HB2827

LRB09806131HLH36172b

98TH GENERAL ASSEMBLY

State of Illinois

2013 and 2014

HB2827

by Rep. Derrick Smith

SYNOPSIS AS INTRODUCED:

35 ILCS 5/224 new

Amends the Illinois Income Tax Act. Provides that each business that employs 20 or fewer employees during the taxable year is entitled to a credit in an amount equal to (i) 25% of the qualified first-year wages, not to exceed $6,000, paid to each qualified employee who worked at least 120 hours but less than 400 hours during the taxable year, and (ii) 40% of the qualified first-year wages, not to exceed $6,000, paid to each qualified employee who worked at least 400 hours during the taxable year. Provides that the term "qualified employee" means a person who (i) is a member of a targeted group, as defined under the federal Work Opportunity Tax Credit, and (ii) was employed by the taxpayer for a period of exactly 12 consecutive months at any point during the taxable year. Effective immediately.

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FISCAL NOTE ACT
MAY APPLY

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 224 as follows:

(35 ILCS 5/224 new)

Sec. 224. Work opportunity tax credit.

(a) For taxable years ending on or after December 31, 2013, each small employer in the State is entitled to a credit against the tax imposed under subsections (a) and (b) of Section 201 in an amount equal to (i) 25% of the qualified first-year wages, not to exceed $6,000, paid to each qualified employee who worked at least 120 hours but less than 400 hours during the taxable year, and (ii) 40% of the qualified first-year wages, not to exceed $6,000, paid to each qualified employee who worked at least 400 hours during the taxable year.

(b) For the purposes of this Section:

"Qualified employee" means a person who (i) is a member of a targeted group, as defined in subsection (d) of Section 51 of the Internal Revenue Code (the federal Work Opportunity Tax Credit), and (ii) was employed by the taxpayer for a period of exactly 12 consecutive months at any point during the taxable year.

"Qualified first-year wages" means, with respect to a qualified employee, qualified wages attributable to services rendered during the one-year period beginning on the date the individual begins work for the taxpayer.

"Small employer" means a business that employs 20 or fewer employees at a location in the State during the taxable year.

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

(d) This Section is exempt from the provisions of Section 250.

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