SB0164

LRB103 26128 HLH 52484 b

103RD GENERAL ASSEMBLY

State of Illinois

2023 and 2024

SB0164

Introduced 1/31/2023, by Sen. Ram Villivalam

SYNOPSIS AS INTRODUCED:

35 ILCS 5/234 new

Amends the Illinois Income Tax Act. Creates an income tax credit for an employer who hires a qualified employee to work at a location in the State. Sets forth the amount of the credit. Provides that the credit shall be increased if (i) the qualified employee is hired to work at a location in a disproportionately impacted area or (ii) the qualified employee resides, on the date the employee is hired, in a disproportionately impacted area. Limits the total amount of income tax credits that the Department of Commerce and Economic Opportunity may issue over the duration of the program. Provides that the term "qualified employee" means a resident of the State who is hired by the taxpayer to fill a full-time net new job and was unemployed as a result of COVID-19 prior to the date he or she was hired by the taxpayer. Provides that the term "qualified employee" does not include an individual who was furloughed by the taxpayer. Effective immediately.

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A BILL FOR

AN ACT concerning revenue.

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

Section 5. The Illinois Income Tax Act is amended by adding Section 234 as follows:

(35 ILCS 5/234 new)

Sec. 234. Employment credit; COVID-19.

(a) For taxable years that begin on or after January 1, 2024 and begin prior to January 1, 2029, for the purpose of training and hiring qualified employees, each employer that employs an average of 500 or fewer employees during the taxable year is entitled to a credit against the taxes imposed by subsections (a) and (b) of Section 201 for each qualified employee hired by the employer during the taxable year to work at a location in the State. If the taxpayer employs an average of 500 or fewer employees, but more than 100 employees, during the taxable year, then the amount of the credit shall be $2,500 per qualified employee. If the taxpayer employs an average of 100 or fewer employees during the taxable year, then the amount of the credit shall be $5,000 per qualified employee. The credit amounts set forth in this subsection (a) shall be increased by $1,500 if (i) the qualified employee is hired to work at a location in a disproportionately impacted area or

(ii) the qualified employee resides, on the date the employee is hired, in a disproportionately impacted area. If the employee meets both items (i) and (ii), the employer shall be eligible for only a single $1,500 increase. The Department of Commerce and Economic Opportunity shall issue a tax credit certificate to taxpayers who qualify for a credit under this Section. The taxpayer must attach the certificate to the tax return on which the credits are to be claimed. In no event may the Department of Commerce and Economic Opportunity issue more than $100,000,000 in credits under this Section for the duration of the program.

(b) For partners, shareholders of subchapter S corporations, and members of limited liability companies, if the limited liability company is treated as a partnership for purposes of federal and State income taxation, there shall be allowed a credit under this Section to be determined in accordance with the determination of income and distributive share of income under Sections 702 and 704 and subchapter S of the Internal Revenue Code.

(c) The credit or credits may not reduce the taxpayer's liability to less than zero. If the amount of the credit or credits exceeds the taxpayer's liability, the excess may be carried forward and applied against the taxpayer's liability for up to 5 succeeding taxable years. The credit or credits shall be applied to the earliest year for which there is a tax liability. If there are credits from more than one taxable year that are available to offset a liability, the earlier credit shall be applied first.

(d) As used in this Section:

"Disproportionately impacted area" means a geographic area designated by the Department of Commerce and Economic Opportunity as meeting at least one of the following criteria:

(A) the area has a poverty rate of at least 20% according to the latest federal decennial census;

(B) 75% or more of the children in the area participate in the federal free lunch program according to reported statistics from the State Board of Education;

(C) at least 20% of the households in the area receive assistance under the Supplemental Nutrition Assistance Program; or

(D) the area has an average unemployment rate, as certified by the Department of Employment Security, that is more than 120% of the national unemployment average, as determined by the United States Department of Labor, for a period of at least 2 consecutive calendar years preceding the date of the designation.

"Full-time equivalent employment position" means a job in which the employee works for the taxpayer at a rate of at least 30 hours per week. Vacations, paid holidays, and sick time are included in this computation.

"Net new job" means a full-time equivalent employment position that causes the taxpayer's average employee head count in the State for the calendar year in which the taxable year begins to exceed its employee head count in the State on the effective date of this amendatory Act of the 103rd General Assembly.

"Qualified employee" means a resident of the State who is hired by the taxpayer to fill a net new job and was unemployed as a result of COVID-19 prior to the date he or she was hired by the taxpayer. The term "qualified employee" includes, but is not limited to, a resident who was self-employed but became unemployed because of COVID-19. The term "qualified employee" does not include an employee who was furloughed by the taxpayer and reinstated during the taxable year.

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