



## 95TH GENERAL ASSEMBLY

### State of Illinois

2007 and 2008

HB3735

Introduced 2/28/2007, by Rep. Fred Crespo

#### SYNOPSIS AS INTRODUCED:

35 ILCS 5/218 new

Amends the Illinois Income Tax Act. Creates an income tax credit through taxable years ending before December 31, 2013 to taxpayers who, during the taxable year, pay qualified wages to one or more net new employees. Sets the amount of the credit at the amount of Illinois income taxes withheld by the taxpayer with respect to a net new employee. Provides that the credit may not be carried forward or back and may not reduce the taxpayer's liability to less than zero. Defines "net new employees" as the number of Illinois-based employees on the taxpayer's withholding rolls on the last day of the current taxable year less the number of Illinois-based employees on the taxpayer's withholding rolls on December 31, 2006. Defines "qualified wages" as wages or salary of at least \$22,000 but not more than \$40,000 per year. Effective immediately.

LRB095 08790 BDD 28975 b

FISCAL NOTE ACT  
MAY APPLY

A BILL FOR

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 218 as follows:

6 (35 ILCS 5/218 new)

7 Sec. 218. Credit for middle-class job creation.

8 (a) For taxable years ending on or after December 31, 2007  
9 and ending on or before December 30, 2012, each taxpayer who,  
10 during the taxable year, pays qualified wages to one or more  
11 net new employees is entitled to a credit against the tax  
12 imposed by subsections (a) and (b) of Section 201 of this Act  
13 in an amount equal to the amount withheld by the taxpayer under  
14 Article 7 of this Act with respect to that net new employee  
15 during the taxable year.

16 (b) For partners, shareholders of Subchapter S  
17 corporations, and owners of limited liability companies, if the  
18 liability company is treated as a partnership for purposes of  
19 federal and State income taxation, there is allowed a credit  
20 under this Section to be determined in accordance with the  
21 determination of income and distributive share of income under  
22 Sections 702 and 704 and Subchapter S of the Internal Revenue  
23 Code.

1       (c) The credit under this Section may not be carried  
2       forward or back and may not reduce the taxpayer's liability to  
3       less than zero.

4       (d) For the purposes of this Section:

5       "Net new employees" means the number of Illinois-based  
6       employees on the taxpayer's withholding rolls on the last day  
7       of the current taxable year less the number of Illinois-based  
8       employees who earn a qualified salary on the taxpayer's  
9       withholding rolls on December 31, 2006.

10       "Qualified wages" means wages or salary of at least \$22,000  
11       but not more than \$40,000 per year.

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