HB5747

LRB10421056HLH36250b

104TH GENERAL ASSEMBLY

State of Illinois

2025 and 2026

HB5747

Introduced 4/21/2026, by Rep. Martin McLaughlin

SYNOPSIS AS INTRODUCED:

35 ILCS 5/202 from Ch. 120, par. 2-202
35 ILCS 5/253 new

Amends the Illinois Income Tax Act. Provides that a taxpayer who (i) is a resident of Illinois, (ii) is legally domiciled in the United States, and (iii) on or after July 1, 2027, becomes a parent, either through birth or adoption, may apply to the Department of Revenue for a waiver of the taxpayer's State income taxes for the taxable year in which the child is born or the adoption of the child is finalized and for the next 2 succeeding taxable years. Provides that, if a taxpayer has been granted such a waiver, that taxpayer's net income shall be zero for each taxable year for which the waiver is in effect.

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A BILL FOR

AN ACT concerning revenue.

Be it enacted by the People of the State of Illinois, represented in the General Assembly:

Section 5. The Illinois Income Tax Act is amended by changing Section 202 and by adding Section 253 as follows:

(35 ILCS 5/202) (from Ch. 120, par. 2-202)

Sec. 202. Net Income Defined.

(a) In general. For purposes of this Act, a taxpayer's net income for a taxable year shall be that portion of his base income for such year which is allocable to this State under the provisions of Article 3, less the standard exemption allowed by Section 204 and the deduction allowed by Section 207.

(b) Notwithstanding any other provision of law, if a taxpayer has been granted a waiver under Section 253, that taxpayer's net income shall be zero for each taxable year in which the waiver is in effect.

(Source: P.A. 92-846, eff. 8-23-02.)

(35 ILCS 5/253 new)

Sec. 253. Parent income tax waiver.

(a) Notwithstanding any other provision of law, a taxpayer who (i) is a resident of Illinois, (ii) is legally domiciled in the United States, and (iii) on or after July 1, 2027, becomes a parent, either through birth or adoption, may apply to the Department for a waiver of the taxpayer's State income taxes for the taxable year in which the child is born or the adoption of the child is finalized, as applicable, and for the next 2 succeeding taxable years. In the case of spouses filing a joint return, the waiver shall be granted to both spouses. The taxpayer remains eligible for the waiver under this Section for each of the 3 taxable years for which it is granted, provided that (i) the taxpayer remains a resident of Illinois for the entirety of any taxable year for which the taxpayer claims a waiver under this Section, (ii) the taxpayer is legally domiciled in the United States for the entirety of any taxable year for which the taxpayer claims a waiver under this Section, and (iii) the child with respect to whom the waiver was granted is a qualifying child of the taxpayer, as defined in subsection (c) of Section 152 of the Internal Revenue Code, for the taxable year for which the waiver is claimed.

(b) If the Department determines that a taxpayer has received a waiver under this Section and the taxpayer was not entitled to the waiver, the Department shall assess penalties against the taxpayer and revoke the taxpayer's waiver in accordance with rules adopted by the Department.

(c) The Department, in cooperation with the Commission on Government Forecasting and Accountability, shall conduct an annual review of the impact of the program under this Section, including metrics on family retention rates, birth and adoption trends, and fiscal effects. Reports shall be submitted to the Governor and the General Assembly by December 31, 2027 and by December 31 of each calendar year thereafter.

(d) The Department shall adopt rules for the implementation of this Section.

(e) This Section is exempt from the provisions of Section 250.