

SB4010



101ST GENERAL ASSEMBLY

State of Illinois

2019 and 2020

SB4010

Introduced 1/4/2021, by Sen. Ram Villivalam

SYNOPSIS AS INTRODUCED:

35 ILCS 5/232 new

Amends the Illinois Income Tax Act. Creates an income tax credit for an employer who hires a qualified employee to work at a location in the State. Sets forth the amount of the credit. Provides that the credit shall be increased by \$500 if (i) the qualified employee is hired to work at a location in a disproportionately impacted area or (ii) on the date the qualified employee is hired, the qualified employee resides in a disproportionately impacted area. Provides that the term "qualified employee" means a resident of the State who is hired by the taxpayer to fill a net new job and was unemployed as a result of COVID-19 prior to the date he or she was hired by the taxpayer. Provides that the term "qualified employee" does not include an individual who was furloughed by the taxpayer. Effective immediately.

LRB101 22229 HLH 73259 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 232 as follows:

6 (35 ILCS 5/232 new)

7 Sec. 232. Employment credit; COVID-19.

8 (a) For taxable years that begin on or after January 1,
9 2020 and begin prior to January 1, 2025, for the purpose of
10 training and hiring qualified employees, each employer is
11 entitled to a credit against the taxes imposed by subsections
12 (a) and (b) of Section 201 for each qualified employee hired by
13 the employer during the taxable year to work at a location in
14 the State. If the taxpayer employs an average of more than 500
15 employees during the taxable year, then the amount of the
16 credit shall be \$1,500 per qualified employee. If the taxpayer
17 employs an average of 500 or fewer employees, but more than 100
18 employees, during the taxable year, then the amount of the
19 credit shall be \$2,500 per qualified employee. If the taxpayer
20 employs an average of 100 or fewer employees during the taxable
21 year, then the amount of the credit shall be \$5,000 per
22 qualified employee. The credit amounts set forth in this
23 subsection (a) shall be increased by \$500 if (i) the qualified

1 employee is hired to work at a location in a disproportionately
2 impacted area, or (ii) on the date the qualified employee is
3 hired, the qualified employee resides in a disproportionately
4 impacted area; if the employee meets both items (i) and (ii),
5 the employer shall be eligible for only a single \$500 increase.

6 (b) For partners, shareholders of subchapter S
7 corporations, and members of limited liability companies, if
8 the liability company is treated as a partnership for purposes
9 of federal and State income taxation, there shall be allowed a
10 credit under this Section to be determined in accordance with
11 the determination of income and distributive share of income
12 under Sections 702 and 704 and subchapter S of the Internal
13 Revenue Code.

14 (c) The credit or credits may not reduce the taxpayer's
15 liability to less than zero. If the amount of the credit or
16 credits exceeds the taxpayer's liability, the excess may be
17 carried forward and applied against the taxpayer's liability
18 for up to 5 succeeding taxable years. The credit or credits
19 shall be applied to the earliest year for which there is a tax
20 liability. If there are credits from more than one taxable year
21 that are available to offset a liability, the earlier credit
22 shall be applied first.

23 (d) As used in this Section:

24 "Disproportionately impacted area" means a geographic
25 area designated by the Department of Commerce and Economic
26 Opportunity as meeting at least one of the following

1 criteria:

2 (A) the area has a poverty rate of at least 20%
3 according to the latest federal decennial census;

4 (B) 75% or more of the children in the area
5 participate in the federal free lunch program
6 according to reported statistics from the State Board
7 of Education;

8 (C) at least 20% of the households in the area
9 receive assistance under the Supplemental Nutrition
10 Assistance Program; or

11 (D) the area has an average unemployment rate, as
12 certified by the Department of Employment Security,
13 that is more than 120% of the national unemployment
14 average, as determined by the United States Department
15 of Labor, for a period of at least 2 consecutive
16 calendar years preceding the date of the designation.

17 "Net new job" means an employment position that causes
18 the taxpayer's average employee head count in the State for
19 the calendar year in which the taxable year begins to
20 exceed its employee head count in the State on the
21 effective date of this amendatory Act of the 101st General
22 Assembly.

23 "Qualified employee" means a resident of the State who
24 is hired by the taxpayer to fill a net new job and was
25 unemployed as a result of COVID-19 prior to the date he or
26 she was hired by the taxpayer. The term "qualified

1 employee" includes, but is not limited to, a resident who
2 was self-employed but became unemployed because of
3 COVID-19. The term "qualified employee" does not include an
4 employee who was furloughed by the taxpayer and reinstated
5 during the taxable year.

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