

HB2920



101ST GENERAL ASSEMBLY

State of Illinois

2019 and 2020

HB2920

by Rep. Justin Slaughter

SYNOPSIS AS INTRODUCED:

35 ILCS 5/229 new
215 ILCS 5/121-2.08

from Ch. 73, par. 733-2.08

Amends the Illinois Income Tax Act. Creates an income tax credit and a credit against insurance premium taxes for business entities for the cost of providing certain commuter benefits to employees. Provides that the credit shall be equal to 50% of the cost of providing the eligible commuter benefits, but not to exceed \$100 per individual employee per month.

LRB101 10311 HLH 55417 b

FISCAL NOTE ACT
MAY APPLY

A BILL FOR

1 AN ACT concerning revenue.

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

4 Section 5. The Illinois Income Tax Act is amended by adding
5 Section 229 as follows:

6 (35 ILCS 5/229 new)

7 Sec. 229. Commuter benefits credit.

8 (a) As used in this Section:

9 "Business entity" means (i) A person conducting or
10 operating a trade or business in the State; or (ii) an
11 organization operating in the State that is exempt from
12 taxation under § 501(c)(3) or (4) of the Internal Revenue Code.

13 "Instrument" means a pass, token, fare-card, voucher, or
14 similar item.

15 "Ride-sharing" means for-profit driving services, taxis,
16 rental car agencies or non-commercial transportation services.

17 (b) A business entity interested in claiming the tax
18 credits for the cost of providing commuter benefits to its
19 employees must complete the Illinois Commuter Tax Credit
20 Registration Form for each tax year and submit it to the
21 Department. The registration form should be filed with the
22 Department as soon as possible after the decision is made to
23 seek qualification for the credit, but no later than the last

1 day of the taxable year in which the credit will be claimed.

2 (c) For taxable years beginning after December 31, 2019, a
3 business entity may claim a credit against the tax imposed by
4 subsections (a) and (b) of Section 201 of this Act or the tax
5 imposed by subsection (c) of Section 121-2.08 of the Illinois
6 Insurance Code for the cost of providing either or both of the
7 following commuter benefits to its employees:

8 (1) a vanpool that meets the following criteria and is
9 provided for the purpose of travel between an employee's
10 residence and place of employment if the transportation is
11 to or from a location in Illinois: (A) the vehicle must
12 have seating capacity for at least 6 adult individuals; (B)
13 at least 80% of the annual mileage incurred must be between
14 the employees' residences and their places of employment;
15 and (C) the number of employees transported must be at
16 least one-half of that vehicle's adult seating capacity; or

17 (2) an instrument that entitles an employee, at no
18 added cost or at a reduced fare, to transportation to or
19 from a location in Illinois on a publicly-owned or
20 privately-owned mass transit system, taxi service, or
21 ride-sharing service.

22 The credit shall be equal to 50% of the cost of providing
23 the eligible commuter benefits. The credit allowed may not
24 exceed \$100 per individual employee per month. The total credit
25 allowed may not exceed the total tax otherwise payable by the
26 business entity for that taxable year determined after the

1 application of any other credit, and the unused amount of the
2 credit may not be carried over to any other taxable year.

3 (d) Partners, shareholders of subchapter S corporations,
4 and owners of limited liability companies (if the limited
5 liability company is treated as a partnership for purposes of
6 federal and State income taxation) are entitled to a credit
7 under this Section to be determined in accordance with the
8 determination of income and distributive share of income under
9 Sections 702 and 703 and subchapter S of the Internal Revenue
10 Code.

11 (e) This Section is exempt from the provisions of Section
12 250.

13 Section 10. The Illinois Insurance Code is amended by
14 changing Section 121-2.08 as follows:

15 (215 ILCS 5/121-2.08) (from Ch. 73, par. 733-2.08)

16 Sec. 121-2.08. Transactions in this State involving
17 contracts of insurance independently procured directly from an
18 unauthorized insurer by industrial insureds.

19 (a) As used in this Section:

20 "Exempt commercial purchaser" means exempt commercial
21 purchaser as the term is defined in subsection (1) of Section
22 445 of this Code.

23 "Home state" means home state as the term is defined in
24 subsection (1) of Section 445 of this Code.

1 "Industrial insured" means an insured:

2 (i) that procures the insurance of any risk or risks of
3 the kinds specified in Classes 2 and 3 of Section 4 of this
4 Code by use of the services of a full-time employee who is
5 a qualified risk manager or the services of a regularly and
6 continuously retained consultant who is a qualified risk
7 manager;

8 (ii) that procures the insurance directly from an
9 unauthorized insurer without the services of an
10 intermediary insurance producer; and

11 (iii) that is an exempt commercial purchaser whose home
12 state is Illinois.

13 "Insurance producer" means insurance producer as the term
14 is defined in Section 500-10 of this Code.

15 "Qualified risk manager" means qualified risk manager as
16 the term is defined in subsection (1) of Section 445 of this
17 Code.

18 "Safety-Net Hospital" means an Illinois hospital that
19 qualifies as a Safety-Net Hospital under Section 5-5e.1 of the
20 Illinois Public Aid Code.

21 "Unauthorized insurer" means unauthorized insurer as the
22 term is defined in subsection (1) of Section 445 of this Code.

23 (b) For contracts of insurance effective January 1, 2015 or
24 later, within 90 days after the effective date of each contract
25 of insurance issued under this Section, the insured shall file
26 a report with the Director by submitting the report to the

1 Surplus Line Association of Illinois in writing or in a
2 computer readable format and provide information as designated
3 by the Surplus Line Association of Illinois. The information in
4 the report shall be substantially similar to that required for
5 surplus line submissions as described in subsection (5) of
6 Section 445 of this Code. Where applicable, the report shall
7 satisfy, with respect to the subject insurance, the reporting
8 requirement of Section 12 of the Fire Investigation Act.

9 (c) For contracts of insurance effective January 1, 2015
10 through December 31, 2017, within 30 days after filing the
11 report, the insured shall pay to the Director for the use and
12 benefit of the State a sum equal to the gross premium of the
13 contract of insurance multiplied by the surplus line tax rate,
14 as described in paragraph (3) of subsection (a) of Section 445
15 of this Code, and shall pay the fire marshal tax that would
16 otherwise be due annually in March for insurance subject to tax
17 under Section 12 of the Fire Investigation Act. For contracts
18 of insurance effective January 1, 2018 or later, within 30 days
19 after filing the report, the insured shall pay to the Director
20 for the use and benefit of the State a sum equal to 0.5% of the
21 gross premium of the contract of insurance, and shall pay the
22 fire marshal tax that would otherwise be due annually in March
23 for insurance subject to tax under Section 12 of the Fire
24 Investigation Act. For contracts of insurance effective
25 January 1, 2015 or later, within 30 days after filing the
26 report, the insured shall pay to the Surplus Line Association

1 of Illinois a countersigning fee that shall be assessed at the
2 same rate charged to members pursuant to subsection (4) of
3 Section 445.1 of this Code. An insured is entitled to a credit
4 against the tax imposed under this Section as provided in
5 Section 229 of the Illinois Income Tax Act.

6 (d) For contracts of insurance effective January 1, 2015 or
7 later, the insured shall withhold the amount of the taxes and
8 countersignature fee from the amount of premium charged by and
9 otherwise payable to the insurer for the insurance. If the
10 insured fails to withhold the tax and countersignature fee from
11 the premium, then the insured shall be liable for the amounts
12 thereof and shall pay the amounts as prescribed in subsection
13 (c) of this Section.

14 (e) Contracts of insurance with an industrial insured that
15 qualifies as a Safety-Net Hospital are not subject to
16 subsections (b) through (d) of this Section.

17 (Source: P.A. 100-535, eff. 9-22-17; 100-1118, eff. 11-27-18.)