

HB2565



98TH GENERAL ASSEMBLY

State of Illinois

2013 and 2014

HB2565

by Rep. Thaddeus Jones

SYNOPSIS AS INTRODUCED:

35 ILCS 5/224 new

Amends the Illinois Income Tax Act. Creates a credit in an amount equal \$500 times the number of full-time Illinois employees of a certified new business firm and its corresponding sponsor firm in each of the 3 years after the firm is certified as a new business. Effective immediately.

LRB098 07346 HLH 37409 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 224 as follows:

6 (35 ILCS 5/224 new)

7 Sec. 224. Certified new business credit.

8 (a) For taxable years beginning on or after January 1,
9 2014, each sponsor firm and each certified new business firm is
10 entitled to a credit against the tax imposed by subsections (a)
11 and (b) of Section 201 in an amount equal \$500 times the number
12 of full-time Illinois employees of the certified new business
13 firm in each of the 3 years after the firm is certified as a new
14 business.

15 (b) "Certified new business firm" or "new business firm"
16 means a business that is certified by the Department under this
17 Section. To qualify as a certified new business, the business
18 must:

19 (1) be a validly organized and existing corporation,
20 limited liability company, limited partnership, general
21 partnership, limited liability partnership, or sole
22 proprietorship;

23 (2) have been doing business for at least 3 years at

1 the time it applies for the credit;

2 (3) have a place of business outside of the State at
3 the time of application;

4 (4) not have had a place of business within the State
5 for at least 3 years at the time it applies for the credit;
6 and

7 (5) not be a tenant or affiliate of the sponsor firm.

8 "Department" means the Department of Commerce and Economic
9 Opportunity.

10 "Sponsor firm" means a business that:

11 (1) is a validly organized and existing corporation,
12 limited liability company, limited partnership, general
13 partnership, limited liability partnership, or sole
14 proprietorship;

15 (2) has been doing business in Illinois for at least 3
16 years at the time it applies for the credit;

17 (3) has not entered into a rental agreement for a
18 commercial rental unit with the new business firm; and

19 (4) is not a real estate agency, real estate developer,
20 or landlord for the new business firm, or a bank or other
21 lender who provides financing for the new business firm;
22 and

23 (5) is not an affiliate of a new business firm.

24 (c) The certified new business firm and the sponsor firm
25 shall complete a joint application with the Department prior to
26 receiving credits under this Act. The Department may not

1 approve more than \$3,000,000 in credits in any State fiscal
2 year.

3 (d) The tax credit may not reduce the taxpayer's liability
4 to less than zero. If the amount of the tax credit exceeds the
5 tax liability for the year, the excess may be carried forward
6 and applied to the tax liability of the 5 taxable years
7 following the excess credit year. The credit must be applied to
8 the earliest year for which there is a tax liability. If there
9 are credits from more than one tax year that are available to
10 offset a liability, then the earlier credit must be applied
11 first.

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

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