AN ACT concerning employment.

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

Section 1. Short title. This Act may be cited as the Illinois Quality Jobs Act.

Section 5. Definitions. As used in this Act:

(1) "Approval" means a document submitted by the Department to the qualified company that states the benefits that may be provided by this program.

(2) "Average wage" means the new payroll divided by the number of new jobs.

(3) "Commencement of operations" means the starting date for the qualified company's first new employee, which must be no later than 12 months from the date of the approval.

(4) "County average wage" means the average wage in each county as determined by the Department for the most recently completed full calendar year. However, if the computed county average wage is above the statewide average wage, the statewide average wage shall be deemed the county average wage for such county for the purpose of determining eligibility. The Department shall publish the county average wage for each county at least annually. Notwithstanding the provisions of this Act to the contrary, for any qualified company that in

conjunction with its project is relocating employees from an Illinois county with a higher county average wage, the company shall obtain the endorsement of the governing body of the community from which jobs are being relocated or the county average wage for its project shall be the county average wage for the county from which the employees are being relocated.

(5) "Department" means the Department of Commerce and Economic Opportunity.

(6) "Director" means the Director of Commerce and Economic Opportunity.

(7) "Employee" means a person employed by a qualified company.

(8) "Full-time employee" means an employee of the qualified company who is scheduled to work an average of at least 35 hours per week for a 12-month period, and one for which the qualified company offers health insurance and pays at least 50% of such insurance premiums.

(9) "High-impact project" means a qualified company that, within 2 years from commencement of operations, creates 100 or more new jobs.

(10) "Local incentives" means the present value of the dollar amount of direct benefit received by a qualified company for a project facility from one or more units of local government, but does not include loans or other funds provided to the qualified company that must be repaid by the qualified company to the unit of local government.

(11) "NAICS" means the 1997 edition of the North American Industry Classification System as prepared by the Executive Office of the President, Office of Management and Budget. Any NAICS sector, subsector, industry group or industry identified in this Section shall include its corresponding classification in subsequent federal industry classification systems.

(12) "New direct local revenue" means the present value of the dollar amount of direct net new tax revenues of the local political subdivisions likely to be produced by the project over a 10-year period, as calculated by the Department, excluding net new utility revenues, provided the local incentives include a discount or other direct incentives from utilities owned or operated by the political subdivision.

(13) "New investment" means the purchase or leasing of new tangible assets to be placed in operation at the project facility, which will be directly related to the new jobs.

(14) "New job" means the number of full-time employees located at the project facility that exceeds the project facility base employment less any decrease in the number of full-time employees at related facilities below the related facility base employment. No job that was created prior to the date of the notice of intent shall be deemed a new job. An employee that spends less than 50% of the employee's work time at the facility is still considered to be located at a facility if the employee receives his or her directions and control from that facility, the employee is on the facility's payroll, 100%

of the employee's income from such employment is Illinois income, and the employee is paid at or above the State average wage.

(15) "New payroll" means the amount of taxable wages of full-time employees, excluding owners, located at the project facility that exceeds the project facility base payroll. If full-time employment at related facilities is below the related facility base employment, any decrease in payroll for full-time employees at the related facilities below that related facility base payroll shall also be subtracted to determine new payroll.

(16) "Notice of intent" means a form developed by the Department, completed by the qualified company, and submitted to the Department which states the qualified company's intent to hire new jobs and request benefits under this program.

(17) "Percent of local incentives" means the amount of local incentives divided by the amount of new direct local revenue.

(18) "Program" means the Illinois quality jobs program provided for in this Act.

(19) "Project facility" means the building used by a qualified company at which the new jobs and new investment will be located. A project facility may include separate buildings that are located within 15 miles of each other or within the same county such that their purpose and operations are interrelated.

(20) "Project facility base employment" means the greater

of the number of full-time employees located at the project facility on the date of the notice of intent or for the 12-month period prior to the date of the notice of intent, the average number of full-time employees located at the project facility. If the project facility has not been in operation for a full 12-month period, "project facility base employment" means the average number of full-time employees for the number of months the project facility has been in operation prior to the date of the notice of intent.

(21) "Project facility base payroll" means the total amount of taxable wages paid by the qualified company to full-time employees of the qualified company located at the project facility in the 12 months prior to the notice of intent, not including the payroll of the owners of the qualified company unless the qualified company is participating in an employee stock ownership plan. For purposes of calculating the benefits under this program, the amount of base payroll shall increase each year based on an appropriate measure, as determined by the Department.

(22) "Project period" means the time period that the benefits are provided to a qualified company.

(23) "Qualified company" means a firm, partnership, joint venture, association, private or public corporation whether organized for profit or not, or headquarters of such entity registered to do business in Illinois that is the owner or operator of a project facility that offers health insurance to

all full-time employees of all facilities located in this State and pays at least 50% of such insurance premiums. "Qualified company", however, does not include:

(A) gambling establishments (NAICS industry group 7132);

(B) retail trade establishments (NAICS sectors 44 and 45);

(C) food and drinking places (NAICS subsector 722);

(D) public utilities (NAICS 221 including water and sewer services);

(E) any company that is delinquent in the payment of any nonprotested taxes or any other amounts due the State or federal government or any other political subdivision of this State;

(F) any company that has filed for or has publicly announced its intention to file for bankruptcy protection; however, a company that has filed for or has publicly announced its intention to file for bankruptcy between January 1, 2009, and December 31, 2009, may be a qualified company provided that the company:

(i) Certifies to the Department that it plans to reorganize and not to liquidate; and

(ii) After its bankruptcy petition has been filed, it produces proof, in a form and at times satisfactory to the Department, that it is not delinquent in filing any tax returns or making any payment due to the State of Illinois, including but not limited to all tax payments due after the filing of the bankruptcy petition and under the terms of the plan of reorganization;

any taxpayer who is awarded benefits under this subsection and who files for bankruptcy under Chapter 7 of the United States Bankruptcy Code shall immediately notify the Department and shall forfeit the benefits and shall repay the State an amount equal to any State tax credits already redeemed and any withholding taxes already retained;

(G) educational services (NAICS sector 61);

(H) religious organizations (NAICS industry group 8131);

(I) public administration (NAICS sector 92);

(J) ethanol distillation or production; or

(K) biodiesel production.

Notwithstanding any provision of this Section to the contrary, the headquarters or administrative offices of an otherwise excluded business may qualify for benefits if the offices serve a multistate territory. In the event a national, state, or regional headquarters operation is not the predominant activity of a project facility, the new jobs and investment of such headquarters operation is considered eligible for benefits under this Section if the other requirements are satisfied.

(24) "Qualified renewable energy sources" shall not be construed to include ethanol distillation or production or biodiesel production; however, it shall include:

(A) open-looped biomass;

(B) close-looped biomass;

(C) solar;

(D) wind;

(E) geothermal; and

(F) hydropower.

(25) "Related company" means:

(A) a corporation, partnership, trust, or association controlled by the qualified company;

(B) an individual, corporation, partnership, trust, or association in control of the qualified company; or

(C) corporations, partnerships, trusts, or associations controlled by an individual, corporation, partnership, trust or association in control of the qualified company. As used in this item (C), "control of a corporation" shall mean ownership, directly or indirectly, of stock possessing at least 50% of the total combined voting power of all classes of stock entitled to vote, "control of a partnership or association" shall mean ownership of at least 50% of the capital or profits interest in such partnership or association, "control of a trust" shall mean ownership, directly or indirectly, of at least 50% of the beneficial interest in the principal or income of such trust, and ownership shall be determined as provided in Section 318 of the Internal Revenue Code of 1986, as amended.

(26) "Related facility" means a facility operated by the qualified company or a related company located in this State that is directly related to the operations of the project facility.

(27) "Related facility base employment" means the greater of the number of full-time employees located at all related facilities on the date of the notice of intent or for the 12-month period prior to the date of the notice of intent, the average number of full-time employees located at all related facilities of the qualified company or a related company located in this State.

(28) "Related facility base payroll" means the total amount of taxable wages paid by the qualified company to full-time employees of the qualified company located at a related facility in the 12 months prior to the filing of the notice of intent, not including the payroll of the owners of the qualified company unless the qualified company is participating in an employee stock ownership plan. For purposes of calculating the benefits under this program, the amount of related facility base payroll shall increase each year based on an appropriate measure, as determined by the Department.

(29) "Rural area" means a county in Illinois with a population less than 75,000 or that does not contain an

individual city with a population greater than 50,000 according to the most recent federal decennial census.

(30) "Small and expanding business project" means a qualified company that within 2 years of the date of the approval creates a minimum of 20 new jobs if the project facility is located in a rural area or a minimum of 40 new jobs if the project facility is not located in a rural area and creates fewer than 100 new jobs regardless of the location of the project facility.

(31) "Tax credits" means tax credits issued by the Department to offset the State income taxes imposed by the Illinois Income Tax Act, or which may be refunded as provided for in this program.

(32) "Technology business project" means a qualified company that within 2 years of the date of the approval creates a minimum of 10 new jobs involved in the operations of a company that:

(A) is a technology company, as determined by a rule adopted by the Department under the provisions of Section 15 or classified by NAICS codes;

(B) owns or leases a facility which produces electricity derived from qualified renewable energy sources, or produces fuel for the generation of electricity from qualified renewable energy sources, but does not include any company that has received the alcohol mixture credit, alcohol credit, or small ethanol producer credit pursuant to Section 40 of the Internal Revenue Code of 1986 in the previous tax year;

(C) researches, develops, or manufactures power system technology for: aerospace; space; defense; hybrid vehicles; or implantable or wearable medical devices; or

(D) is a clinical molecular diagnostic laboratory focused on detecting and monitoring infections in immunocompromised patient populations.

(33) "Withholding tax" means the State tax imposed by Article 7 of the Illinois Income Tax Act. For purposes of this program, the withholding tax shall be computed using a schedule as determined by the Department based on average wages.

Section 10. Notice of intent; benefits.

(a) The Department shall respond within 30 days to a company that provides a notice of intent with either an approval or a rejection of the notice of intent. The Department shall give preference to qualified companies and projects targeted at an area of the State which has recently been classified as a disaster area by the federal government. Failure to respond on behalf of the Department shall result in the notice of intent being deemed an approval for the purposes of this Section. A qualified company that is provided an approval for a project shall be allowed a benefit as provided in this program in the amount and duration provided in this Section. A qualified company may receive additional periods for subsequent new jobs at the same facility after the full initial period if the minimum thresholds are met as set forth in this Act. There is no limit on the number of periods a qualified company may participate in the program, as long as the minimum thresholds are achieved and the qualified company provides the Department with the required reporting and is in proper compliance for this program or other State programs. A qualified company may elect to file a notice of intent to start a new project period concurrently with an existing project period if the minimum thresholds are achieved and the qualified company provides the Department with the required reporting and is in proper compliance for this program and other State programs; however, the qualified company may not receive any further benefit under the original approval for jobs created after the date of the new notice of intent, and any jobs created before the new notice of intent may not be included as new jobs for the purpose of benefit calculation in relation to the new approval. When a qualified company has filed and received approval of a notice of intent and subsequently files another notice of intent, the Department shall apply the definition of project facility under subdivision (19) of Section 5 to the new notice of intent as well as all previously approved notices of intent and shall determine the application of the definitions of new job, new payroll, project facility base employment, and project facility base payroll accordingly.

(b) Notwithstanding any provision of law to the contrary, any qualified company that is awarded benefits under this program may not simultaneously receive tax credits or exemptions under the Economic Development for a Growing Economy Tax Credit Act, the Business Location Efficiency Incentive Act, and the Small Business Job Creation Tax Credit Act. Any taxpayer who is awarded benefits under this program who knowingly hires individuals who are not allowed to work legally in the United States shall immediately forfeit those benefits and shall repay the State an amount equal to any State tax credits already redeemed and any withholding taxes already retained.

(c) The types of projects and the amount of benefits to be provided are:

(1) Small and expanding business projects. In exchange for the consideration provided by the new tax revenues and other economic stimuli that will be generated by the new jobs created by the program, a qualified company engaged in a small and expanding business project may retain from the amounts required to be withheld and remitted under Article 7 of the Illinois Income Tax Act an amount equal to the witholding tax, as calculated under item (33) of Section 5, attributable to the new jobs created by the program. Those amounts may be retained for a period of 3 years from the date the required number of new jobs were created if the average wage of the new payroll equals or exceeds the

county average wage or for a period of 5 years from the date the required number of new jobs were created if the average wage of the new payroll equals or exceeds 120% of the county average wage.

(2) Technology business projects. In exchange for the consideration provided by the new tax revenues and other economic stimuli that will be generated by the new jobs created by the program, a qualified company engaged in a technology business project may retain an amount equal to a maximum of 5% of new payroll for a period of 5 years from the date the required number of jobs were created from the withholding tax of the new jobs that would otherwise be required to be withheld and remitted by the qualified company under the provisions of Article 7 of the Illinois Income Tax Act if the average wage of the new payroll equals or exceeds the county average wage. An additional one-half percent of new payroll may be added to the 5% maximum if the average wage of the new payroll in any year exceeds 120% of the county average wage in the county in which the project facility is located, plus an additional one-half percent of new payroll may be added if the average wage of the new payroll in any year exceeds 140% of the average wage in the county in which the project facility is located. No credit issued under this Section shall reduce a taxpayer's liability below zero.

(3) High impact projects. In exchange for the

consideration provided by the new tax revenues and other economic stimuli that will be generated by the new jobs created by the program, a qualified company engaged in a high impact project may retain, from the withholding tax of the new jobs that would otherwise be required to be withheld and remitted by the qualified company under the provisions of Article 7 of the Illinois Income Tax Act, an amount equal to 3% of new payroll for a period of 5 years from the date the required number of jobs were created if the average wage of the new payroll equals or exceeds the county average wage of the county in which the project facility is located. For high-impact projects in a facility located within 2 adjacent counties, the new payroll shall equal or exceed the higher county average wage of the adjacent counties. The percentage of payroll allowed under this subdivision shall be 3.5% of new payroll if the average wage of the new payroll in any year exceeds 120% of the county average wage in the county in which the project facility is located. The percentage of payroll allowed under this subdivision shall be 4% of new payroll if the average wage of the new payroll in any year exceeds 140% of the county average wage in the county in which the project facility is located. An additional 1% of new payroll may be added to these percentages if local incentives equal between 10% and 24% of the new direct local revenue; an additional 2% of new payroll is added to these percentages if the local incentives equal between 25% and 49% of the new direct local revenue; and an additional 3% of payroll is added to these percentages if the local incentives equal 50% or more of the new direct local revenue. The Department shall issue a refundable tax credit for any difference between the amount of benefit allowed under this item and the amount of withholding tax retained by the company, in the event the withholding tax is not sufficient to provide the entire amount of benefit due to the qualified company under this subdivision.

(4) Job retention projects. A qualified company may receive a tax credit for the retention of jobs in this State, provided that the qualified company and the project meets all of the following conditions:

(A) for each of the 24 months preceding the year in which application for the program is made the qualified company must have maintained at least 1,000 full-time employees at the employer's site in the State at which the jobs are based, and the average wage of such employees must meet or exceed the county average wage;

(B) the qualified company retained at the project facility the level of full-time employees that existed in the taxable year immediately preceding the year in which application for the program is made;

(C) the qualified company is considered to have a significant statewide effect on the economy, and has been determined to represent a substantial risk of relocation from the State by the Director;

(D) the qualified company in the project facility shall cause to be invested a minimum of $70,000,000 in new investment prior to the end of 2 years or shall cause to be invested a minimum of $30,000,000 in new investment prior to the end of 2 years and maintain an annual payroll of at least $70,000,000 during each of the years for which a credit is claimed; and

(E) the local taxing entities shall provide local incentives of at least 50% of the new direct local revenues created by the project over a 10-year period. Pursuant to Section 15, the Department shall adopt appropriate rules or regulations to be applied to a company for violating an agreement. The amount of the job retention credit granted may be equal to up to 50% of the amount of withholding tax generated by the full-time jobs at the project facility for a period of 5 years. The calendar year annual maximum amount of tax credit that may be issued to any qualified company for a job retention project or combination of job retention projects shall be $750,000 per year; in no event shall the total amount of all tax credits issued for the entire job retention program under this item exceed $3,000,000 annually; no tax credits shall be issued for job retention projects approved by the Department after August 30, 2014.

(5) Small business job retention and flood survivor relief. A qualified company may receive a tax credit under this Act for the retention of jobs and flood survivor relief in this State for each job retained over a 3-year period, provided that:

(A) the qualified company did not receive any State or federal benefits, incentives, or tax relief or abatement in locating its facility in a flood plain;

(B) the qualified company and related companies have fewer than 100 employees at the time an application for the program is made;

(C) the average wage of the qualified company's and related companies' employees must meet or exceed the county average wage;

(D) all of the qualified company's and related companies' facilities are located in this State;

(E) the facilities at the primary business site in this State have been directly damaged by floodwater rising above the level of a 500-year flood at least 2 years, but fewer than 8 years, prior to the time application is made;

(F) the qualified company made significant efforts to protect the facilities prior to any impending danger from rising floodwaters;

(G) for each year it receives tax credits under this Act, the qualified company and related companies retained, at the company's facilities in this State, at least the level of full-time, year-round employees that existed in the taxable year immediately preceding the year in which application for the program is made; and

(H) in the years it receives tax credits under this Act, the company cumulatively invests at least $2,000,000 in capital improvements in facilities and equipment located at those facilities that are not located within a 500-year flood plain as designated by the Federal Emergency Management Agency, and amended from time to time. The amount of the small business job retention and flood survivor relief credit granted may be equal to up to 100% of the amount of withholding tax generated by the full-time jobs at the project facility for a period of 3 years; the calendar year annual maximum amount of tax credit that may be issued to any qualified company for a small business job retention and flood survivor relief project shall be $250,000 per year; in no event shall the total amount of all tax credits issued for the entire small business job retention and flood survivor relief program under this item exceed $500,000 annually; notwithstanding the provisions of this item to the contrary, no tax credits shall be issued for small business job retention and flood survivor relief projects approved by the Department after August 30, 2014.

(6) Manufacturing and information technology technical services business projects. In exchange for the consideration provided by the new tax revenues and other economic stimuli that will be generated by the new jobs created by the program, a qualified manufacturing and information technology technical services company engaged in the provision of technical services to manufacturing and information technology companies at multiple sites located within this State may retain from the amounts required to be withheld and remitted under Article 7 of the Illinois Income Tax Act an amount equal to the withholding tax, as calculated under item (33) of Section 5, attributable to the new jobs created by the expansion of service. Those amounts may be retained (i) for a period of 3 years from the date the required number of new jobs were created if the average wage of the new payroll equals or exceeds the state average wage or (ii) for a period of 5 years from the date the required number of new jobs were created if the average wage of the new payroll equals or exceeds $40,000 per new employee.

As used in this subsection, "manufacturing and information technology technical services company" means a qualified company maintaining and servicing production equipment, and providing calibration, automation, and related technical support to manufacturing companies, including providing similar service on computer equipment, networks, and software, that within 2 years of the date of the approval creates a minimum of 100 new jobs in support of manufacturing or information technology companies at multiple locations anywhere in this State.

(d) The qualified company shall provide an annual report of the number of jobs and such other information as may be required by the Department to document the basis for the benefits of this program. The Department may withhold the approval of any benefits until it is satisfied that proper documentation has been provided, and shall reduce the benefits to reflect any reduction in full-time employees or new payroll. Upon approval by the Department, the qualified company may begin the retention of the withholding taxes when it reaches the minimum number of new jobs and the average wage exceeds the county average wage. Tax credits, if any, may be issued upon satisfaction by the Department that the qualified company has exceeded the county average wage and the minimum number of new jobs. In such annual report, if the average wage is below the county average wage, the qualified company has not maintained the employee insurance as required, or if the number of new jobs is below the minimum, the qualified company shall not receive tax credits or retain the withholding tax for the balance of the benefit period. In the case of a qualified company that initially filed a notice of intent and received an approval from the Department for high-impact benefits and the minimum number of new jobs in an annual report is below the minimum for high-impact projects, the company shall not receive tax credits for the balance of the benefit period but may continue to retain the withholding taxes if it otherwise meets the requirements of a small and expanding business under this program.

(e) The maximum calendar year annual tax credits issued for the entire program shall not exceed $80,000,000. There shall be no limit on the amount of withholding taxes that may be retained by approved companies under this program.

(f) The Department shall allocate the annual tax credits based on the date of the approval, reserving such tax credits based on the Department's best estimate of new jobs and new payroll of the project, and the other factors in the determination of benefits of this program. However, the annual issuance of tax credits is subject to the annual verification of the actual new payroll. The allocation of tax credits for the period assigned to a project shall expire if, within 2 years from the date of commencement of operations, or approval if applicable, the minimum thresholds have not been achieved. The qualified company may retain authorized amounts from the withholding tax under this Section once the minimum new jobs thresholds are met for the duration of the project period. No benefits shall be provided under this program until the qualified company meets the minimum new jobs thresholds. In the event the qualified company does not meet the minimum new job threshold, the qualified company may submit a new notice of intent or the Department may provide a new approval for a new project of the qualified company at the project facility or other facilities.

(g) For a qualified company with flow-through tax treatment to its members, partners, or shareholders, the tax credit shall be allowed to members, partners, or shareholders in proportion to their share of ownership on the last day of the qualified company's tax period.

(h) Tax credits may be claimed against taxes otherwise imposed by the Illinois Income Tax Act, and may not be carried forward but shall be claimed within one year of the close of the taxable year for which they were issued, except as provided under item (4) of subsection (c) of this Section.

(i) Prior to the issuance of tax credits, the Department shall verify through the Department of Revenue, or any other State agency, that the tax credit applicant does not owe any delinquent income, sales, or use tax, or interest or penalties on such taxes, or any delinquent fees or assessments levied by any State agency. Such delinquency shall not affect the authorization of the application for such tax credits, except that at issuance credits shall be first applied to the delinquency and any amount issued shall be reduced by the applicant's tax delinquency. If the Department of Revenue or any other State agency concludes that a taxpayer is delinquent after June 15 but before July 1 of any year and the application of tax credits to such delinquency causes a tax deficiency on behalf of the taxpayer to arise, then the taxpayer shall be granted 30 days to satisfy the deficiency, during which time interest, penalties, and additions to tax shall be tolled. After applying all available credits toward a tax delinquency, the administering agency shall notify the appropriate agency and that agency shall update the amount of outstanding delinquent tax owed by the applicant. If any credits remain after satisfying all insurance, income, sales, and use tax delinquencies, the remaining credits shall be issued to the applicant, subject to the restrictions of other provisions of law.

(j) No credit issued under this Section shall reduce a taxpayer's liability below zero.

(k) An employee of a qualified company shall receive full credit for the amount of tax withheld as provided in Article 7 of the Illinois Income Tax Act.

(l) If any provision of this Act or application thereof to any person or circumstance is held invalid, the invalidity shall not affect other provisions or application of this Act which can be given effect without the invalid provision or application, and to this end, the provisions of this Act are hereby declared severable.

Section 15. Rulemaking authority. The Department may adopt such rules as may be necessary to carry out the provisions of this Act.

Section 20. Evaluation of the tax credit program. On an annual basis, the Department shall evaluate the tax program. Prior to March 1 of each year, the Department shall provide a report on the program to the General Assembly including the names of participating companies, location of such companies, the annual amount of benefits provided, the estimated net State fiscal impact (direct and indirect new State taxes derived from the project), the number of new jobs created or jobs retained, the average wages of each project, and the types of qualified companies using the program. The evaluation shall include an assessment of the effectiveness of the program in creating new jobs in Illinois and of the revenue impact of the program, and may include a review of the practices and experiences of other states with similar programs.

Section 80. The Illinois Income Tax Act is amended by changing Section 704A and by adding Section 221 as follows:

(35 ILCS 5/221 new)

Sec. 221. Illinois Quality Jobs Tax Credit. A taxpayer is entitled to a credit against the tax imposed by subsections (a) and (b) of Section 201 of this Act as provided in the Illinois Quality Jobs Act.

(35 ILCS 5/704A)

Sec. 704A. Employer's return and payment of tax withheld.

(a) In general, every employer who deducts and withholds or is required to deduct and withhold tax under this Act on or after January 1, 2008 shall make those payments and returns as provided in this Section.

(b) Returns. Every employer shall, in the form and manner required by the Department, make returns with respect to taxes withheld or required to be withheld under this Article 7 for each quarter beginning on or after January 1, 2008, on or before the last day of the first month following the close of that quarter.

(c) Payments. With respect to amounts withheld or required to be withheld on or after January 1, 2008:

(1) Semi-weekly payments. For each calendar year, each employer who withheld or was required to withhold more than $12,000 during the one-year period ending on June 30 of the immediately preceding calendar year, payment must be made:

(A) on or before each Friday of the calendar year, for taxes withheld or required to be withheld on the immediately preceding Saturday, Sunday, Monday, or Tuesday;

(B) on or before each Wednesday of the calendar year, for taxes withheld or required to be withheld on the immediately preceding Wednesday, Thursday, or

Friday.

Beginning with calendar year 2011, payments ~~payment~~ made under this paragraph (1) of subsection (c) must be made by electronic funds transfer.

(2) Semi-weekly payments. Any employer who withholds or is required to withhold more than $12,000 in any quarter of a calendar year is required to make payments on the dates set forth under item (1) of this subsection (c) for each remaining quarter of that calendar year and for the subsequent calendar year.

(3) Monthly payments. Each employer, other than an employer described in items (1) or (2) of this subsection, shall pay to the Department, on or before the 15th day of each month the taxes withheld or required to be withheld during the immediately preceding month.

(4) Payments with returns. Each employer shall pay to the Department, on or before the due date for each return required to be filed under this Section, any tax withheld or required to be withheld during the period for which the return is due and not previously paid to the Department.

(d) Regulatory authority. The Department may, by rule:

(1) Permit employers, in lieu of the requirements of subsections (b) and (c), to file annual returns due on or before January 31 of the year for taxes withheld or required to be withheld during the previous calendar year and, if the aggregate amounts required to be withheld by

the employer under this Article 7 (other than amounts required to be withheld under Section 709.5) do not exceed $1,000 for the previous calendar year, to pay the taxes required to be shown on each such return no later than the due date for such return.

(2) Provide that any payment required to be made under subsection (c)(1) or (c)(2) is deemed to be timely to the extent paid by electronic funds transfer on or before the due date for deposit of federal income taxes withheld from, or federal employment taxes due with respect to, the wages from which the Illinois taxes were withheld.

(3) Designate one or more depositories to which payment of taxes required to be withheld under this Article 7 must be paid by some or all employers.

(4) Increase the threshold dollar amounts at which employers are required to make semi-weekly payments under subsection (c)(1) or (c)(2).

(e) Annual return and payment. Every employer who deducts and withholds or is required to deduct and withhold tax from a person engaged in domestic service employment, as that term is defined in Section 3510 of the Internal Revenue Code, may comply with the requirements of this Section with respect to such employees by filing an annual return and paying the taxes required to be deducted and withheld on or before the 15th day of the fourth month following the close of the employer's taxable year. The Department may allow the employer's return to be submitted with the employer's individual income tax return or to be submitted with a return due from the employer under Section 1400.2 of the Unemployment Insurance Act.

(f) Magnetic media and electronic filing. Any W-2 Form that, under the Internal Revenue Code and regulations promulgated thereunder, is required to be submitted to the Internal Revenue Service on magnetic media or electronically must also be submitted to the Department on magnetic media or electronically for Illinois purposes, if required by the Department.

(g) For amounts deducted or withheld after December 31, 2009, a taxpayer who makes an election under subsection (f) of Section 5-15 of the Economic Development for a Growing Economy Tax Credit Act for a taxable year shall be allowed a credit against payments due under this Section for amounts withheld during the first calendar year beginning after the end of that taxable year equal to the amount of the credit for the incremental income tax attributable to full-time employees of the taxpayer awarded to the taxpayer by the Department of Commerce and Economic Opportunity under the Economic Development for a Growing Economy Tax Credit Act for the taxable year and credits not previously claimed and allowed to be carried forward under Section 211(4) of this Act as provided in subsection (f) of Section 5-15 of the Economic Development for a Growing Economy Tax Credit Act. The credit or credits may not reduce the taxpayer's obligation for any payment due under this Section to less than zero. If the amount of the credit or credits exceeds the total payments due under this Section with respect to amounts withheld during the calendar year, the excess may be carried forward and applied against the taxpayer's liability under this Section in the succeeding calendar years as allowed to be carried forward under paragraph (4) of Section 211 of this Act. 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. Each employer who deducts and withholds or is required to deduct and withhold tax under this Act and who retains income tax withholdings under subsection (f) of Section 5-15 of the Economic Development for a Growing Economy Tax Credit Act must make a return with respect to such taxes and retained amounts in the form and manner that the Department, by rule, requires and pay to the Department or to a depositary designated by the Department those withheld taxes not retained by the taxpayer. For purposes of this subsection (g), the term taxpayer shall include taxpayer and members of the taxpayer's unitary business group as defined under paragraph (27) of subsection (a) of Section 1501 of this Act. This Section is exempt from the provisions of Section 250 of this Act.

(h) An employer may claim a credit against payments due under this Section for amounts withheld during the first calendar year ending after date on which a tax credit certificate was issued under Section 35 of the Small Business Job Creation Tax Credit Act. The credit shall be equal to the amount shown on the certificate, but may not reduce the taxpayer's obligation for any payment due under this Section to less than zero. If the amount of the credit exceeds the total payments due under this Section with respect to amounts withheld during the calendar year, the excess may be carried forward and applied against the taxpayer's liability under this Section in the 5 succeeding calendar years. The credit shall be applied to the earliest year for which there is a tax liability. If there are credits from more than one calendar year that are available to offset a liability, the earlier credit shall be applied first. This Section is exempt from the provisions of Section 250 of this Act.

(i) An employer may claim a credit against payments due under this Article for the amount of credit awarded under Section 10 of the Illinois Quality Jobs Act. This Section is exempt from the provisions of Section 250 of this Act.

(Source: P.A. 95-8, eff. 6-29-07; 95-707, eff. 1-11-08; 96-834, eff. 12-14-09; 96-888, eff. 4-13-10; 96-905, eff. 6-4-10; 96-1027, eff. 7-12-10; revised 9-16-10.)