



95TH GENERAL ASSEMBLY

State of Illinois

2007 and 2008

HB3498

Introduced 2/28/2007, by Rep. Jack McGuire

SYNOPSIS AS INTRODUCED:

35 ILCS 5/218 new
35 ILCS 5/219 new

Amends the Illinois Income Tax Act. Creates a tax credit for taxpayers who, during the taxable year, employ the service of a community agency to perform services for the taxpayer's business. Provides that the amount of the credit is the lesser of (i) 5% of the amount paid to that community agency or (ii) \$50,000. Provides that the credit may not be carried forward or back and may not reduce the taxpayer's liability to less than zero. Creates a tax credit for employers who, for at least 27 weeks during the taxable year, employ an individual with a disability who, during the taxable year, received services from a community agency. Provides that the amount of the credit is 50% of the amount withheld by the taxpayer under the Act with respect to that employee during the taxable year. Provides that the credit may not be carried forward or back and may not reduce the taxpayer's liability to less than zero. Defines "community agency" with respect to each of these credits. Effective immediately.

LRB095 08756 BDD 31822 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 Sections 218 and 219 as follows:

6 (35 ILCS 5/218 new)

7 Sec. 218. Credit for expenses paid to a community agency.

8 (a) For taxable years ending on or after December 31, 2007
9 and on or before December 30, 2012, each taxpayer who, during
10 the taxable year, employs the service of a community agency to
11 perform services for the taxpayer's business is entitled to a
12 credit against the tax imposed under subsections (a) and (b) of
13 Section 201 in an amount equal to the lesser of (i) 5% of the
14 amount paid to that community agency or (ii) \$50,000.

15 (b) For the purposes of this Section:

16 "Community agency" means any public or private entity of
17 which the primary purpose is to provide employment
18 opportunities for individuals who have a disability, including
19 supported employment.

20 "Supported employment" means competitive work in
21 integrated work settings for those individuals with
22 disabilities for whom competitive employment has not
23 traditionally occurred or for whom competitive employment has

1 been interrupted or intermittent as a result of a disability
2 for which the individual needs on-going support services to
3 perform such work. "Supported employment" includes
4 transitional employment for individuals with chronic mental
5 illness.

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

14 (d) The credit under this Section may not be carried
15 forward or back and may not reduce the taxpayer's liability to
16 less than zero.

17 (e) The Department must adopt any rule necessary for this
18 Section.

19 (35 ILCS 5/219 new)

20 Sec. 219. Credit for wages paid to individuals with a
21 disability who receive services from a community agency.

22 (a) For taxable years ending on or after December 31, 2007
23 and ending on or before December 30, 2012, each taxpayer who,
24 for at least 27 weeks during the taxable year, employs an
25 individual with a disability who, during the taxable year,

1 received services from a community agency is entitled to a
2 credit against the tax imposed under subsection (a) and (b) of
3 Section 201 in an amount equal to 50% of the amount withheld by
4 the taxpayer under Article 7 of this Act with respect to that
5 employee during the taxable year.

6 (b) For the purposes of this Section, "community agency"
7 means a public or private entity that facilitates employment
8 opportunities for individuals who have a disability by
9 providing vocational assessments, vocational-rehabilitation
10 services, job development, placement, and retention services,
11 psycho-social rehabilitation, and other related employment
12 services.

13 "Vocational-rehabilitation services" include education,
14 training, counseling, therapy, placement services, and case
15 management services.

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

24 (d) The credit under this Section may not be carried
25 forward or back and may not reduce the taxpayer's liability to
26 less than zero.

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