



## 99TH GENERAL ASSEMBLY

### State of Illinois

2015 and 2016

HB3345

by Rep. Arthur Turner

#### SYNOPSIS AS INTRODUCED:

35 ILCS 5/704A  
820 ILCS 105/4

from Ch. 48, par. 1004

Amends the Minimum Wage Law. Increases the minimum wage from \$8.25 to \$9.00 beginning July 1, 2015 and increases it to \$10.00 per hour on and after July 1, 2016. Provides that the establishment of a minimum wage that employers must pay their employees is an exclusive power and function of the State and is a denial and limitation of the home rule powers and functions, except that the limitation on home rule powers does not apply to a municipality with more than 1,000,000 inhabitants. Amends the Illinois Income Tax Act. Creates a credit against the withholding tax liability of employers with fewer than 50 employees in an amount equal to the increased wages paid as a result of the increase in the minimum wage.

LRB099 10898 HLH 31228 b

FISCAL NOTE ACT  
MAY APPLY

A BILL FOR

1 AN ACT concerning employment.

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  
5 changing Section 704A as follows:

6 (35 ILCS 5/704A)

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

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

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

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

20 (1) Semi-weekly payments. For each calendar year, each  
21 employer who withheld or was required to withhold more than  
22 \$12,000 during the one-year period ending on June 30 of the  
23 immediately preceding calendar year, payment must be made:

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

5 (B) on or before each Wednesday of the calendar  
6 year, for taxes withheld or required to be withheld on  
7 the immediately preceding Wednesday, Thursday, or  
8 Friday.

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

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

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

23 (4) Payments with returns. Each employer shall pay to  
24 the Department, on or before the due date for each return  
25 required to be filed under this Section, any tax withheld  
26 or required to be withheld during the period for which the

1 return is due and not previously paid to the Department.

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

3 (1) Permit employers, in lieu of the requirements of  
4 subsections (b) and (c), to file annual returns due on or  
5 before January 31 of the year for taxes withheld or  
6 required to be withheld during the previous calendar year  
7 and, if the aggregate amounts required to be withheld by  
8 the employer under this Article 7 (other than amounts  
9 required to be withheld under Section 709.5) do not exceed  
10 \$1,000 for the previous calendar year, to pay the taxes  
11 required to be shown on each such return no later than the  
12 due date for such return.

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

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

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

25 (e) Annual return and payment. Every employer who deducts  
26 and withholds or is required to deduct and withhold tax from a

1 person engaged in domestic service employment, as that term is  
2 defined in Section 3510 of the Internal Revenue Code, may  
3 comply with the requirements of this Section with respect to  
4 such employees by filing an annual return and paying the taxes  
5 required to be deducted and withheld on or before the 15th day  
6 of the fourth month following the close of the employer's  
7 taxable year. The Department may allow the employer's return to  
8 be submitted with the employer's individual income tax return  
9 or to be submitted with a return due from the employer under  
10 Section 1400.2 of the Unemployment Insurance Act.

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

18 (g) For amounts deducted or withheld after December 31,  
19 2009, a taxpayer who makes an election under subsection (f) of  
20 Section 5-15 of the Economic Development for a Growing Economy  
21 Tax Credit Act for a taxable year shall be allowed a credit  
22 against payments due under this Section for amounts withheld  
23 during the first calendar year beginning after the end of that  
24 taxable year equal to the amount of the credit for the  
25 incremental income tax attributable to full-time employees of  
26 the taxpayer awarded to the taxpayer by the Department of

1 Commerce and Economic Opportunity under the Economic  
2 Development for a Growing Economy Tax Credit Act for the  
3 taxable year and credits not previously claimed and allowed to  
4 be carried forward under Section 211(4) of this Act as provided  
5 in subsection (f) of Section 5-15 of the Economic Development  
6 for a Growing Economy Tax Credit Act. The credit or credits may  
7 not reduce the taxpayer's obligation for any payment due under  
8 this Section to less than zero. If the amount of the credit or  
9 credits exceeds the total payments due under this Section with  
10 respect to amounts withheld during the calendar year, the  
11 excess may be carried forward and applied against the  
12 taxpayer's liability under this Section in the succeeding  
13 calendar years as allowed to be carried forward under paragraph  
14 (4) of Section 211 of this Act. The credit or credits shall be  
15 applied to the earliest year for which there is a tax  
16 liability. If there are credits from more than one taxable year  
17 that are available to offset a liability, the earlier credit  
18 shall be applied first. Each employer who deducts and withholds  
19 or is required to deduct and withhold tax under this Act and  
20 who retains income tax withholdings under subsection (f) of  
21 Section 5-15 of the Economic Development for a Growing Economy  
22 Tax Credit Act must make a return with respect to such taxes  
23 and retained amounts in the form and manner that the  
24 Department, by rule, requires and pay to the Department or to a  
25 depository designated by the Department those withheld taxes  
26 not retained by the taxpayer. For purposes of this subsection

1 (g), the term taxpayer shall include taxpayer and members of  
2 the taxpayer's unitary business group as defined under  
3 paragraph (27) of subsection (a) of Section 1501 of this Act.  
4 This Section is exempt from the provisions of Section 250 of  
5 this Act.

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

23 (i) Each employer that (i) does not employ more than 50  
24 employees at any time during the applicable payment period and  
25 (ii) is subject to the Minimum Wage Law may claim a credit  
26 against payments due under this Section on and after July 1,

1 2015 and on or before December 31, 2016 in an amount equal to  
2 the difference between: (1) the wages paid by the employer to  
3 employees in Illinois whose wages do not exceed the minimum  
4 wage, calculated as if those employees were entitled to the  
5 minimum wage set forth under Section 4 of the Minimum Wage Law  
6 and not a higher minimum wage adopted by a unit of local  
7 government; and (2) the wages that would have been paid by the  
8 employer to those employees if the minimum wage had been \$8.25  
9 per hour during that period.

10 (Source: P.A. 96-834, eff. 12-14-09; 96-888, eff. 4-13-10;  
11 96-905, eff. 6-4-10; 96-1027, eff. 7-12-10; 97-333, eff.  
12 8-12-11; 97-507, eff. 8-23-11.)

13 Section 10. The Minimum Wage Law is amended by changing  
14 Section 4 as follows:

15 (820 ILCS 105/4) (from Ch. 48, par. 1004)

16 Sec. 4. (a)(1) Every employer shall pay to each of his  
17 employees in every occupation wages of not less than \$2.30 per  
18 hour or in the case of employees under 18 years of age wages of  
19 not less than \$1.95 per hour, except as provided in Sections 5  
20 and 6 of this Act, and on and after January 1, 1984, every  
21 employer shall pay to each of his employees in every occupation  
22 wages of not less than \$2.65 per hour or in the case of  
23 employees under 18 years of age wages of not less than \$2.25  
24 per hour, and on and after October 1, 1984 every employer shall



1 pay to each of his employees in every occupation wages of not  
2 less than \$3.00 per hour or in the case of employees under 18  
3 years of age wages of not less than \$2.55 per hour, and on or  
4 after July 1, 1985 every employer shall pay to each of his  
5 employees in every occupation wages of not less than \$3.35 per  
6 hour or in the case of employees under 18 years of age wages of  
7 not less than \$2.85 per hour, and from January 1, 2004 through  
8 December 31, 2004 every employer shall pay to each of his or  
9 her employees who is 18 years of age or older in every  
10 occupation wages of not less than \$5.50 per hour, and from  
11 January 1, 2005 through June 30, 2007 every employer shall pay  
12 to each of his or her employees who is 18 years of age or older  
13 in every occupation wages of not less than \$6.50 per hour, and  
14 from July 1, 2007 through June 30, 2008 every employer shall  
15 pay to each of his or her employees who is 18 years of age or  
16 older in every occupation wages of not less than \$7.50 per  
17 hour, and from July 1, 2008 through June 30, 2009 every  
18 employer shall pay to each of his or her employees who is 18  
19 years of age or older in every occupation wages of not less  
20 than \$7.75 per hour, and from July 1, 2009 through June 30,  
21 2010 every employer shall pay to each of his or her employees  
22 who is 18 years of age or older in every occupation wages of  
23 not less than \$8.00 per hour, and from ~~on and after~~ July 1,  
24 2010 through June 30, 2015 every employer shall pay to each of  
25 his or her employees who is 18 years of age or older in every  
26 occupation wages of not less than \$8.25 per hour, and from July

1 1, 2015 to June 30, 2016 every employer shall pay to each of  
2 his or her employees who is 18 years of age or older in every  
3 occupation wages of not less than \$9.00 per hour, and on and  
4 after July 1, 2016 every employer shall pay to each of his or  
5 her employees who is 18 years of age or older in every  
6 occupation wages of not less than \$10.00 per hour.

7 (2) Unless an employee's wages are reduced under Section 6,  
8 then in lieu of the rate prescribed in item (1) of this  
9 subsection (a), an employer may pay an employee who is 18 years  
10 of age or older, during the first 90 consecutive calendar days  
11 after the employee is initially employed by the employer, a  
12 wage that is not more than 50¢ less than the wage prescribed in  
13 item (1) of this subsection (a); however, an employer shall pay  
14 not less than the rate prescribed in item (1) of this  
15 subsection (a) to:

16 (A) a day or temporary laborer, as defined in Section 5  
17 of the Day and Temporary Labor Services Act, who is 18  
18 years of age or older; and

19 (B) an employee who is 18 years of age or older and  
20 whose employment is occasional or irregular and requires  
21 not more than 90 days to complete.

22 (3) At no time shall the wages paid to any employee under  
23 18 years of age be more than 50¢ less than the wage required to  
24 be paid to employees who are at least 18 years of age under  
25 item (1) of this subsection (a).

26 (b) No employer shall discriminate between employees on the

1 basis of sex or mental or physical handicap, except as  
2 otherwise provided in this Act by paying wages to employees at  
3 a rate less than the rate at which he pays wages to employees  
4 for the same or substantially similar work on jobs the  
5 performance of which requires equal skill, effort, and  
6 responsibility, and which are performed under similar working  
7 conditions, except where such payment is made pursuant to (1) a  
8 seniority system; (2) a merit system; (3) a system which  
9 measures earnings by quantity or quality of production; or (4)  
10 a differential based on any other factor other than sex or  
11 mental or physical handicap, except as otherwise provided in  
12 this Act.

13 (c) Every employer of an employee engaged in an occupation  
14 in which gratuities have customarily and usually constituted  
15 and have been recognized as part of the remuneration for hire  
16 purposes is entitled to an allowance for gratuities as part of  
17 the hourly wage rate provided in Section 4, subsection (a) in  
18 an amount not to exceed 40% of the applicable minimum wage  
19 rate. The Director shall require each employer desiring an  
20 allowance for gratuities to provide substantial evidence that  
21 the amount claimed, which may not exceed 40% of the applicable  
22 minimum wage rate, was received by the employee in the period  
23 for which the claim of exemption is made, and no part thereof  
24 was returned to the employer.

25 (d) No camp counselor who resides on the premises of a  
26 seasonal camp of an organized not-for-profit corporation shall

1 be subject to the adult minimum wage if the camp counselor (1)  
2 works 40 or more hours per week, and (2) receives a total  
3 weekly salary of not less than the adult minimum wage for a  
4 40-hour week. If the counselor works less than 40 hours per  
5 week, the counselor shall be paid the minimum hourly wage for  
6 each hour worked. Every employer of a camp counselor under this  
7 subsection is entitled to an allowance for meals and lodging as  
8 part of the hourly wage rate provided in Section 4, subsection  
9 (a), in an amount not to exceed 25% of the minimum wage rate.

10 (e) A camp counselor employed at a day camp is not subject  
11 to the adult minimum wage if the camp counselor is paid a  
12 stipend on a onetime or periodic basis and, if the camp  
13 counselor is a minor, the minor's parent, guardian or other  
14 custodian has consented in writing to the terms of payment  
15 before the commencement of such employment.

16 (f) Preemption of home rule powers.

17 (1) The establishment of a minimum wage that employers  
18 must pay their employees is an exclusive power and function  
19 of the State. Except as provided in paragraph (2) of this  
20 subsection (f), a home rule unit may not regulate or  
21 establish a minimum wage. This subsection (f) is a denial  
22 and limitation of the home rule powers and functions under  
23 subsection (h) of Section 6 of Article VII of the Illinois  
24 Constitution.

25 (2) Paragraph (1) of this subsection (f) shall not  
26 apply to any ordinance adopted by the corporate authorities

1           of a municipality having more than 1,000,000 inhabitants.

2           (Source: P.A. 94-1072, eff. 7-1-07; 94-1102, eff. 7-1-07;

3           95-945, eff. 1-1-09.)