



## 102ND GENERAL ASSEMBLY

### State of Illinois

2021 and 2022

HB4061

Introduced 4/6/2021, by Rep. Marcus C. Evans, Jr.

#### SYNOPSIS AS INTRODUCED:

New Act

Creates the Business Supply Chain Transparency for Slavery, Trafficking, and Child Labor Act. Provides that every retail seller and manufacturer doing business in the State and having annual worldwide gross receipts that exceed \$100,000,000 shall disclose its efforts to eradicate slavery, human trafficking, and child labor from its direct supply chain for tangible goods offered for sale. Provides requirements and process for disclosures. Provides that the Department of Revenue shall make available to the Attorney General a list of retail sellers and manufacturers required to disclose efforts to eradicate slavery, human trafficking, and child labor pursuant to the Act. Provides that the list shall be based on tax returns filed for taxable years beginning on or after January 1, 2021 and shall be submitted annually to the Attorney General by November 30, 2021, and each November 30 thereafter. Provides that the list shall be derived from original tax returns received by the Department on or before December 31, 2020, and each December 31 thereafter. Effective January 1, 2022.

LRB102 17690 HLH 23622 b

1 AN ACT concerning business.

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 Business Supply Chain Transparency for Slavery, Trafficking,  
6 and Child Labor Act.

7 Section 5. Findings. The General Assembly finds and  
8 declares that:

9 (1) Modern slavery, human trafficking, and child labor  
10 are crimes under State, federal, and international law but  
11 still continue to exist, including in the State of  
12 Illinois.

13 (2) These crimes are often hidden from view and are  
14 difficult to uncover and track.

15 (3) Legislative efforts to address the market for  
16 goods and products tainted by slavery, trafficking, and  
17 child labor have been lacking.

18 (4) As of September 20, 2018, the List of Goods  
19 Produced by Child Labor or Forced Labor, published by the  
20 United States Department of Labor, comprised 148 goods  
21 from 76 countries.

22 (5) Consumers and businesses are inadvertently  
23 promoting and sanctioning these crimes through the

1 purchase of goods and products that have been tainted in  
2 the supply chain.

3 (6) Absent publicly available disclosures, consumers  
4 are at a disadvantage in being able force the eradication  
5 of slavery and trafficking by way of the market and their  
6 purchasing decisions.

7 (7) It is the policy of this State to ensure large  
8 retailers and manufacturers provide consumers with  
9 information regarding their efforts to eradicate slavery,  
10 human trafficking, and child labor from their supply  
11 chains, to educate consumers on how to purchase goods  
12 produced by companies that responsibly manage their supply  
13 chains, and, thereby, to improve the lives of victims of  
14 slavery, human trafficking, and child labor.

15 Section 10. Definitions. As used in this Act:

16 "Child labor" means work that is mentally, physically,  
17 socially, or morally dangerous and harmful to children and  
18 interferes with their schooling by depriving them of the  
19 opportunity to attend school; obliging them to leave school  
20 prematurely; or requiring them to attempt to combine school  
21 with excessively long and hard work conditions.

22 "Doing business in this State" means actively engaging in  
23 any transaction for the purpose of financial or pecuniary gain  
24 or profit.

25 "Gross receipts" means the sum of money and the fair

1 market value of other property or services received on the  
2 sale or exchange of property, the performance of services, or  
3 the use of property or capital (including rents, royalties,  
4 interest, and dividends) in a transaction that produced  
5 business income, in which the income, gain, or loss is  
6 recognized (or would be recognized if the transaction were in  
7 the United States) under the Internal Revenue Code. Gross  
8 receipts does not include:

9 (1) Repayment.

10 (2) The principal amount received under a repurchase  
11 agreement or other transaction properly characterized as a  
12 loan.

13 (3) Proceeds from the issuance of the taxpayer's own  
14 stock or from sale of treasury stock.

15 (4) Damages and other amounts received as a result of  
16 litigation.

17 (5) Property acquired by an agent on behalf of  
18 another.

19 (6) Tax refunds and other tax benefit recoveries.

20 (7) Pension reversions.

21 (8) Contributions to capital (except for the sale of  
22 securities by a securities dealer).

23 (9) Income from the discharge of indebtedness.

24 (10) Amounts realized from exchanges of inventory that  
25 are not recognized under the Internal Revenue Code.

26 (11) Amounts received from transactions in intangible

1 assets held in connection with a treasury function of the  
2 taxpayer's unitary business and the gross receipts and  
3 overall net gains from the maturity, redemption, sale,  
4 exchange, or other disposition of those intangible assets.

5 (12) Amounts received from hedging transactions  
6 involving intangible assets.

7 "Hedging transaction" means a transaction related to the  
8 taxpayer's trading function involving futures and options  
9 transactions for the purpose of hedging price risk of the  
10 products or commodities consumer, produced, or sold by the  
11 taxpayer.

12 "Human trafficking" means a violation or attempted  
13 violation of subsection (d) of Section 10-9 of the Criminal  
14 Code of 2012.

15 "Manufacturer" means a business entity with manufacturing  
16 as its principal business activity.

17 "Retail seller" means a business entity with retail trade  
18 as its principal business activity.

19 "Slavery" means a violation or attempted violation of  
20 subsection (b) of Section 10-9 of the Criminal Code of 2012.

21 "Treasury function" means the pooling, management, and  
22 investment of intangible assets for the purpose of satisfying  
23 the cash flow needs of the taxpayer's trade or business, such  
24 as providing liquidity for a taxpayer's business cycle,  
25 providing a reserve for business contingencies, and business  
26 acquisitions, and also includes the use of futures contracts

1 and options contracts to hedge foreign currency fluctuations.  
2 A taxpayer principally engaged in the trade or business of  
3 purchasing and selling intangible assets of the type typically  
4 held in a taxpayer's treasury function, such as a registered  
5 broker-dealer, is not performing a treasury function with  
6 respect to income so produced.

7 Section 15. Retail and manufacturing.

8 (a) Every retail seller and manufacturer doing business in  
9 this State and having annual worldwide gross receipts that  
10 exceed \$100,000,000 shall disclose its efforts to eradicate  
11 slavery, human trafficking, and child labor from its direct  
12 supply chain for tangible goods offered for sale.

13 (b) The disclosure shall be posted on the retail seller's  
14 or manufacturer's website with a conspicuous and easily  
15 understood link to the required information placed on the  
16 homepage of the business. If the retail seller or manufacturer  
17 does not have a website, the manufacturer shall provide the  
18 written disclosure within 30 days of receiving a written  
19 request for the disclosure from a consumer.

20 (c) The disclosure shall, at a minimum, disclose to what  
21 extent, if any, the retail seller or manufacturer does each of  
22 the following:

23 (1) Engages in the verification of product supply  
24 chains to evaluate and address risks of slavery, human  
25 trafficking, and child labor. The disclosure shall specify

1 if the verification was not conducted by a third party.

2 (2) Conducts audits of suppliers to evaluate supplier  
3 compliance with company standards for the elimination of  
4 slavery, trafficking, and child labor in supply chains.  
5 The disclosure shall specify if the audit was not an  
6 independent, unannounced audit.

7 (3) Requires direct suppliers to certify that  
8 materials incorporated into the product comply with the  
9 laws regarding slavery and human trafficking of the  
10 country or countries in which they are doing business.

11 (4) Maintains internal accountability standards and  
12 procedures for employees or contractors failing to meet  
13 company standards the elimination of regarding slavery,  
14 human trafficking, and child labor.

15 (5) Provides company employees and management who have  
16 direct responsibility for supply chain management training  
17 on slavery, human trafficking, and child labor,  
18 particularly with respect to mitigating risks within the  
19 supply chains of products.

20 (d) The exclusive remedy for a violation of this Act shall  
21 be an action brought by the Attorney General for injunctive  
22 relief. Nothing in this Act shall limit remedies available for  
23 a violation of any other State or federal law.

24 Section 20. Companies subject to disclosure.

25 (a) Notwithstanding any provision of law, the Department

1 of Revenue shall make available to the Attorney General a list  
2 of retail sellers and manufacturers required to disclose  
3 efforts to eradicate slavery, human trafficking, and child  
4 labor pursuant to this Act.

5 (b) The list shall be based on tax returns filed for  
6 taxable years beginning on or after January 1, 2021.

7 (c) The list required by this Section shall be submitted  
8 annually to the Attorney General by November 30, 2021, and  
9 each November 30 thereafter. The list shall be derived from  
10 original tax returns received by the Department on or before  
11 December 31, 2020, and each December 31 thereafter.

12 (d) Each annual list required by this Section shall  
13 include the following information for each retail seller or  
14 manufacturer:

15 (1) entity name; and

16 (2) an Illinois tax identification number.

17 Section 99. Effective date. This Act takes effect January  
18 1, 2022.