



101ST GENERAL ASSEMBLY

State of Illinois

2019 and 2020

HB3570

by Rep. Tony McCombie

SYNOPSIS AS INTRODUCED:

New Act
35 ILCS 5/704A

Creates the Industrial New Jobs Training Act. Provides that community college may enter into an agreement with an employer in which the employer provides certain education and job-training services. Provides that the program shall be funded by: (1) a new jobs credit from withholding to be received or derived from new employment resulting from the project; (2) tuition, student fees, or special charges fixed by the Board to defray program costs in whole or in part; or (3) a guarantee of payments to be received under paragraph (1) or (2). Provides that the community college may issue certificates for funding of the program. Amends the Illinois Income Tax Act to make conforming changes.

LRB101 08165 HLH 53231 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 1. Short title. This Act may be cited as the
5 Industrial New Jobs Training Act.

6 Section 5. Definitions.

7 "Board" means the board of trustees of a community college
8 in the State.

9 "Department" means the Department of Revenue.

10 "Program services" means, but is not limited to, the
11 following:

12 (1) new jobs training;

13 (2) adult basic education and job-related instruction;

14 (3) career and technical skill-assessment services and
15 testing;

16 (4) training facilities, equipment, materials, and
17 supplies;

18 (5) on-the-job training;

19 (6) administrative expenses;

20 (7) subcontracted services with institutions governed
21 by the Board, private colleges or universities, or other
22 federal, State, or local agencies; and

23 (8) costs associated with the issuance of

1 certificates.

2 "Project" means a training arrangement that is the subject
3 of an agreement between the community college and an employer
4 to provide program services.

5 Section 10. Agreement.

6 (a) A community college may enter into an agreement with an
7 employer to establish a project. If an agreement is entered
8 into, the community college and the employer shall notify the
9 Department as soon as possible. An agreement shall provide for
10 the costs of program services, including deferred costs, which
11 may be paid from one or a combination of the following sources:

12 (1) a new jobs credit from withholding to be received
13 or derived from new employment resulting from the project;

14 (2) tuition, student fees, or special charges fixed by
15 the Board to defray program costs in whole or in part; or

16 (3) a guarantee of payments to be received under
17 paragraph (1) or (2).

18 (b) Payment of program costs shall not be deferred for a
19 period longer than 10 years from the date of commencement of
20 the project.

21 (c) Costs of on-the-job training for employees shall not
22 exceed 50% of the annual gross payroll costs for up to one year
23 of the new jobs. For purposes of this subsection, "gross
24 payroll" means the gross wages, salaries, and benefits for the
25 jobs in training in the project.

1 Section 15. New jobs credit from withholding. If an
2 agreement provides that all or part of program costs are to be
3 met by receipt of new jobs credit from withholding, it shall be
4 done as follows:

5 (1) The new jobs credit from withholding shall be based
6 upon the wages paid to the employees in the new jobs.

7 (2) An amount equal to 1.5% of the gross wages paid by
8 the employer to each employee participating in a project
9 shall be credited from the payment made by an employer
10 pursuant to Article 7 of the Illinois Income Tax Act. The
11 employer shall remit the amount of the credit quarterly in
12 the same manner as withholding payments are reported to the
13 Department, and the credit shall be deposited into the
14 Industrial New Jobs Training Fund, a special Fund created
15 in the State treasury. Moneys in the Industrial New Jobs
16 Training Fund shall be allocated to the community college
17 to be used to pay the principal of and interest on
18 certificates issued by the community college to finance or
19 refinance, in whole or in part, the project. When the
20 principal and interest on the certificates have been paid,
21 the employer credits shall cease, and any money received
22 after the certificates have been paid shall be remitted to
23 the State Treasurer to be deposited in the manner provided
24 for payments under Article 7 of the Illinois Income Tax
25 Act.

1 (3) The new jobs credit from withholding and the
2 special fund into which it is paid, may be irrevocably
3 pledged by a community college for the payment of the
4 principal of and interest on the certificate issued by a
5 community college to finance or refinance, in whole or in
6 part, the project.

7 (4) The employer shall certify to the Department that
8 the credit in withholding is in accordance with an
9 agreement and shall provide other information the
10 Department may require.

11 (5) A community college shall certify to the Department
12 the amount of new jobs credit from withholding an employer
13 has remitted to the special fund and shall provide other
14 information the department may require.

15 (6) An employee participating in a project will receive
16 full credit for the amount withheld as provided in Article
17 7.

18 Section 20. Certificates. To provide funds for the present
19 payment of the costs of new jobs training programs, a community
20 college may borrow money and issue and sell certificates
21 payable from a sufficient portion of the future receipts of
22 payments authorized by the agreement. The receipts shall be
23 pledged to the payment of principal of and interest on the
24 certificates.

25 Certificates may be sold at public sale or at private sale

1 at par, premium, or discount at the discretion of the Board.
2 Certificates may be issued with respect to a single project or
3 multiple projects and may contain terms or conditions as the
4 Board may provide by resolution authorizing the issuance of the
5 certificates. Certificates issued to refund other certificates
6 may be sold at public sale or at private sale as provided in
7 this Section with the proceeds from the sale to be used for the
8 payment of the certificates being refunded. The refunding
9 certificates may be exchanged in payment and discharge of the
10 certificates being refunded, in installments at different
11 times or an entire issue or series at one time. Refunding
12 certificates may be sold or exchanged at any time on, before,
13 or after the maturity of the outstanding certificates to be
14 refunded, may be issued for the purpose of refunding a like,
15 greater, or lesser principal amount of certificates and may
16 bear a higher, lower, or equivalent rate of interest than the
17 certificates being renewed or refunded.

18 To further secure the payment of the certificates, the
19 Board shall provide for the assessment of an annual levy of an
20 additional property tax upon all taxable property within the
21 project area. The revenues from the tax shall be deposited in a
22 special fund and shall be expended only for the payment of
23 principal of and interest on the certificates issued as
24 provided in this Section, when the receipt of payment for
25 program costs as provided in the agreement is insufficient.

26 If payments are necessary and made from the special fund,

1 the amount of the payments shall be promptly repaid into the
2 special fund from the first available payments received for
3 program costs as provided in the agreement which are not
4 required for the payment of principal of or interest on
5 certificates due. No reserves may be built up in this fund in
6 anticipation of a projected default.

7 The Board shall adjust the annual tax levy for each year to
8 reflect the amount of revenues in the special fund and the
9 amount of principal and interest which is due in that year.

10 Before certificates are issued, the Board shall publish
11 once a notice of its intention to issue the certificates,
12 stating the amount, the purpose, and the project or projects
13 for which the certificates are to be issued. A person may,
14 within 15 days after the publication of the notice, by action
15 in the circuit court of the county in which the community
16 college is located, appeal the decision of the Board in
17 proposing to issue the certificates. The action of the Board in
18 determining to issue the certificates is final unless the court
19 finds that the Board has exceeded its legal authority. An
20 action shall not be brought which questions the legality of the
21 certificates, the power of the Board to issue the certificates,
22 the effectiveness of any proceedings relating to the
23 authorization of the project, or the authorization and issuance
24 of the certificates from and after 15 days from the publication
25 of the notice of intention to issue.

26 The Board shall determine if revenues are sufficient to

1 secure the faithful performance of obligations in the
2 agreement.

3 Section 90. The Illinois Income Tax Act is amended by
4 changing Section 704A as follows:

5 (35 ILCS 5/704A)

6 Sec. 704A. Employer's return and payment of tax withheld.

7 (a) In general, every employer who deducts and withholds or
8 is required to deduct and withhold tax under this Act on or
9 after January 1, 2008 shall make those payments and returns as
10 provided in this Section.

11 (b) Returns. Every employer shall, in the form and manner
12 required by the Department, make returns with respect to taxes
13 withheld or required to be withheld under this Article 7 for
14 each quarter beginning on or after January 1, 2008, on or
15 before the last day of the first month following the close of
16 that quarter.

17 (c) Payments. With respect to amounts withheld or required
18 to be withheld on or after January 1, 2008:

19 (1) Semi-weekly payments. For each calendar year, each
20 employer who withheld or was required to withhold more than
21 \$12,000 during the one-year period ending on June 30 of the
22 immediately preceding calendar year, payment must be made:

23 (A) on or before each Friday of the calendar year,
24 for taxes withheld or required to be withheld on the

1 immediately preceding Saturday, Sunday, Monday, or
2 Tuesday;

3 (B) on or before each Wednesday of the calendar
4 year, for taxes withheld or required to be withheld on
5 the immediately preceding Wednesday, Thursday, or
6 Friday.

7 Beginning with calendar year 2011, payments made under
8 this paragraph (1) of subsection (c) must be made by
9 electronic funds transfer.

10 (2) Semi-weekly payments. Any employer who withholds
11 or is required to withhold more than \$12,000 in any quarter
12 of a calendar year is required to make payments on the
13 dates set forth under item (1) of this subsection (c) for
14 each remaining quarter of that calendar year and for the
15 subsequent calendar year.

16 (3) Monthly payments. Each employer, other than an
17 employer described in items (1) or (2) of this subsection,
18 shall pay to the Department, on or before the 15th day of
19 each month the taxes withheld or required to be withheld
20 during the immediately preceding month.

21 (4) Payments with returns. Each employer shall pay to
22 the Department, on or before the due date for each return
23 required to be filed under this Section, any tax withheld
24 or required to be withheld during the period for which the
25 return is due and not previously paid to the Department.

26 (d) Regulatory authority. The Department may, by rule:

1 (1) Permit employers, in lieu of the requirements of
2 subsections (b) and (c), to file annual returns due on or
3 before January 31 of the year for taxes withheld or
4 required to be withheld during the previous calendar year
5 and, if the aggregate amounts required to be withheld by
6 the employer under this Article 7 (other than amounts
7 required to be withheld under Section 709.5) do not exceed
8 \$1,000 for the previous calendar year, to pay the taxes
9 required to be shown on each such return no later than the
10 due date for such return.

11 (2) Provide that any payment required to be made under
12 subsection (c)(1) or (c)(2) is deemed to be timely to the
13 extent paid by electronic funds transfer on or before the
14 due date for deposit of federal income taxes withheld from,
15 or federal employment taxes due with respect to, the wages
16 from which the Illinois taxes were withheld.

17 (3) Designate one or more depositories to which payment
18 of taxes required to be withheld under this Article 7 must
19 be paid by some or all employers.

20 (4) Increase the threshold dollar amounts at which
21 employers are required to make semi-weekly payments under
22 subsection (c)(1) or (c)(2).

23 (e) Annual return and payment. Every employer who deducts
24 and withholds or is required to deduct and withhold tax from a
25 person engaged in domestic service employment, as that term is
26 defined in Section 3510 of the Internal Revenue Code, may

1 comply with the requirements of this Section with respect to
2 such employees by filing an annual return and paying the taxes
3 required to be deducted and withheld on or before the 15th day
4 of the fourth month following the close of the employer's
5 taxable year. The Department may allow the employer's return to
6 be submitted with the employer's individual income tax return
7 or to be submitted with a return due from the employer under
8 Section 1400.2 of the Unemployment Insurance Act.

9 (f) Magnetic media and electronic filing. With respect to
10 taxes withheld in calendar years prior to 2017, any W-2 Form
11 that, under the Internal Revenue Code and regulations
12 promulgated thereunder, is required to be submitted to the
13 Internal Revenue Service on magnetic media or electronically
14 must also be submitted to the Department on magnetic media or
15 electronically for Illinois purposes, if required by the
16 Department.

17 With respect to taxes withheld in 2017 and subsequent
18 calendar years, the Department may, by rule, require that any
19 return (including any amended return) under this Section and
20 any W-2 Form that is required to be submitted to the Department
21 must be submitted on magnetic media or electronically.

22 The due date for submitting W-2 Forms shall be as
23 prescribed by the Department by rule.

24 (g) For amounts deducted or withheld after December 31,
25 2009, a taxpayer who makes an election under subsection (f) of
26 Section 5-15 of the Economic Development for a Growing Economy

1 Tax Credit Act for a taxable year shall be allowed a credit
2 against payments due under this Section for amounts withheld
3 during the first calendar year beginning after the end of that
4 taxable year equal to the amount of the credit for the
5 incremental income tax attributable to full-time employees of
6 the taxpayer awarded to the taxpayer by the Department of
7 Commerce and Economic Opportunity under the Economic
8 Development for a Growing Economy Tax Credit Act for the
9 taxable year and credits not previously claimed and allowed to
10 be carried forward under Section 211(4) of this Act as provided
11 in subsection (f) of Section 5-15 of the Economic Development
12 for a Growing Economy Tax Credit Act. The credit or credits may
13 not reduce the taxpayer's obligation for any payment due under
14 this Section to less than zero. If the amount of the credit or
15 credits exceeds the total payments due under this Section with
16 respect to amounts withheld during the calendar year, the
17 excess may be carried forward and applied against the
18 taxpayer's liability under this Section in the succeeding
19 calendar years as allowed to be carried forward under paragraph
20 (4) of Section 211 of this Act. The credit or credits shall be
21 applied to the earliest year for which there is a tax
22 liability. If there are credits from more than one taxable year
23 that are available to offset a liability, the earlier credit
24 shall be applied first. Each employer who deducts and withholds
25 or is required to deduct and withhold tax under this Act and
26 who retains income tax withholdings under subsection (f) of

1 Section 5-15 of the Economic Development for a Growing Economy
2 Tax Credit Act must make a return with respect to such taxes
3 and retained amounts in the form and manner that the
4 Department, by rule, requires and pay to the Department or to a
5 depository designated by the Department those withheld taxes
6 not retained by the taxpayer. For purposes of this subsection
7 (g), the term taxpayer shall include taxpayer and members of
8 the taxpayer's unitary business group as defined under
9 paragraph (27) of subsection (a) of Section 1501 of this Act.
10 This Section is exempt from the provisions of Section 250 of
11 this Act. No credit awarded under the Economic Development for
12 a Growing Economy Tax Credit Act for agreements entered into on
13 or after January 1, 2015 may be credited against payments due
14 under this Section.

15 (h) An employer may claim a credit against payments due
16 under this Section for amounts withheld during the first
17 calendar year ending after the date on which a tax credit
18 certificate was issued under Section 35 of the Small Business
19 Job Creation Tax Credit Act. The credit shall be equal to the
20 amount shown on the certificate, but may not reduce the
21 taxpayer's obligation for any payment due under this Section to
22 less than zero. If the amount of the credit exceeds the total
23 payments due under this Section with respect to amounts
24 withheld during the calendar year, the excess may be carried
25 forward and applied against the taxpayer's liability under this
26 Section in the 5 succeeding calendar years. The credit shall be

1 applied to the earliest year for which there is a tax
2 liability. If there are credits from more than one calendar
3 year that are available to offset a liability, the earlier
4 credit shall be applied first. This Section is exempt from the
5 provisions of Section 250 of this Act.

6 (i) This Article 7 is subject to the provisions of the
7 Industrial New Jobs Training Act.

8 (Source: P.A. 100-303, eff. 8-24-17; 100-511, eff. 9-18-17;
9 100-863, eff. 8-14-18.)