

HB3635



104TH GENERAL ASSEMBLY

State of Illinois

2025 and 2026

HB3635

Introduced 2/18/2025, by Rep. Daniel Didech

SYNOPSIS AS INTRODUCED:

820 ILCS 115/2

from Ch. 48, par. 39m-2

Amends the Illinois Wage Payment and Collection Act. Provides that the definition of "wages" includes any severance, back pay, front pay, or any concomitant relief owed to an employee pursuant to a separation or severance agreement between the 2 parties, policy of the employer, judicial ruling, or administrative ruling. Provides that the definition applies to former, current, or future employees. Makes a conforming change to the definition of "employee".

LRB104 07796 SPS 17841 b

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 Wage Payment and Collection Act is
5 amended by changing Section 2 as follows:

6 (820 ILCS 115/2) (from Ch. 48, par. 39m-2)

7 Sec. 2. Definitions. For all employees, other than
8 separated employees, "wages" shall be defined as any
9 compensation owed a former, current, or future ~~an~~ employee by
10 an employer pursuant to an employment contract or agreement
11 between the 2 parties, whether the amount is determined on a
12 time, task, piece, or any other basis of calculation, or any
13 severance, back pay, front pay, or concomitant relief owed to
14 an employee pursuant to a separation or severance agreement
15 between the 2 parties, policy of the employer, judicial
16 ruling, or administrative ruling. Payments to separated
17 employees shall be termed "final compensation" and shall be
18 ~~defined as wages,~~ as defined in this Section, salaries, earned
19 commissions, earned bonuses, and the monetary equivalent of
20 earned vacation and earned holidays, and any other
21 compensation owed the employee by the employer pursuant to an
22 employment contract or agreement between the 2 parties. Where
23 an employer is legally committed through a collective

1 bargaining agreement or otherwise to make contributions to an
2 employee benefit, trust or fund on the basis of a certain
3 amount per hour, day, week or other period of time, the amount
4 due from the employer to such employee benefit, trust, or fund
5 shall be defined as "wage supplements", subject to the wage
6 collection provisions of this Act.

7 As used in this Act, the term "employer" shall include any
8 individual, partnership, association, corporation, limited
9 liability company, business trust, employment and labor
10 placement agencies where wage payments are made directly or
11 indirectly by the agency or business for work undertaken by
12 employees under hire to a third party pursuant to a contract
13 between the business or agency with the third party, or any
14 person or group of persons acting directly or indirectly in
15 the interest of an employer in relation to an employee, for
16 which one or more persons is gainfully employed.

17 As used in this Act, the term "employee" shall include any
18 individual permitted to work by an employer in an occupation.
19 "Employee" also includes any individual to whom an employer
20 owes any severance, back pay, front pay, or concomitant relief
21 pursuant to an agreement between the 2 parties, policy of the
22 employer, judicial ruling, or administrative ruling.
23 "Employee" ~~but~~ shall not include any individual:

24 (1) who has been and will continue to be free from
25 control and direction over the performance of his work,
26 both under his contract of service with his employer and

1 in fact; and

2 (2) who performs work which is either outside the
3 usual course of business or is performed outside all of
4 the places of business of the employer unless the employer
5 is in the business of contracting with third parties for
6 the placement of employees; and

7 (3) who is in an independently established trade,
8 occupation, profession or business.

9 "Pay stub" means an itemized statement or statements
10 reflecting an employee's hours worked, rate of pay, overtime
11 pay and overtime hours worked, gross wages earned, deductions
12 made from the employee's wages, and the total of wages and
13 deductions year to date.

14 The following terms apply to an employer's use of payroll
15 cards to pay wages to an employee under the requirements of
16 this Act:

17 "Payroll card" means a card provided to an employee by an
18 employer or other payroll card issuer as a means of accessing
19 the employee's payroll card account.

20 "Payroll card account" means an account that is directly
21 or indirectly established through an employer and to which
22 deposits of a participating employee's wages are made.

23 "Payroll card issuer" means a bank, financial institution,
24 or other entity that issues a payroll card to an employee under
25 an employer payroll card program.

26 (Source: P.A. 103-953, eff. 1-1-25.)