

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 Article may be cited as the
5 Recovery and Mental Health Tax Credit Act. References in this
6 Article to "this Act" mean this Article.

7 Section 5. Findings.

8 (a) In the interest of reducing stigma and increasing the
9 available pool of potential employees, the General Assembly
10 finds and declares that those residents of Illinois diagnosed
11 with mental illness and substance use disorders should be
12 eligible for and encouraged to seek gainful employment.

13 (b) The General Assembly finds and declares that minority
14 communities in this State have been more negatively impacted
15 in employment opportunities for minority residents diagnosed
16 with mental illness and substance use disorders and should
17 receive additional employment opportunities and incentives for
18 employing minority residents diagnosed with mental illness or
19 substance use disorders.

20 (c) Due to the COVID-19 public health emergency, employers
21 in the State of Illinois have suffered negative economic
22 impacts, a loss in workforce, staffing difficulties, and have
23 found it difficult to recruit new workers.

1 (d) In the interest of providing additional employment
2 opportunities for those residents of Illinois diagnosed with
3 mental illness or substance use disorders and expanding the
4 pool of potential workers in this State, the General Assembly
5 finds and declares that certain qualified employers who employ
6 eligible individuals should be eligible for a tax credit.

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

8 "Department" means the Department of Human Services.

9 "Eligible individual" means an individual with a substance
10 use disorder, as that term is defined under Section 1-10 of the
11 Substance Use Disorder Act, or an individual with a mental
12 illness as that term is defined under Section 1-129 of the
13 Mental Health and Developmental Disabilities Code, who is in a
14 state of wellness and recovery where there is an abatement of
15 signs and symptoms that characterize active substance use
16 disorder or mental illness and has demonstrated to the
17 qualified employer's satisfaction, pursuant to rules adopted
18 by the Department, that he or she has completed a course of
19 treatment or is currently in receipt of treatment for such
20 substance use disorder or mental illness. A relapse in an
21 individual's state of wellness shall not make the individual
22 ineligible, so long as the individual shows a continued
23 commitment to recovery that aligns with an individual's
24 relapse prevention plan, discharge plan, or recovery plan.

25 "Qualified employer" means an employer operating within

1 the State that has received a certificate of tax credit from
2 the Department after the Department has determined that the
3 employer:

4 (1) provides a recovery supportive environment for
5 their employees evidenced by a formal working relationship
6 with a substance use disorder treatment provider or
7 facility or mental health provider or facility, each as
8 may be licensed or certified within the State of Illinois,
9 and providing reasonable accommodation to the employees to
10 address their substance use disorder or mental illness,
11 all at no cost or expense to the eligible individual; and

12 (2) satisfies all other criteria in this Section and
13 established by the Department to participate in the
14 recovery tax program created hereunder.

15 "Taxpayer" means any individual, corporation,
16 partnership, trust, or other entity subject to the Illinois
17 income tax. For the purposes of this Act, 2 individuals filing
18 a joint return shall be considered one taxpayer.

19 Section 15. Authorization of tax credit program for
20 individuals in recovery from substance use disorders or mental
21 illness.

22 (a) For taxable years beginning on or after January 1,
23 2023, the Department is authorized to and shall establish and
24 administer a recovery tax credit program to provide tax
25 incentives to qualified employers who employ eligible

1 individuals in recovery from a substance use disorder or
2 mental illness in part-time and full-time positions within
3 Illinois. The Department shall award the tax credit by
4 issuance of a certificate of tax credit to the qualified
5 employer, who will present the certificate of tax credit to
6 the Department of Revenue by attaching the certificate to its
7 tax return, as a credit against the qualified employer's
8 income tax liability in accordance with the Illinois Income
9 Tax Act. The Department shall maintain an electronic listing
10 of the certificates issued by which the Department of Revenue
11 may verify tax credit certificates issued.

12 (b) To be a qualified employer, an employer must apply
13 annually to the Department to claim a credit based upon
14 eligible individuals employed during the preceding calendar
15 year, using the forms prescribed by the Department. To be
16 approved for a credit under this Act, the employer must:

17 (1) agree to provide to the Department the information
18 necessary to demonstrate that the employer has satisfied
19 program eligibility requirements and provided all
20 information requested or needed by the Department,
21 including the number of hours worked by the eligible
22 individual and other information necessary for the
23 Department to calculate the amount of credit permitted;
24 and

25 (2) agree to provide names, employer identification
26 numbers, amounts that the employer may claim, and other

1 information necessary for the Department to calculate any
2 tax credit.

3 (c) To be an eligible individual, the individual must be
4 diagnosed with or have been diagnosed with a substance use
5 disorder or mental illness. Disclosure by the eligible
6 individual of his or her mental illness or substance use
7 disorder shall be completely voluntary and his or her health
8 information may not be shared or disclosed under this Act
9 without the eligible individual's express written consent. The
10 eligible individual must have been employed by the qualified
11 employer in this State for a minimum of 500 hours during the
12 applicable calendar year and the tax credit may only begin on
13 the date the eligible individual is hired by the qualified
14 employer and ending on December 31 of that calendar year or the
15 date that the eligible individual's employment with the
16 qualified employer ends, whichever occurs first. Only one tax
17 credit may be awarded for any eligible individual while
18 employed by the same or related qualified employer. The hours
19 of employment of 2 or more eligible individuals may not be
20 aggregated to reach the minimum number of hours. If an
21 eligible individual has worked in excess of 500 hours between
22 the date of hiring and December 31 of that year, a qualified
23 employer can elect to compute and claim a credit for such
24 eligible individual in that year based on the hours worked by
25 December 31. Alternatively, the qualified employer may elect
26 to include such individual in the computation of the credit in

1 the year immediately succeeding the year in which the eligible
2 individual was hired. In that case, the credit shall be
3 computed on the basis of all hours worked by the eligible
4 individual from the date of hire to the earlier of the last day
5 of employment or December 31 of the succeeding year.

6 (d) If Department criteria and all other requirements are
7 met, a qualified employer shall be entitled to a tax credit
8 equal to the product of \$1 and the number of hours worked by
9 each eligible individual during the eligible individual's
10 period of employment with the qualified employer. The tax
11 credit awarded under this Act may not exceed \$2,000 per
12 eligible individual employed by the qualified employer in this
13 State. In determining the amount of tax credit that any
14 qualified employer may claim, the Department shall review all
15 claims submitted for credit by all employers and, to the
16 extent that the total amount claimed by employers exceeds the
17 amount allocated for this program in that calendar year, shall
18 issue tax credits on a pro rata basis corresponding to each
19 qualified employer's share of the total amount claimed.

20 (e) The aggregate amount of all credits the Department may
21 award under this Act in any calendar year may not exceed
22 \$2,000,000.

23 (f) A taxpayer who is a qualified employer who has
24 received a certificate of tax credit from the Department shall
25 be allowed a credit against the tax imposed equal to the amount
26 shown on such certificate of tax credit.

1 (g) The credit must be claimed in the taxable year in which
2 the tax credit certificate is issued. The credit cannot reduce
3 a taxpayer's liability to less than zero. If the amount of the
4 credit exceeds the tax liability for the year, the credit may
5 not be carried forward.

6 (h) If the taxpayer is a partnership or Subchapter S
7 corporation the credit shall be allowed to the partners or
8 shareholders in accordance with the determination of income
9 and distributive share of income under Sections 702 and 704
10 and subchapter S of the Internal Revenue Code.

11 (i) In carrying out this Act, no patient-specific
12 information shall be shared or disclosed. Any individual or
13 patient-specific information collected by the Department or
14 the Department of Revenue shall not be subject to public
15 disclosure or Freedom of Information Act requests.

16 (j) The credit under this Act is exempt from the
17 provisions of Section 250 of the Illinois Income Tax Act.

18 Section 20. Advisory Council on Mental Illness and
19 Substance Use Disorder Impacts on Employment Opportunities
20 within Minority Communities. The Secretary of the Department
21 shall appoint the Advisory Council on Mental Illness and
22 Substance Use Disorder Impacts on Employment Opportunities
23 within Minority Communities, to be composed of 15 members,
24 which shall include a balanced representation of recipients,
25 services providers, employers, local governmental units,

1 community and welfare advocacy groups, academia, and the
2 general public. The Advisory Council shall advise the
3 Department regarding all aspects of employment impacts
4 resulting from mental illnesses and substance use disorders
5 within minority communities, tax credits, outreach, marketing,
6 and education about the tax credit and employment
7 opportunities, and other areas as deemed appropriate by the
8 Secretary. In appointing the first Council, the Secretary
9 shall name 8 members to terms of 2 years and 7 members to serve
10 terms of 4 years, all of whom shall be appointed within 6
11 months of the effective date of this Act. All members
12 appointed thereafter shall serve terms of 4 years. Members
13 shall serve without compensation other than reimbursement of
14 expenses actually incurred in the performance of their
15 official duties. At its first meeting, the Advisory Council
16 shall select a chair from among its members. The Advisory
17 Council shall meet at least quarterly and at other times at the
18 call of the chair.

19 Section 25. Powers. The Department shall adopt rules for
20 the administration of this Act. The Department may enter into
21 an intergovernmental agreement with the Department of Revenue
22 for the administration of this Act.

23 Section 30. The Illinois Income Tax Act is amended by
24 adding Section 232 as follows:

1 (35 ILCS 5/232 new)

2 Sec. 232. Recovery and Mental Health Tax Credit Act. For
3 taxable years beginning on or after January 1, 2023, a
4 taxpayer who has been awarded a credit under the Recovery and
5 Mental Health Tax Credit Act is entitled to a credit against
6 the tax imposed by subsections (a) and (b) of Section 201 as
7 provided in that Act. This Section is exempt from the
8 provisions of Section 250.