



98TH GENERAL ASSEMBLY

State of Illinois

2013 and 2014

HB3144

by Rep. Thaddeus Jones

SYNOPSIS AS INTRODUCED:

35 ILCS 5/224 new

Amends the Illinois Income Tax Act. Provides that, for taxable years beginning on or after January 1, 2014, each business that is first located in the State during the taxable year is entitled to a credit in an amount equal to 10% of the wages paid to qualified employees during the taxpayer's first year of business in the State. Provides that the term "qualified employee" means a full-time employee of the taxpayer who is a resident of the State and not more than a 5% shareholder, partner, member, or owner of the taxpayer. Effective immediately.

LRB098 07398 HLH 37462 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. New business credit.

8 (a) For taxable years beginning on or after January 1,
9 2014, each business that is first located in the State during
10 the taxable year is entitled to a credit against the tax tax
11 imposed under subsections (a) and (b) of this Section in an
12 amount equal to 10% of the wages paid to qualified employees
13 during the taxpayer's first year of business in the State. For
14 the purposes of this Section, "qualified employee" means a
15 full-time employee of the taxpayer who is a resident of the
16 State and not more than a 5% shareholder, partner, member, or
17 owner of the taxpayer.

18 (b) The tax credit may not reduce the taxpayer's liability
19 to less than zero. If the amount of the tax credit exceeds the
20 tax liability for the year, the excess may be carried forward
21 and applied to the tax liability of the 5 taxable years
22 following the excess credit year. The credit must be applied to
23 the earliest year for which there is a tax liability. If there

1 are credits from more than one tax year that are available to
2 offset a liability, then the earlier credit must be applied
3 first.

4 (c) If the Taxpayer is a partnership or Subchapter S
5 corporation, the credit shall be allowed to the partners or
6 shareholders in accordance with the determination of income and
7 distributive share of income under Sections 702 and 704 and
8 subchapter S of the Internal Revenue Code.

9 (d) This Section is exempt from the provisions of Section
10 250.

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