

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
5 changing and renumbering Section 231, as added by Public Act
6 101-207, as follows:

7 (35 ILCS 5/231)

8 Sec. 231. Apprenticeship education expense credit.

9 (a) As used in this Section:

10 "Department" means the Department of Commerce and Economic
11 Opportunity.

12 "Employer" means an Illinois taxpayer who is the employer
13 of the qualifying apprentice.

14 "Qualifying apprentice" means an individual who: (i) is a
15 resident of the State of Illinois; (ii) is at least 16 years
16 old at the close of the school year for which a credit is
17 sought; (iii) during the school year for which a credit is
18 sought, was a full-time apprentice enrolled in an
19 apprenticeship program which is registered with the United
20 States Department of Labor, Office of Apprenticeship; and (iv)
21 is employed in Illinois by the taxpayer who is the employer.
22 "Qualifying apprentice" also means an apprentice who is
23 employed in Illinois by the taxpayer through the United States

1 Department of Defense SkillBridge internship program.

2 "Qualified education expense" means the amount incurred on
3 behalf of a qualifying apprentice not to exceed \$3,500 for
4 tuition, book fees, and lab fees at the school or community
5 college in which the apprentice is enrolled during the regular
6 school year.

7 "School" means any public or nonpublic secondary school in
8 Illinois that is: (i) an institution of higher education that
9 provides a program that leads to an industry-recognized
10 postsecondary credential or degree; (ii) an entity that
11 carries out programs registered under the federal National
12 Apprenticeship Act; or (iii) another public or private
13 provider of a program of training services, which may include
14 a joint labor-management organization.

15 (b) For taxable years beginning on or after January 1,
16 2020, and beginning on or before January 1, 2025, the employer
17 of one or more qualifying apprentices shall be allowed a
18 credit against the tax imposed by subsections (a) and (b) of
19 Section 201 of the Illinois Income Tax Act for qualified
20 education expenses incurred on behalf of a qualifying
21 apprentice. The credit shall be equal to 100% of the qualified
22 education expenses, but in no event may the total credit
23 amount awarded to a single taxpayer in a single taxable year
24 exceed \$3,500 per qualifying apprentice. A taxpayer shall be
25 entitled to an additional \$1,500 credit against the tax
26 imposed by subsections (a) and (b) of Section 201 of the

1 Illinois Income Tax Act if (i) the qualifying apprentice
2 resides in an underserved area as defined in Section 5-5 of the
3 Economic Development for a Growing Economy Tax Credit Act
4 during the school year for which a credit is sought by an
5 employer or (ii) the employer's principal place of business is
6 located in an underserved area, as defined in Section 5-5 of
7 the Economic Development for a Growing Economy Tax Credit Act.
8 In no event shall a credit under this Section reduce the
9 taxpayer's liability under this Act to less than zero. For
10 partners, shareholders of Subchapter S corporations, and
11 owners of limited liability companies, if the liability
12 company is treated as a partnership for purposes of federal
13 and State income taxation, there shall be allowed a credit
14 under this Section to be determined in accordance with the
15 determination of income and distributive share of income under
16 Sections 702 and 704 and Subchapter S of the Internal Revenue
17 Code.

18 (c) The Department shall implement a program to certify
19 applicants for an apprenticeship credit under this Section.
20 Upon satisfactory review, the Department shall issue a tax
21 credit certificate to an employer incurring costs on behalf of
22 a qualifying apprentice stating the amount of the tax credit
23 to which the employer is entitled. If the employer is seeking a
24 tax credit for multiple qualifying apprentices, the Department
25 may issue a single tax credit certificate that encompasses the
26 aggregate total of tax credits for qualifying apprentices for

1 a single employer.

2 (d) The Department, in addition to those powers granted
3 under the Civil Administrative Code of Illinois, is granted
4 and shall have all the powers necessary or convenient to carry
5 out and effectuate the purposes and provisions of this
6 Section, including, but not limited to, power and authority
7 to:

8 (1) Adopt rules deemed necessary and appropriate for
9 the administration of this Section; establish forms for
10 applications, notifications, contracts, or any other
11 agreements; and accept applications at any time during the
12 year and require that all applications be submitted via
13 the Internet. The Department shall require that
14 applications be submitted in electronic form.

15 (2) Provide guidance and assistance to applicants
16 pursuant to the provisions of this Section and cooperate
17 with applicants to promote, foster, and support job
18 creation within the State.

19 (3) Enter into agreements and memoranda of
20 understanding for participation of and engage in
21 cooperation with agencies of the federal government, units
22 of local government, universities, research foundations or
23 institutions, regional economic development corporations,
24 or other organizations for the purposes of this Section.

25 (4) Gather information and conduct inquiries, in the
26 manner and by the methods it deems desirable, including,

1 without limitation, gathering information with respect to
2 applicants for the purpose of making any designations or
3 certifications necessary or desirable or to gather
4 information in furtherance of the purposes of this Act.

5 (5) Establish, negotiate, and effectuate any term,
6 agreement, or other document with any person necessary or
7 appropriate to accomplish the purposes of this Section,
8 and consent, subject to the provisions of any agreement
9 with another party, to the modification or restructuring
10 of any agreement to which the Department is a party.

11 (6) Provide for sufficient personnel to permit
12 administration, staffing, operation, and related support
13 required to adequately discharge its duties and
14 responsibilities described in this Section from funds made
15 available through charges to applicants or from funds as
16 may be appropriated by the General Assembly for the
17 administration of this Section.

18 (7) Require applicants, upon written request, to issue
19 any necessary authorization to the appropriate federal,
20 State, or local authority or any other person for the
21 release to the Department of information requested by the
22 Department, including, but not be limited to, financial
23 reports, returns, or records relating to the applicant or
24 to the amount of credit allowable under this Section.

25 (8) Require that an applicant shall, at all times,
26 keep proper books of record and account in accordance with

1 generally accepted accounting principles consistently
2 applied, with the books, records, or papers related to the
3 agreement in the custody or control of the applicant open
4 for reasonable Department inspection and audits,
5 including, without limitation, the making of copies of the
6 books, records, or papers.

7 (9) Take whatever actions are necessary or appropriate
8 to protect the State's interest in the event of
9 bankruptcy, default, foreclosure, or noncompliance with
10 the terms and conditions of financial assistance or
11 participation required under this Section or any agreement
12 entered into under this Section, including the power to
13 sell, dispose of, lease, or rent, upon terms and
14 conditions determined by the Department to be appropriate,
15 real or personal property that the Department may recover
16 as a result of these actions.

17 (e) The Department, in consultation with the Department of
18 Revenue, shall adopt rules to administer this Section. The
19 aggregate amount of the tax credits that may be claimed under
20 this Section for qualified education expenses incurred by an
21 employer on behalf of a qualifying apprentice shall be limited
22 to \$5,000,000 per calendar year. If applications for a greater
23 amount are received, credits shall be allowed on a first-come
24 first-served basis, based on the date on which each properly
25 completed application for a certificate of eligibility is
26 received by the Department. If more than one certificate is

1 received on the same day, the credits will be awarded based on
2 the time of submission for that particular day.

3 (f) An employer may not sell or otherwise transfer a
4 credit awarded under this Section to another person or
5 taxpayer.

6 (g) The employer shall provide the Department such
7 information as the Department may require, including but not
8 limited to: (i) the name, age, and taxpayer identification
9 number of each qualifying apprentice employed by the taxpayer
10 during the taxable year; (ii) the amount of qualified
11 education expenses incurred with respect to each qualifying
12 apprentice; and (iii) the name of the school at which the
13 qualifying apprentice is enrolled and the qualified education
14 expenses are incurred.

15 (h) On or before July 1 of each year, the Department shall
16 report to the Governor and the General Assembly on the tax
17 credit certificates awarded under this Section for the prior
18 calendar year. The report must include:

19 (1) the name of each employer awarded or allocated a
20 credit;

21 (2) the number of qualifying apprentices for whom the
22 employer has incurred qualified education expenses;

23 (3) the North American Industry Classification System
24 (NAICS) code applicable to each employer awarded or
25 allocated a credit;

26 (4) the amount of the credit awarded or allocated to

1 each employer;

2 (5) the total number of employers awarded or allocated
3 a credit;

4 (6) the total number of qualifying apprentices for
5 whom employers receiving credits under this Section
6 incurred qualified education expenses; and

7 (7) the average cost to the employer of all
8 apprenticeships receiving credits under this Section.

9 (Source: P.A. 101-207, eff. 8-2-19; 102-558, eff. 8-20-21.)

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