



94TH GENERAL ASSEMBLY
State of Illinois
2005 and 2006
HB1566

Introduced 2/14/2005, by Rep. Carolyn H. Krause

SYNOPSIS AS INTRODUCED:

35 ILCS 5/216 new

Amends the Illinois Income Tax Act. Allows a tax credit for employer taxpayers who, during the taxable year, increase the number of employees and provide health benefits to all their employees. Provides that the amount of the credit is \$500 for each new employee added. Provides that the credit may not be carried forward or back and may not reduce the taxpayer's liability to less than zero. Provides that it is a business offense, subject to a fine of not less than \$5,000, for a taxpayer to intentionally manipulate the number of employees for the purpose of obtaining the credit. Effective immediately.

LRB094 08522 BDD 38729 b

FISCAL NOTE ACT
MAY APPLY

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 adding
5 Section 216 as follows:

6 (35 ILCS 5/216 new)

7 Sec. 216. Job Creation and Benefits Tax Credit.

8 (a) For taxable years ending on or after December 31, 2005
9 and ending on or before December 30, 2011, each taxpayer who is
10 an eligible employer is entitled to a credit against the tax
11 imposed by subsections (a) and (b) of Section 201 in an amount
12 equal to \$500 for each net new employee that the taxpayer hired
13 and granted health benefits to during the taxable year.

14 (b) As used in this Section:

15 "Eligible employer" means a taxpayer that:

16 (1) pays State income taxes;

17 (2) withholds State income taxes from employees based
18 in the State of Illinois;

19 (3) has a positive number of net new employees; and

20 (4) offers health benefits to all of its employees and
21 pays 80% or more of the costs of the benefits.

22 "Health benefits" means benefits that conform to the
23 mandates set forth in Article XX of the Illinois Insurance
24 Code.

25 "Net new employees" means the number of Illinois-based
26 employees on the taxpayer's withholding rolls on the last day
27 of the current taxable year less the number of Illinois-based
28 employees on the taxpayer's withholding rolls on the last day
29 of the immediately preceding taxable year.

30 "Taxpayer" includes any affiliate of the taxpayer, which is
31 a business or other entity that is controlled, directly or
32 indirectly, by a trust or otherwise, by or for the benefit of

1 owners or shareholders who beneficially or otherwise control,
2 directly or indirectly, by trust or otherwise, the employer
3 claiming the credit under this Section.

4 (c) If the taxpayer is a partnership or Subchapter S
5 corporation, the credit is allowed to the partners or
6 shareholders in accordance with the determination of income and
7 distributive share of income under Sections 702 and 704 and
8 Subchapter S of the Internal Revenue Code.

9 (d) The credit may not be carried forward or back. In no
10 event shall a credit under this Section reduce the taxpayer's
11 liability to less than zero.

12 (e) It is unlawful for a taxpayer to intentionally
13 manipulate the number of employees for the purpose of obtaining
14 a credit under this Section. Each violation of this subsection
15 is a business offense subject to a fine of not less than
16 \$5,000.

17 (f) The Department must adopt rules to administer this
18 Section.

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