a)(2)(D-17) for interest paid, accrued, or incurred, directly or indirectly, to the same foreign person; ~~and~~

(EE) 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 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, but not to exceed the addition modification required to be made for the same taxable year under Section 203(a)(2)(D-18) for intangible expenses and costs paid, accrued, or incurred, directly or indirectly, to the same foreign person; ~~and~~ -

(FF) For taxable years ending on or after December 31, 2005 through taxable years ending on or before December 30, 2010, an amount, not to exceed \$2,000, equal to the burial expenses incurred during the taxable year an individual taxpayer who pays the burial expenses for a fetus for which a fetal death certificate has been issued under Section 20 of the Vital Records Act. The deduction under this subparagraph may be taken by only one taxpayer with respect to any one fetal death. The Department must adopt rules to enforce and administer the provisions of this subparagraph. Without limitation, these rules must set forth allowable burial expenses and requirements for the documentation of the burial expenses.

(b) Corporations.

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

(2) Modifications. 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 and all distributions received from regulated investment companies during the taxable year to the extent excluded from gross income in the computation of taxable income;

(B) 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;

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

(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 earlier 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 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;

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

(E-10) For taxable years 2001 and thereafter, an amount equal to the bonus depreciation deduction (30% of the adjusted basis of the qualified property) taken on the taxpayer's federal income tax return for the taxable year under subsection (k) of Section 168 of the Internal Revenue Code; and

(E-11) If the taxpayer reports a capital gain or loss on the taxpayer's federal income tax return for the taxable year based on a sale or transfer 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 the aggregate amount of the deductions taken in all taxable years under subparagraph (T) with respect to that property.

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

(E-12) For taxable years ending on or after December 31, 2004, an amount equal to the amount otherwise allowed as a deduction in computing base income for interest paid, accrued, or incurred, directly or indirectly, to a foreign person who would be a member of the same unitary business group but for the fact the foreign person's business activity outside the United States is 80% or more of the foreign person's total business activity. 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 foreign person who 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 foreign person if the taxpayer can establish, based on a preponderance of the evidence, both of the following:

(a) the foreign 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 foreign 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 or agreement entered into at arm's-length rates and terms and the principal purpose for the payment is not federal or Illinois tax avoidance; or

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

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

(E-13) For taxable years ending on or after December 31, 2004, an amount equal to the amount of intangible expenses and costs otherwise allowed as a deduction in computing base

income, and that were paid, accrued, or incurred, directly or indirectly, to a foreign person who would be a member of the same 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. 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 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 foreign person who 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 item; or

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

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

(b) the transaction giving rise to the intangible expense or cost between the taxpayer and the foreign 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 arm's-length terms; or

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

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

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, as now or hereafter amended, and all amounts of expenses allocable to interest and disallowed as deductions by Section 265(a)(1) of the Internal Revenue Code, as now or hereafter amended; 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; 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 an Enterprise Zone or zones created under the Illinois Enterprise Zone Act and conducts substantially all of its operations in an Enterprise Zone or zones;

(L) 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 (K) of paragraph 2 of this subsection shall not be eligible for the deduction provided under this subparagraph (L);

(M) 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 Enterprise Zone Investment Credit. To determine the portion of a loan or loans that is secured by property eligible for a Section 201(f) 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(f) 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 the Enterprise Zone. The subtraction modification available to taxpayer 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;

(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 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;

(O) An amount equal to: (i) 85% for taxable years ending on or before December 31, 1992, or, a percentage equal to the percentage allowable under Section 243(a)(1) of the Internal Revenue Code of 1986 for taxable years ending after December 31, 1992, of the amount by which dividends included in taxable income and received from a corporation that is not created or organized under the laws of the United States or any state or political subdivision thereof, including, for taxable years ending on or after December 31, 1988, dividends received or deemed received or paid or deemed paid under Sections 951 through 964 of the Internal Revenue Code, exceed the amount of the modification provided under subparagraph (G) of paragraph (2) of this subsection (b) which is related to such dividends; plus (ii) 100% of the amount by which dividends, included in taxable income and received, including, for taxable years ending on or after December 31, 1988, dividends received or deemed received or paid or deemed paid under Sections 951 through 964 of the Internal Revenue Code, from any such corporation specified in clause (i) that would but for the provisions of Section 1504 (b) (3) of the Internal Revenue Code be treated as a member of the affiliated group which includes the dividend recipient, exceed the amount of the modification provided under subparagraph (G) of paragraph (2) of this subsection (b) which is

related to such dividends;

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

(Q) 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 of 1986;

(R) In the case of an attorney-in-fact with respect to whom an interinsurer or a reciprocal insurer has made the election under Section 835 of the Internal Revenue Code, 26 U.S.C. 835, an amount equal to the excess, if any, of the amounts paid or incurred by that interinsurer or reciprocal insurer in the taxable year to the attorney-in-fact over the deduction allowed to that interinsurer or reciprocal insurer with respect to the attorney-in-fact under Section 835(b) of the Internal Revenue Code for the taxable year;

(S) For taxable years ending on or after December 31, 1997, in the case of a Subchapter S corporation, an 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 (30% of the adjusted basis of the qualified property) 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 (30% of the adjusted basis of the qualified property) was taken in any year under subsection (k) of Section 168 of the Internal Revenue Code, but not including the bonus depreciation deduction; and

(2) "x" equals "y" multiplied by 30 and then divided by 70 (or "y" multiplied by 0.429).

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 (30% of the adjusted basis of the qualified property) taken on that property on the taxpayer's federal income tax return under subsection (k) of Section 168 of the Internal Revenue Code;

(U) If the taxpayer reports a capital gain or loss on the taxpayer's federal income tax return for the taxable year based on a sale or transfer 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.

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

(V) The amount of: (i) any interest income (net of the deductions allocable thereto) taken into account for the taxable year with respect to a transaction with a taxpayer that is required to make an addition modification with respect to such transaction under Section 203(a)(2)(D-17), 203(b)(2)(E-12), 203(c)(2)(G-12), or 203(d)(2)(D-7), but not to exceed the amount of such addition modification and (ii) any income from intangible property (net of the deductions allocable thereto) taken into account for the taxable year with respect to a transaction with a taxpayer that is required to make an addition modification with respect to such transaction under Section 203(a)(2)(D-18), 203(b)(2)(E-13), 203(c)(2)(G-13), or 203(d)(2)(D-8), but not to exceed the amount of such addition modification;

(W) An amount equal to the interest income taken into account for the taxable year (net of the deductions allocable thereto) with respect to transactions with 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, 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 incurred, directly or indirectly, to the same foreign person; and

(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 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, 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 paid, accrued, or incurred, directly or indirectly, to the same foreign person.

(3) Special rule. For purposes of paragraph (2) (A), "gross income" in the case of a life insurance company, for tax years ending on and after December 31, 1994, shall mean the gross investment income for the taxable year.

(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 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 estate claims a credit under subsection (l) of Section 201;

(G-10) For taxable years 2001 and thereafter, an amount equal to the bonus depreciation deduction (30% of the adjusted basis of the qualified property) taken on the taxpayer's federal income tax return for the taxable year under subsection (k) of Section 168 of the Internal Revenue Code; and

(G-11) If the taxpayer reports a capital gain or loss on the taxpayer's federal income tax return for the taxable year based on a sale or transfer 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 the aggregate amount of the deductions taken in all taxable years under subparagraph (R) with respect to that property.

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

(G-12) For taxable years ending on or after December 31, 2004, an amount equal to the amount otherwise allowed as a deduction in computing base income for interest paid, accrued, or incurred, directly or indirectly, to a foreign person who would be a member of the same unitary business group but for the fact that the foreign person's business activity outside the United States is 80% or more of the foreign person's total business activity. 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 foreign person who 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 foreign person if the taxpayer can establish, based on a preponderance of the evidence, both of the following:

(a) the foreign 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 foreign 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 or agreement entered into at arm's-length rates and terms and the principal purpose for the payment is not federal or Illinois tax avoidance; or

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

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

(G-13) For taxable years ending on or after December 31, 2004, an amount equal to the amount of intangible expenses and costs otherwise allowed as a deduction in computing base income, and that were paid, accrued, or incurred, directly or indirectly, to a foreign person who would be a member of the same 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. 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(c)(2)(G-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 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 foreign person who 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 item; or

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

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

(b) the transaction giving rise to the intangible expense or cost between the taxpayer and the foreign 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 arm's-length terms; or

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

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

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

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

(I) The valuation limitation amount;

(J) 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;

(K) An amount equal to all amounts included in taxable income as modified by subparagraphs (A), (B), (C), (D), (E), (F) and (G) 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;

(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, as now or hereafter amended, and all amounts of expenses allocable to interest and disallowed as deductions by Section 265(1) of the Internal Revenue Code of 1954, as now or hereafter amended; 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; the provisions of this subparagraph are exempt from the provisions of Section 250;

(M) An amount equal to those dividends included in such total which were paid by a corporation which conducts business operations in an Enterprise Zone or zones created under the Illinois Enterprise Zone Act and conducts substantially all of its operations in an Enterprise Zone or Zones;

(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 of 1986;

(Q) For taxable year 1999 and thereafter, an 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 regime or as an heir of the victim. The amount of and the eligibility for any public assistance, benefit, or similar entitlement is not affected by the inclusion of items (i) and (ii) of this paragraph in gross income for federal income tax purposes. This paragraph is exempt from the provisions of Section 250;

(R) For taxable years 2001 and thereafter, for the taxable year in which the bonus depreciation deduction (30% of the adjusted basis of the qualified property) 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 (30% of the adjusted basis of the qualified property) was taken in any year under subsection (k) of Section 168 of the Internal Revenue Code, but not including the bonus depreciation deduction; and

(2) "x" equals "y" multiplied by 30 and then divided by 70 (or "y" multiplied by 0.429).

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 (30% of the adjusted basis of the qualified property) taken on that property on the taxpayer's federal income tax return under subsection (k) of Section 168 of the Internal Revenue Code;

(S) If the taxpayer reports a capital gain or loss on the taxpayer's federal income tax return for the taxable year based on a sale or transfer 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.

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

(T) The amount of (i) any interest income (net of the deductions allocable thereto) taken into account for the taxable year with respect to a transaction with a taxpayer that is required to make an addition modification with respect to such transaction under Section 203(a)(2)(D-17), 203(b)(2)(E-12), 203(c)(2)(G-12), or 203(d)(2)(D-7), but not to exceed the amount of such addition modification and (ii) any income from intangible property (net of the deductions allocable thereto) taken into account for the taxable year with respect to a transaction with a taxpayer that is required to make an addition modification with respect to such transaction under Section 203(a)(2)(D-18), 203(b)(2)(E-13), 203(c)(2)(G-13), or 203(d)(2)(D-8), but not to exceed the amount of such addition modification;

(U) An amount equal to the interest income taken into account for the taxable year (net of the deductions allocable thereto) with respect to transactions with a foreign person who would be a member of the taxpayer's unitary business group but for the fact the foreign person's business activity outside the United States is 80% or more of that person's total business activity, but not to exceed the addition modification required to be made for the same taxable year under

Section 203(c)(2)(G-12) for interest paid, accrued, or incurred, directly or indirectly, to the same foreign person; and

(V) 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 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, but not to exceed the addition modification required to be made for the same taxable year under Section 203(c)(2)(G-13) for intangible expenses and costs paid, accrued, or incurred, directly or indirectly, to the same foreign person.

(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 income for the taxable year as modified by paragraph (2).

(2) Modifications. 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) An amount equal to the amount of tax imposed by this Act to the extent deducted from gross income for the taxable year;

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

(D) 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;

(D-5) For taxable years 2001 and thereafter, an amount equal to the bonus depreciation deduction (30% of the adjusted basis of the qualified property) taken on the taxpayer's federal income tax return for the taxable year under subsection (k) of Section 168 of the Internal Revenue Code;

(D-6) If the taxpayer reports a capital gain or loss on the taxpayer's federal income tax return for the taxable year based on a sale or transfer of property for which the taxpayer was required in any taxable year to make an addition modification under subparagraph (D-5), then an amount equal to the aggregate amount of the deductions taken in all taxable years under subparagraph (O) with respect to that property.

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

(D-7) For taxable years ending on or after December 31, 2004, an amount equal to the amount otherwise allowed as a deduction in computing base income for interest paid, accrued, or incurred, directly or indirectly, to a foreign person who would be a member of the same unitary business group but for the fact the foreign person's business activity outside the United States is 80% or more of the foreign person's total business activity. 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 foreign person who 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 foreign person if the taxpayer can establish, based on a preponderance of the evidence, both of the following:

- (a) the foreign 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 foreign 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 or agreement entered into at arm's-length rates and terms and the principal purpose for the payment is not federal or Illinois tax avoidance; or
- (iv) an item of interest paid, accrued, or incurred, directly or indirectly, to a foreign person if the taxpayer establishes by clear and convincing evidence that the adjustments are unreasonable; or if the taxpayer and the Director agree in writing to the application or use of an alternative method of apportionment under Section 304(f).

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

(D-8) For taxable years ending on or after December 31, 2004, an amount equal to the amount of intangible expenses and costs otherwise allowed as a deduction in computing base income, and that were paid, accrued, or incurred, directly or indirectly, to a foreign person who would be a member of the same 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. 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(d)(2)(D-7) 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 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 foreign person who 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 item; or
- (ii) any item of intangible expense or cost paid, accrued, or incurred, directly or indirectly, if the taxpayer can establish, based on a preponderance of the evidence, both of the following:
  - (a) the foreign person during the same taxable year paid, accrued, or incurred, the intangible expense or cost to a person that is not a related member, and
  - (b) the transaction giving rise to the intangible expense or cost between the taxpayer and the foreign 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 arm's-length terms; or
  - (iii) any item of intangible expense or cost paid, accrued, or incurred, directly or indirectly, from a transaction with a foreign person if the taxpayer establishes by clear and convincing evidence, that the adjustments are unreasonable; or if the taxpayer and the

Director agree in writing to the application or use of an alternative method of apportionment under Section 304(f);

Nothing in this subsection shall preclude the Director from making any other adjustment otherwise allowed under Section 404 of this Act for any tax year beginning after the effective date of this amendment provided such adjustment is made pursuant to regulation adopted by the Department and such regulations provide methods and standards by which the Department will utilize its authority under Section 404 of this Act; and by deducting from the total so obtained the following amounts:

(E) The valuation limitation amount;

(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 all amounts included in taxable income as modified by subparagraphs (A), (B), (C) and (D) 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;

(H) Any income of the partnership which constitutes personal service income as defined in Section 1348 (b) (1) of the Internal Revenue Code (as in effect December 31, 1981) or a reasonable allowance for compensation paid or accrued for services rendered by partners to the partnership, whichever is greater;

(I) An amount equal to all amounts of income distributable to an entity subject to the Personal Property Tax Replacement Income Tax imposed by subsections (c) and (d) of Section 201 of this Act including amounts distributable to organizations exempt from federal income tax by reason of Section 501(a) of the Internal Revenue Code;

(J) With the exception of any amounts subtracted under subparagraph (G), an amount equal to the sum of all amounts disallowed as deductions by (i) Sections 171(a) (2), and 265(2) of the Internal Revenue Code of 1954, as now or hereafter amended, and all amounts of expenses allocable to interest and disallowed as deductions by Section 265(1) of the Internal Revenue Code, as now or hereafter amended; 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; the provisions of this subparagraph are exempt from the provisions of Section 250;

(K) An amount equal to those dividends included in such total which were paid by a corporation which conducts business operations in an Enterprise Zone or zones created under the Illinois Enterprise Zone Act, enacted by the 82nd General Assembly, and conducts substantially all of its operations in an Enterprise Zone or Zones;

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

(M) 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 (K) of paragraph (2) of this subsection shall not be eligible for the deduction provided under this subparagraph (M);

(N) 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 of 1986;

(O) For taxable years 2001 and thereafter, for the taxable year in which the bonus depreciation deduction (30% of the adjusted basis of the qualified property) 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 (30% of the adjusted basis of the qualified property) was taken in any year under subsection (k) of Section 168 of the Internal Revenue Code, but not including the bonus depreciation deduction; and

(2) "x" equals "y" multiplied by 30 and then divided by 70 (or "y" multiplied by 0.429).

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 (30% of the

adjusted basis of the qualified property) taken on that property on the taxpayer's federal income tax return under subsection (k) of Section 168 of the Internal Revenue Code;

(P) If the taxpayer reports a capital gain or loss on the taxpayer's federal income tax return for the taxable year based on a sale or transfer of property for which the taxpayer was required in any taxable year to make an addition modification under subparagraph (D-5), then an amount equal to that addition modification.

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

(Q) The amount of (i) any interest income (net of the deductions allocable thereto) taken into account for the taxable year with respect to a transaction with a taxpayer that is required to make an addition modification with respect to such transaction under Section 203(a)(2)(D-17), 203(b)(2)(E-12), 203(c)(2)(G-12), or 203(d)(2)(D-7), but not to exceed the amount of such addition modification and (ii) any income from intangible property (net of the deductions allocable thereto) taken into account for the taxable year with respect to a transaction with a taxpayer that is required to make an addition modification with respect to such transaction under Section 203(a)(2)(D-18), 203(b)(2)(E-13), 203(c)(2)(G-13), or 203(d)(2)(D-8), but not to exceed the amount of such addition modification;

(R) An amount equal to the interest income taken into account for the taxable year (net of the deductions allocable thereto) with respect to transactions with 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, but not to exceed the addition modification required to be made for the same taxable year under Section 203(d)(2)(D-7) for interest paid, accrued, or incurred, directly or indirectly, to the same foreign person; and

(S) 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 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, but not to exceed the addition modification required to be made for the same taxable year under Section 203(d)(2)(D-8) for intangible expenses and costs paid, accrued, or incurred, directly or indirectly, to the same foreign person.

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

(1) In general. Subject to the provisions of paragraph (2) and subsection (b) (3), for purposes of this Section 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 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 accounts as calculated under Section 815a of the Internal Revenue Code;

(B) Certain other insurance companies. In the case of mutual insurance companies



subject to the tax imposed by Section 831 of the Internal Revenue Code, insurance company taxable income;

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

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

(E) Consolidated corporations. In the case of a corporation which is a member of an affiliated group of corporations filing a consolidated income tax return for the taxable year for federal income tax purposes, taxable income determined as if such corporation had filed a separate return for federal income tax purposes for the taxable year and each preceding taxable year for which it was a member of an affiliated group. For purposes of this subparagraph, the taxpayer's separate taxable income shall be determined as if the election provided by Section 243(b) (2) of the Internal Revenue Code had been in effect for all such years;

(F) Cooperatives. In the case of a cooperative corporation or association, the taxable income of such organization determined in accordance with the provisions of Section 1381 through 1388 of the Internal Revenue Code;

(G) Subchapter S corporations. In the case of: (i) a Subchapter S corporation for which there is in effect an election for the taxable year under Section 1362 of the Internal Revenue Code, the taxable income of such corporation determined in accordance with Section 1363(b) of the Internal Revenue Code, except that taxable income shall take into account those items which are required by Section 1363(b)(1) of the Internal Revenue Code to be separately stated; and (ii) a Subchapter S corporation for which there is in effect a federal election to opt out of the provisions of the Subchapter S Revision Act of 1982 and have applied instead the prior federal Subchapter S rules as in effect on July 1, 1982, the taxable income of such corporation determined in accordance with the federal Subchapter S rules as in effect on July 1, 1982; and

(H) Partnerships. In the case of a partnership, taxable income determined in accordance with Section 703 of the Internal Revenue Code, except that taxable income shall take into account those items which are required by Section 703(a)(1) to be separately stated but which would be taken into account by an individual in calculating his taxable income.

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

(f) Valuation limitation amount.

(1) In general. The valuation limitation amount referred to in subsections (a) (2)

(G), (c) (2) (I) and (d)(2) (E) is an amount equal to:

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

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

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

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

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

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

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

(h) Legislative intention. Except as expressly provided by this Section there shall be no modifications or limitations on the amounts of income, gain, loss or deduction taken into account in determining gross income, adjusted gross income or taxable income for federal income tax purposes for the taxable year, or in the amount of such items entering into the computation of base income and net income under this Act for such taxable year, whether in respect of property values as of August 1, 1969 or otherwise.

(Source: P.A. 92-16, eff. 6-28-01; 92-244, eff. 8-3-01; 92-439, eff. 8-17-01; 92-603, eff. 6-28-02; 92-626, eff. 7-11-02; 92-651, eff. 7-11-02; 92-846, eff. 8-23-02; 93-812, eff. 7-26-04; 93-840, eff. 7-30-04; revised 10-12-04.)

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

There being no further amendments, the foregoing Amendment No. 1 was ordered engrossed; and the bill, as amended, was ordered to a third reading.

On motion of Senator Clayborne, **Senate Bill No. 1871** having been printed, was taken up, read by title a second time.

Floor Amendment No. 1 was held in the Committee on Rules.

There being no further amendments the bill was ordered to a third reading.

On motion of Senator Clayborne, **Senate Bill No. 1874** having been printed, was taken up, read by title a second time and ordered to a third reading.

On motion of Senator Demuzio, **Senate Bill No. 1877** having been printed, was taken up, read by title a second time and ordered to a third reading.

On motion of Senator Cullerton, **Senate Bill No. 1878** having been printed, was taken up, read by title a second time and ordered to a third reading.

On motion of Senator J. Sullivan, **Senate Bill No. 1879** having been printed, was taken up, read by title a second time and ordered to a third reading.

On motion of Senator Collins, **Senate Bill No. 1881** having been printed, was taken up, read by title a second time and ordered to a third reading.

On motion of Senator Maloney, **Senate Bill No. 1882** having been printed, was taken up, read by title a second time.

The following amendment was offered in the Committee on Local Government, adopted and ordered printed:

#### **AMENDMENT NO. 1 TO SENATE BILL 1882**

AMENDMENT NO.   1  . Amend Senate Bill 1882 by inserting on page 1, between lines 3 and 4 the following:

"Section 3. The Township Code is amended by changing Section 85-30 as follows:

(60 ILCS 1/85-30)

Sec. 85-30. Purchases; bids. Any purchase by a township ~~having fewer than 10,000 inhabitants and~~

[March 17, 2005]

located in a county with a population under 3,000,000 for services, materials, equipment, or supplies in excess of ~~\$20,000~~ ~~\$10,000~~ (other than professional services) and any purchase by a township in a county with a population of 3,000,000 or more, or by a township having 10,000 or more inhabitants and located in a county with a population of less than 3,000,000, for services, materials, equipment, or supplies in excess of ~~\$10,000~~ (other than professional services) shall be contracted for in one of the following ways:

- (1) By a contract let to the lowest responsible bidder after advertising for bids at least once (i) in a newspaper published within the township, or (ii) if no newspaper is published within the township, then in one published within the county, or (iii) if no newspaper is published within the county, then in a newspaper having general circulation within the township.
- (2) By a contract let without advertising for bids in the case of an emergency if authorized by the township board.

This Section does not apply to contracts by a township with the federal government.

(Source: P.A. 92-627, eff. 7-11-02.)

Section 4. The Illinois Municipal Code is amended by changing Sections 4-5-11 and 8-9-1 as follows: (65 ILCS 5/4-5-11) (from Ch. 24, par. 4-5-11)

Sec. 4-5-11. Except as otherwise provided, all contracts, of whatever character, pertaining to public improvement, or to the maintenance of the public property of a municipality involving an outlay of ~~\$10,000~~ ~~\$1,500~~ or more, shall be based upon specifications to be approved by the council. Any work or other public improvement which is not to be paid for in whole or in part by special assessment or special taxation, when the expense thereof will exceed ~~\$20,000~~ ~~\$10,000~~, shall be constructed as follows:

(1) By a contract let to the lowest responsible bidder after advertising for bids, in the manner prescribed by ordinance, except that any such contract may be entered into by the proper officers without advertising for bids, if authorized by a vote of 4 of the 5 council members elected; or

(2) In the following manner, if authorized by a vote of 4 of the 5 council members elected: the commissioner of public works or other proper officers to be designated by ordinance, shall superintend and cause to be carried out the construction of the work or other public improvement and shall employ exclusively for the performance of all manual labor thereon, laborers and artisans whom the city or village shall pay by the day or hour, but all material of the value of ~~\$20,000~~ ~~\$10,000~~ and upward used in the construction of the work or other public improvement, shall be purchased by contract let to the lowest responsible bidder in the manner to be prescribed by ordinance.

Nothing contained in this section shall apply to any contract by a municipality with the United States of America or any agency thereof.

(Source: P.A. 86-576.)

(65 ILCS 5/8-9-1) (from Ch. 24, par. 8-9-1)

Sec. 8-9-1. In municipalities of less than 500,000 except as otherwise provided in Articles 4 and 5 any work or other public improvement which is not to be paid for in whole or in part by special assessment or special taxation, when the expense thereof will exceed ~~\$20,000~~ ~~\$10,000~~, shall be constructed either

(1) by a contract let to the lowest responsible bidder after advertising for bids, in the manner prescribed by ordinance, except that any such contract may be entered into by the proper officers without advertising for bids, if authorized by a vote of two-thirds of all the aldermen or trustees then holding office; or (2) in the following manner, if authorized by a vote of two-thirds of all the aldermen or trustees then holding office, to-wit: the commissioner of public works or other proper officers to be designated by ordinance, shall superintend and cause to be carried out the construction of the work or other public improvement and shall employ exclusively for the performance of all manual labor thereon, laborers and artisans whom the municipality shall pay by the day or hour; and all material of the value of ~~\$20,000~~ ~~\$10,000~~ and upward used in the construction of the work or other public improvement, shall be purchased by contract let to the lowest responsible bidder in the manner to be prescribed by ordinance. However, nothing contained in this section shall apply to any contract by a city, village or incorporated town with the federal government or any agency thereof.

In every city which has adopted Division 1 of Article 10, every such laborer or artisan shall be certified by the civil service commission to the commissioner of public works or other proper officers, in accordance with the requirement of that division.

In municipalities of 500,000 or more population the letting of contracts for work or other public improvements of the character described in this section shall be governed by the provisions of Division 10 of this Article 8.

(Source: P.A. 86-576.)"; and

on page 2, between lines 25 and 26, by inserting the following:

[March 17, 2005]

"Section 15. The Illinois Highway Code is amended by changing Section 6-201.7 as follows:  
(605 ILCS 5/6-201.7) (from Ch. 121, par. 6-201.7)

Sec. 6-201.7. Construct, maintain and repair and be responsible for the construction, maintenance and repair of roads within the district, let contracts, employ labor and purchase material and machinery therefor, subject to the limitations provided in this Code. Contracts, labor, machinery, disposal, and incidental expenses related to special services under Section 6-201.21 of this Code constitute maintenance, for purposes of this Section.

Except for professional services, when the cost of construction, materials, supplies, new machinery or equipment exceeds ~~\$20,000~~ ~~\$10,000~~, the contract for such construction, materials, supplies, machinery or equipment shall be let to the lowest responsible bidder after advertising for bids at least once, and at least 10 days prior to the time set for the opening of such bids, in a newspaper published within the township or road district, or, if no newspaper is published within the township or road district then in one published within the county, or, if no newspaper is published within the county then in a newspaper having general circulation within the township or road district, but, in case of an emergency, such contract may be let without advertising for bids. For purposes of this Section "new machinery or equipment" shall be defined as that which has been previously untitled or that which shows fewer than 200 hours on its operating clock and that is accompanied by a new equipment manufacturer's warranty. (Source: P.A. 92-268, eff. 1-1-02; 93-109, eff. 7-8-03; 93-164, eff. 7-10-03; 93-610, eff. 11-18-03; revised 12-4-03.)".

There being no further amendments, the foregoing Amendment No. 1 was ordered engrossed; and the bill, as amended, was ordered to a third reading.

On motion of Senator Silverstein, **Senate Bill No. 1892** having been printed, was taken up, read by title a second time and ordered to a third reading.

On motion of Senator Radogno, **Senate Bill No. 1895** having been printed, was taken up, read by title a second time and ordered to a third reading.

#### MOTION IN WRITING

Senator Luechtefeld submitted the following Motion in Writing:

Pursuant to Senate Rule 7-9, I move that the Senate Executive Committee be discharged from further consideration of **SENATE BILL 150** and that **SENATE BILL 150** be placed on the order of Second Reading.

3/17/05  
Date

s/David Luechtefeld  
Senator

The foregoing Motion in Writing was filed with the Secretary and placed on the Senate Calendar.

#### READING BILLS OF THE SENATE A SECOND TIME

On motion of Senator Cronin, **Senate Bill No. 1897** having been printed, was taken up, read by title a second time and ordered to a third reading.

On motion of Senator Cronin, **Senate Bill No. 1898** having been printed, was taken up, read by title a second time and ordered to a third reading.

On motion of Senator Cullerton, **Senate Bill No. 1907** having been printed, was taken up, read by title a second time and ordered to a third reading.

On motion of Senator Haine, **Senate Bill No. 1908** having been printed, was taken up, read by title a second time and ordered to a third reading.

[March 17, 2005]

On motion of Senator Haine, **Senate Bill No. 1912** having been printed, was taken up, read by title a second time and ordered to a third reading.

#### COMMITTEE MEETING ANNOUNCEMENT

Senator Cullerton, Co-Chairperson of the Committee on Judiciary, announced that the Judiciary Committee will meet today in Room 400 Capitol Building, immediately upon adjournment.

At the hour of 1:52 o'clock p.m., the Chair announced that the Senate stand at recess subject to the call of the Chair.

#### AFTER RECESS

At the hour of 1:54 o'clock p.m., the Senate resumed consideration of business.  
Senator Hendon, presiding.

#### PRESENTATION OF RESOLUTION

Senator Shadid offered the following Senate Joint Resolution and, having asked and obtained unanimous consent to suspend the rules for its immediate consideration, moved its adoption:

#### SENATE JOINT RESOLUTION NO. 33

**RESOLVED, BY THE SENATE OF THE NINETY-FOURTH GENERAL ASSEMBLY OF THE STATE OF ILLINOIS, THE HOUSE OF REPRESENTATIVES CONCURRING HEREIN,** that when the two Houses adjourn on Thursday, March 17, 2005, the Senate stands adjourned until Wednesday, April 06, 2005 at 12:00 o'clock noon; and the House of Representatives stands adjourned until Tuesday, April 05, 2005.

The motion prevailed.

And the resolution was adopted.

Ordered that the Secretary inform the House of Representatives thereof, and ask their concurrence therein.

At the hour of 1:57 o'clock p.m., the Chair announced that the Senate stand at recess subject to the call of the Chair.

#### AFTER RECESS

At the hour of 4:03 o'clock p.m., the Senate resumed consideration of business.  
Senator Halvorson, presiding.

#### REPORTS FROM STANDING COMMITTEES

Senator Harmon, Chairperson of the Committee on Revenue, to which was referred **Senate Bills numbered 262, 513, 1811 and 1935**, reported the same back with the recommendation that the bills do pass.

Under the rules, the bills were ordered to a second reading.

Senator Harmon, Chairperson of the Committee on Revenue, to which was referred **Senate Bills numbered 419 and 532**, reported the same back with amendments having been adopted thereto, with the recommendation that the bills, as amended, do pass.

Under the rules, the bills were ordered to a second reading.

[March 17, 2005]

Senator Garrett, Chairperson of the Committee on State Government, to which was referred **Senate Bills numbered 195, 258, 583, 584, 585, 586, 587, 588, 589, 590, 591, 592, 593, 594, 595, 596, 597, 598, 617, 618, 619, 620, 621, 622, 623, 624, 625, 626, 627, 628, 629, 630, 631, 632, 633, 634, 635, 636, 637, 638, 639, 640, 641, 642, 643, 644, 645, 646, 647, 648, 649, 650, 651, 652, 653, 654, 655, 656, 657, 777, 779, 781, 782, 783, 993, 994, 995, 996, 997, 1339, 1340, 1341, 1342, 1343, 1654, 1776, 1888, 1889, 2077 and 2084**, reported the same back with the recommendation that the bills do pass.

Under the rules, the bills were ordered to a second reading.

Senator Garrett, Chairperson of the Committee on State Government, to which was referred **Senate Bills numbered 334, 518, 780, 1661 and 2015**, reported the same back with the recommendation that the bills, as amended, do pass.

Under the rules, the bills were ordered to a second reading.

Senator Silverstein, Chairperson of the Committee on Executive, to which was referred **Senate Bills numbered 314, 436, 515, 572, 614, 851, 935, 936, 937, 938, 939, 940, 941, 942, 943, 1296, 1625, 1713, 1727, 1739, 1764, 1781, 1964, 1965, 1968, 1990, 1991, 1992, 1993, 1994, 1995 and 2038**, reported the same back with the recommendation that the bills do pass.

Under the rules, the bills were ordered to a second reading.

Senator Silverstein, Chairperson of the Committee on Executive, to which was referred **Senate Bills numbered 19, 250, 766, 1435, 1628, 1955 and 2073**, reported the same back with amendments having been adopted thereto, with the recommendation that the bills, as amended, do pass.

Under the rules, the bills were ordered to a second reading.

Senator Silverstein, Chairperson of the Committee on Executive, to which was referred **Senate Resolution No. 102**, reported the same back with the recommendation that the resolution be adopted.

Under the rules, **Senate Resolution No. 102** was placed on the Secretary's Desk.

Senator Silverstein, Chairperson of the Committee on Executive, to which was referred **Senate Joint Resolution No. 18**, reported the same back with the recommendation that the resolution be adopted.

Under the rules, **Senate Joint Resolution No. 18** was placed on the Secretary's Desk.

Senator Forby, Chairperson of the Committee on Labor, to which was referred **Senate Bills numbered 1750, 1791 and 1792**, reported the same back with the recommendation that the bills, as amended, do pass.

Under the rules, the bills were ordered to a second reading.

Senator Demuzio, Chairperson of the Committee on Licensed Activities, to which was referred **Senate Bill No. 1496**, reported the same back with the recommendation that the bill do pass.

Under the rules, the bill was ordered to a second reading.

Senator Demuzio, Chairperson of the Committee on Licensed Activities, to which was referred **Senate Bills numbered 86, 139, 184, 1828, 1842, 1876, 2012, 2064 and 2095**, reported the same back with amendments having been adopted thereto, with the recommendation that the bills, as amended, do pass.

Under the rules, the bills were ordered to a second reading.

Senator Maloney, Chairperson of the Committee on Higher Education, to which was referred **Senate Bills numbered 540, 880, 881, 882, 883, 884, 885, 887, 888 and 889**, reported the same back with the recommendation that the bills do pass.

Under the rules, the bills were ordered to a second reading.

Senator Maloney, Chairperson of the Committee on Higher Education, to which was referred **Senate Bills numbered 507 and 1653**, reported the same back with amendments having been adopted thereto, with the recommendation that the bills, as amended, do pass.

Under the rules, the bills were ordered to a second reading.

Senator Collins, Chairperson of the Committee on Financial Institutions, to which was referred **Senate Bills numbered 278, 893, 894, 895, 896, 897, 898, 899, 900, 1629, 1777, 1778, 1823, 1958 and 2028**, reported the same back with the recommendation that the bills do pass.

Under the rules, the bills were ordered to a second reading.

Senator Collins, Chairperson of the Committee on Financial Institutions, to which was referred **Senate Bill No. 2069**, reported the same back with amendments having been adopted thereto, with the recommendation that the bill, as amended, do pass.

Under the rules, the bill was ordered to a second reading.

Senator Sandoval, Chairperson of the Committee on Commerce & Economic Development, to which was referred **Senate Bills numbered 14, 16, 113, 949, 950, 1094, 1246, 1247, 1248, 1249, 1250, 1251, 1252, 1253, 1254, 1255, 1256, 1257, 1258, 1259, 1260, 1261, 1262, 1263, 1264, 1265, 1334, 1335, 1336, 1337, 1338, 1766, 1918, 1919, 1920, 1921, 1923, 1926, 1927, 1928, 1929, 2051, 2057 and 2072**, reported the same back with the recommendation that the bills do pass.

Under the rules, the bills were ordered to a second reading.

Senator Sandoval, Chairperson of the Committee on Commerce & Economic Development, to which was referred **Senate Bills numbered 323, 1723 and 1866**, reported the same back with amendments having been adopted thereto, with the recommendation that the bills, as amended, do pass.

Under the rules, the bills were ordered to a second reading.

Senator Haine, Chairperson of the Committee on Insurance, to which was referred **Senate Bills numbered 475, 521, 770 and 1721**, reported the same back with the recommendation that the bills do pass.

Under the rules, the bills were ordered to a second reading.

Senator Haine, Chairperson of the Committee on Insurance, to which was referred **Senate Bill No. 760**, reported the same back with amendments having been adopted thereto, with the recommendation that the bill, as amended, do pass.

Under the rules, the bill was ordered to a second reading.

Senator Ronen, Chairperson of the Committee on Health & Human Services, to which was referred **Senate Bills numbered 159, 267, 374, 376, 437, 538, 901, 902, 903, 904, 905, 906, 907, 908, 909, 951, 952, 953, 954, 955, 956, 957, 958, 959, 960, 961, 962, 963, 964, 965, 973, 974, 975, 976, 977, 978, 979, 980, 981, 982, 983, 984, 985, 986, 987, 988, 989, 990, 991, 992, 998, 999, 1000, 1001, 1002, 1003, 1004, 1005, 1006, 1007, 1008, 1009, 1010, 1011, 1012, 1013, 1014, 1015, 1016, 1017, 1018, 1019, 1020, 1021, 1022, 1023, 1024, 1025, 1026, 1027, 1324, 1466, 1507, 1508, 1624, 1665, 1725, 1872, 1983, 2062, 2091 and 2100**, reported the same back with the recommendation that the bills do pass.

Under the rules, the bills were ordered to a second reading.

Senator Ronen, Chairperson of the Committee on Health & Human Services, to which was referred **Senate Bills numbered 457, 1220, 1469, 1489, 1620, 1680, 1986 and 2078**, reported the same back with amendments having been adopted thereto, with the recommendation that the bills, as amended, do pass.

Under the rules, the bills were ordered to a second reading.

Senator Ronen, Chairperson of the Committee on Health & Human Services, to which was referred **Senate Resolutions numbered 9 and 35**, reported the same back with the recommendation that the resolutions be adopted.

Under the rules, **Senate Resolutions numbered 9 and 35** were placed on the Secretary's Desk.

Senator Ronen, Chairperson of the Committee on Health & Human Services, to which was referred **Senate Joint Resolution No. 9**, reported the same back with the recommendation that the resolution be adopted.

Under the rules, **Senate Joint Resolution No. 9** was placed on the Secretary's Desk.

Senator Lightford, Chairperson of the Committee on Education, to which was referred **Senate Bills numbered 2, 249, 259, 268, 269, 281, 462, 573, 574, 575, 768, 852, 853, 854, 855, 856, 857, 858, 859, 860, 861, 862, 863, 864, 865, 866, 867, 868, 869, 870, 871, 872, 873, 874, 875, 876, 877, 878, 879, 890, 1465, 1734, 1753, 1815, 1817, 1849, 1852, 1853, 1856, 1886, 1887, 1931 and 1972**, reported the same back with the recommendation that the bills do pass.

Under the rules, the bills were ordered to a second reading.

Senator Lightford, Chairperson of the Committee on Health & Human Services, to which was referred **Senate Bills numbered 409, 750, 1484, 1493, 2032 and 2096**, reported the same back with amendments having been adopted thereto, with the recommendation that the bills, as amended, do pass.

Under the rules, the bills were ordered to a second reading.

Senators Cullerton and Dillard, Co-Chairpersons of the Committee on Judiciary, to which was referred **Senate Bills numbered 257, 283, 399, 448, 578, 1052, 1129, 1130, 1131, 1132, 1133, 1134, 1135, 1136, 1137, 1138, 1139, 1140, 1141, 1142, 1143, 1144, 1145, 1146, 1147, 1148, 1149, 1150, 1151, 1152, 1153, 1154, 1155, 1156, 1157, 1158, 1159, 1160, 1161, 1162, 1163, 1164, 1165, 1166, 1167, 1168, 1169, 1170, 1171, 1172, 1173, 1174, 1175, 1176, 1177, 1178, 1179, 1180, 1181, 1182, 1183, 1184, 1185, 1186, 1187, 1188, 1189, 1190, 1191, 1192, 1193, 1194, 1195, 1196, 1197, 1198, 1199, 1200, 1201, 1202, 1203, 1204, 1205, 1206, 1207, 1208, 1209, 1210, 1211, 1212, 1213, 1214, 1215, 1216, 1217, 1230, 1295, 1302, 1326, 1328, 1330, 1331, 1332, 1333, 1455, 1456, 1510, 1511, 1743, 1744, 1843, 1844, 1845, 1859, 1900, 1902, 1911, 1961, 2006, 2013, 2041 and 2074**, reported the same back with the recommendation that the bills do pass.

Under the rules, the bills were ordered to a second reading.

Senators Cullerton and Dillard, Co-Chairpersons of the Committee on Judiciary, to which was referred **Senate Bills numbered 251, 332, 339, 421, 425, 1724, 1829, 1893, 1914, 1941 and 1943**, reported the same back with amendments having been adopted thereto, with the recommendation that the bills, as amended, do pass.

Under the rules, the bills were ordered to a second reading.

### MESSAGES FROM THE HOUSE

A message from the House by

Mr. Mahoney, Clerk:

Mr. President -- I am directed to inform the Senate that the House of Representatives has passed bills of the following titles, in the passage of which I am instructed to ask the concurrence of the Senate, to-wit:

HOUSE BILL NO. 18

A bill for AN ACT concerning State government.

HOUSE BILL NO. 55

A bill for AN ACT concerning safety.

HOUSE BILL NO. 56

A bill for AN ACT concerning education.

HOUSE BILL NO. 116

A bill for AN ACT concerning insurance.

HOUSE BILL NO. 166

A bill for AN ACT concerning right to counsel.

HOUSE BILL NO. 466

A bill for AN ACT concerning energy assistance.

HOUSE BILL NO. 709

A bill for AN ACT concerning revenue.

HOUSE BILL NO. 960

A bill for AN ACT concerning transportation.

HOUSE BILL NO. 1084

A bill for AN ACT concerning safety.

HOUSE BILL NO. 1393

A bill for AN ACT concerning transportation.

HOUSE BILL NO. 1483

[March 17, 2005]



A bill for AN ACT concerning criminal law.  
Passed the House, March 16, 2005.

MARK MAHONEY, Clerk of the House

The foregoing **House Bills Numbered 18, 55, 56, 116, 166, 466, 709, 960, 1084, 1393 and 1483** were taken up, ordered printed and placed on first reading.

A message from the House by  
Mr. Mahoney, Clerk:

Mr. President -- I am directed to inform the Senate that the House of Representatives has passed bills of the following titles, in the passage of which I am instructed to ask the concurrence of the Senate, to-wit:

HOUSE BILL NO. 1570  
A bill for AN ACT concerning revenue.  
HOUSE BILL NO. 2375  
A bill for AN ACT concerning insurance.  
HOUSE BILL NO. 2380  
A bill for AN ACT in relation to public health.  
HOUSE BILL NO. 2404  
A bill for AN ACT concerning regulation.  
HOUSE BILL NO. 2455  
A bill for AN ACT concerning government.  
HOUSE BILL NO. 2704  
A bill for AN ACT concerning criminal law.  
HOUSE BILL NO. 2708  
A bill for AN ACT concerning finance.  
HOUSE BILL NO. 3531  
A bill for AN ACT concerning children.  
HOUSE BILL NO. 3843  
A bill for AN ACT concerning local government.  
HOUSE BILL NO. 4023  
A bill for AN ACT concerning criminal law.  
HOUSE BILL NO. 4032  
A bill for AN ACT in relation to public aid.  
Passed the House, March 16, 2005.

MARK MAHONEY, Clerk of the House

The foregoing **House Bills Numbered 1570, 2375, 2380, 2404, 2455, 2704, 2708, 3531, 3843, 4023 and 4032** were taken up, ordered printed and placed on first reading.

A message from the House by  
Mr. Mahoney, Clerk:

Mr. President -- I am directed to inform the Senate that the House of Representatives has passed bills of the following titles, in the passage of which I am instructed to ask the concurrence of the Senate, to-wit:

HOUSE BILL NO. 524  
A bill for AN ACT concerning criminal law.  
HOUSE BILL NO. 669  
A bill for AN ACT concerning finance.  
HOUSE BILL NO. 688  
A bill for AN ACT concerning safety.  
HOUSE BILL NO. 723  
A bill for AN ACT concerning conservation.  
HOUSE BILL NO. 767  
A bill for AN ACT concerning criminal law.

[March 17, 2005]

HOUSE BILL NO. 900  
 A bill for AN ACT concerning regulation.  
 HOUSE BILL NO. 909  
 A bill for AN ACT concerning counties.  
 HOUSE BILL NO. 947  
 A bill for AN ACT concerning transportation.  
 HOUSE BILL NO. 950  
 A bill for AN ACT concerning liability.  
 HOUSE BILL NO. 1142  
 A bill for AN ACT concerning local government.  
 Passed the House, March 16, 2005.

MARK MAHONEY, Clerk of the House

The foregoing **House Bills Numbered 524, 669, 688, 723, 767, 900, 909, 947, 950 and 1142** were taken up, ordered printed and placed on first reading.

A message from the House by  
 Mr. Mahoney, Clerk:

Mr. President -- I am directed to inform the Senate that the House of Representatives has passed bills of the following titles, in the passage of which I am instructed to ask the concurrence of the Senate, to-wit:

HOUSE BILL NO. 1157  
 A bill for AN ACT concerning local government.  
 HOUSE BILL NO. 1430  
 A bill for AN ACT concerning regulation.  
 HOUSE BILL NO. 1457  
 A bill for AN ACT concerning finance.  
 HOUSE BILL NO. 1500  
 A bill for AN ACT concerning local government.  
 HOUSE BILL NO. 1550  
 A bill for AN ACT concerning transportation.  
 HOUSE BILL NO. 2343  
 A bill for AN ACT concerning State government.  
 HOUSE BILL NO. 2351  
 A bill for AN ACT concerning transportation.  
 HOUSE BILL NO. 2421  
 A bill for AN ACT concerning public aid.  
 HOUSE BILL NO. 2446  
 A bill for AN ACT concerning regulation.  
 HOUSE BILL NO. 2470  
 A bill for AN ACT concerning State government.  
 Passed the House, March 16, 2005.

MARK MAHONEY, Clerk of the House

The foregoing **House Bills Numbered 1157, 1430, 1457, 1500, 1550, 2343, 2351, 2421, 2446 and 2470** were taken up, ordered printed and placed on first reading.

A message from the House by  
 Mr. Mahoney, Clerk:

Mr. President -- I am directed to inform the Senate that the House of Representatives has passed bills of the following titles, in the passage of which I am instructed to ask the concurrence of the Senate, to-wit:

HOUSE BILL NO. 2533  
 A bill for AN ACT concerning local government.  
 HOUSE BILL NO. 2564

[March 17, 2005]

A bill for AN ACT concerning elections.  
HOUSE BILL NO. 2596  
A bill for AN ACT concerning State government.  
HOUSE BILL NO. 2699  
A bill for AN ACT concerning criminal law.  
HOUSE BILL NO. 3544  
A bill for AN ACT concerning State government.  
HOUSE BILL NO. 3604  
A bill for AN ACT concerning property.  
HOUSE BILL NO. 3646  
A bill for AN ACT concerning education.  
HOUSE BILL NO. 3691  
A bill for AN ACT concerning education.  
Passed the House, March 16, 2005.

MARK MAHONEY, Clerk of the House

The foregoing **House Bills Numbered 2533, 2564, 2596, 2699, 3544, 3604, 3646 and 3691** were taken up, ordered printed and placed on first reading.

A message from the House by  
Mr. Mahoney, Clerk:

Mr. President -- I am directed to inform the Senate that the House of Representatives has passed bills of the following titles, in the passage of which I am instructed to ask the concurrence of the Senate, to-wit:

HOUSE BILL NO. 279  
A bill for AN ACT concerning revenue.  
HOUSE BILL NO. 324  
A bill for AN ACT concerning employment.  
HOUSE BILL NO. 330  
A bill for AN ACT concerning local government.  
HOUSE BILL NO. 603  
A bill for AN ACT concerning revenue.  
HOUSE BILL NO. 728  
A bill for AN ACT concerning education.  
HOUSE BILL NO. 917  
A bill for AN ACT concerning human rights.  
HOUSE BILL NO. 1345  
A bill for AN ACT in relation to health.  
HOUSE BILL NO. 1406  
A bill for AN ACT concerning public aid.  
HOUSE BILL NO. 2341  
A bill for AN ACT concerning civil law.  
HOUSE BILL NO. 2693  
A bill for AN ACT concerning education.  
HOUSE BILL NO. 3622  
A bill for AN ACT to repeal the Personnel Radiation Monitoring Act.  
Passed the House, March 17, 2005.

MARK MAHONEY, Clerk of the House

The foregoing **House Bills Numbered 279, 324, 330, 603, 728, 917, 1345, 1406, 2341, 2693, and 3622** were taken up, ordered printed and placed on first reading.

A message from the House by  
Mr. Mahoney, Clerk:

[March 17, 2005]

Mr. President -- I am directed to inform the Senate that the House of Representatives has passed bills of the following titles, in the passage of which I am instructed to ask the concurrence of the Senate, to-wit:

HOUSE BILL NO. 310  
A bill for AN ACT concerning revenue.  
HOUSE BILL NO. 504  
A bill for AN ACT concerning revenue.  
HOUSE BILL NO. 759  
A bill for AN ACT concerning children.  
HOUSE BILL NO. 779  
A bill for AN ACT concerning criminal law.  
HOUSE BILL NO. 781  
A bill for AN ACT in relation to aging.  
HOUSE BILL NO. 804  
A bill for AN ACT concerning criminal law.  
HOUSE BILL NO. 2582  
A bill for AN ACT concerning criminal law.  
HOUSE BILL NO. 3641  
A bill for AN ACT concerning State government.  
HOUSE BILL NO. 3821  
A bill for AN ACT concerning education.  
HOUSE BILL NO. 4067  
A bill for AN ACT concerning safety.  
Passed the House, March 17, 2005.

MARK MAHONEY, Clerk of the House

The foregoing **House Bills Numbered 310, 504, 759, 779, 781, 804, 2582, 3641, 3821 and 4067** were taken up, ordered printed and placed on first reading.

A message from the House by  
Mr. Mahoney, Clerk:

Mr. President -- I am directed to inform the Senate that the House of Representatives has passed bills of the following titles, in the passage of which I am instructed to ask the concurrence of the Senate, to-wit:

HOUSE BILL NO. 715  
A bill for AN ACT concerning elections.  
HOUSE BILL NO. 1058  
A bill for AN ACT concerning business.  
HOUSE BILL NO. 1517  
A bill for AN ACT concerning remains.  
HOUSE BILL NO. 1548  
A bill for AN ACT concerning State government.  
HOUSE BILL NO. 1597  
A bill for AN ACT concerning transportation.  
HOUSE BILL NO. 2242  
A bill for AN ACT concerning State government.  
HOUSE BILL NO. 2445  
A bill for AN ACT concerning missing children.  
HOUSE BILL NO. 2469  
A bill for AN ACT concerning public employee benefits.  
HOUSE BILL NO. 2527  
A bill for AN ACT concerning State government.  
HOUSE BILL NO. 3469  
A bill for AN ACT concerning veterans.  
Passed the House, March 17, 2005.

MARK MAHONEY, Clerk of the House

[March 17, 2005]

The foregoing **House Bills Numbered 715, 1058, 1517, 1548, 1597, 2242, 2445, 2469, 2527 and 3469** were taken up, ordered printed and placed on first reading.

**MESSAGES FROM THE GOVERNOR**

Message for the Governor by Joseph B. Handley  
Deputy Chief of Staff for Legislative Affairs

March 1, 2005

Mr. President,

The Governor directs me to lay before the Senate the following Message:

STATE OF ILLINOIS  
EXECUTIVE DEPARTMENT

To the Honorable  
Members of the Senate  
Ninety-Fourth General Assembly

I have nominated and appointed the following named persons to the offices enumerated below and respectfully ask concurrence in and confirmation of these appointments of your Honorable body.

**WORKERS' COMPENSATION COMMISSION**

To be a Member of the Workers' Compensation Commission for a term commencing March 1, 2005 and ending January 19, 2009:

Maria Basurto of Chicago  
Salaried

To be a Member of the Workers' Compensation Commission for a term commencing March 7, 2005 and ending January 15, 2007:

Ilonka Ulrich of Skokie  
Salaried

**FINANCE AUTHORITY, ILLINOIS**

To be a Member of the Illinois Finance Authority for a term commencing February 28, 2005 and ending July 30, 2006:

Bradley A. Zeller of Alexander  
Non-Salaried

**MEDICAL DISCIPLINARY BOARD, ILLINOIS**

To be a member of the Illinois Medical Disciplinary Board for a term commencing February 28, 2005 and ending January 1, 2007:

Tariq H. Butt of Chicago  
Non-Salaried

Rod Blagojevich  
GOVERNOR

[March 17, 2005]

Message for the Governor by Joseph B. Handley  
Deputy Chief of Staff for Legislative Affairs

March 10, 2005

Mr. President,

The Governor directs me to lay before the Senate the following Message:

STATE OF ILLINOIS  
EXECUTIVE DEPARTMENT

To the Honorable  
Members of the Senate  
Ninety-Fourth General Assembly

I have nominated and appointed the following named persons to the offices enumerated below and respectfully ask concurrence in and confirmation of these appointments of your Honorable body.

**CIVIL SERVICE COMMISSION**

To be a Member of the Civil Service Commission for a term commencing March 8, 2005 and ending March 1, 2011:

Christopher T. Kolker of Fairview Heights  
Salaried

**EDUCATION FUNDING ADVISORY BOARD**

To be a Member and Chair of the Education Funding Advisory Board for a term commencing March 8, 2005 and ending January 16, 2006:

Steve Demitro of Chicago  
Non-Salaried

To be a Member of the Education Funding Advisory Board for a term commencing March 8, 2005 and ending January 19, 2009:

James Dougherty of Evanston  
Non-Salaried

To be a Member of the Education Funding Advisory Board for a term commencing March 8, 2005 and ending January 21, 2008:

Ramon Cepeda of Darien  
Non-Salaried

To be a Member of the Education Funding Advisory Board for a term commencing March 8, 2005 and ending January 21, 2008:

Arthur L. Berman of Chicago  
Non-Salaried

[March 17, 2005]

Rod Blagojevich  
GOVERNOR

Under the rules, the foregoing Messages were referred to the Committee on Executive Appointments.

**MESSAGE FROM THE COMPTROLLER**

**DANIEL W. HYNES  
COMPTROLLER**

March 15, 2005

To the Honorable Members  
of the State Senate  
Ninety-Fourth General Assembly

I have reappointed the following named person to the Comptroller's Merit Commission for a term of six years ending January 2011 or until his successor has been appointed with the advice and consent of the Senate. I respectfully ask concurrence in the confirmation of this appointment by your Honorable body.

To serve on the Comptroller's Merit Commission:

C. Joseph Wilkins  
Non-Salaried

Sincerely,  
s/Daniel W. Hynes  
Comptroller

Under the rules, the foregoing Message was referred to the Committee on Executive Appointments.

**COMMITTEE REPORT CORRECTION**

On the report from the Committee on Education, **SENATE BILL 1931** should have been reported "Do Pass, as Amended" rather than "Do Pass". Committee Amendment numbered 1 was adopted by a vote of 11-0-0.

**INTRODUCTION OF BILLS**

**SENATE BILL NO. 2117.** Introduced by Senator Lightford, a bill for AN ACT concerning appropriations.

The bill was taken up, read by title a first time, ordered printed and referred to the Committee on Rules.

**READING BILLS FROM THE HOUSE OF REPRESENTATIVES A FIRST TIME**

**House Bill No. 594,** sponsored by Senator Jacobs was taken up, read by title a first time and referred to the Committee on Rules.

**House Bill No. 760,** sponsored by Senator Ronen was taken up, read by title a first time and referred to the Committee on Rules.

**House Bill No. 1149,** sponsored by Senator Garrett was taken up, read by title a first time and referred to the Committee on Rules.

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**House Bill No. 1574**, sponsored by Senators Watson - Risinger was taken up, read by title a first time and referred to the Committee on Rules.

**House Bill No. 1589**, sponsored by Senator Wilhelmi was taken up, read by title a first time and referred to the Committee on Rules.

**House Bill No. 2435**, sponsored by Senator Haine was taken up, read by title a first time and referred to the Committee on Rules.

**House Bill No. 748**, sponsored by Senator Haine was taken up, read by title a first time and referred to the Committee on Rules.

**House Bill No. 1358**, sponsored by Senator Munoz was taken up, read by title a first time and referred to the Committee on Rules.

**House Bill No. 1504**, sponsored by Senator Crotty was taken up, read by title a first time and referred to the Committee on Rules.

**House Bill No. 18**, sponsored by Senator Dillard was taken up, read by title a first time and referred to the Committee on Rules.

**House Bill No. 55**, sponsored by Senator Dillard was taken up, read by title a first time and referred to the Committee on Rules.

**House Bill No. 116**, sponsored by Senator Bomke was taken up, read by title a first time and referred to the Committee on Rules.

**House Bill No. 211**, sponsored by Senator Hunter was taken up, read by title a first time and referred to the Committee on Rules.

**House Bill No. 524**, sponsored by Senator Harmon was taken up, read by title a first time and referred to the Committee on Rules.

**House Bill No. 664**, sponsored by Senator Rauschenberger was taken up, read by title a first time and referred to the Committee on Rules.

**House Bill No. 1457**, sponsored by Senator Schoenberg was taken up, read by title a first time and referred to the Committee on Rules.

**House Bill No. 1458**, sponsored by Senator Sandoval was taken up, read by title a first time and referred to the Committee on Rules.

**House Bill No. 2704**, sponsored by Senator Harmon was taken up, read by title a first time and referred to the Committee on Rules.

**House Bill No. 3531**, sponsored by Senator Righter was taken up, read by title a first time and referred to the Committee on Rules.

**House Bill No. 3544**, sponsored by Senator Althoff was taken up, read by title a first time and referred to the Committee on Rules.

**House Bill No. 3843**, sponsored by Senator Link was taken up, read by title a first time and referred to the Committee on Rules.

**House Bill No. 4023**, sponsored by Senator Demuzio was taken up, read by title a first time and referred to the Committee on Rules.

[March 17, 2005]



**House Bill No. 996**, sponsored by Senator Halvorson was taken up, read by title a first time and referred to the Committee on Rules.

**House Bill No. 1081**, sponsored by Senator Collins was taken up, read by title a first time and referred to the Committee on Rules.

**House Bill No. 709**, sponsored by Senator Harmon was taken up, read by title a first time and referred to the Committee on Rules.

**House Bill No. 2351**, sponsored by Senator Risinger was taken up, read by title a first time and referred to the Committee on Rules.

**House Bill No. 1480**, sponsored by Senator Roskam was taken up, read by title a first time and referred to the Committee on Rules.

At the hour of 4:20 o'clock p.m., pursuant to **Senate Joint Resolution No. 33**, the Chair announced the Senate stand adjourned until Wednesday, April 6, 2005, at 12:00 o'clock noon.