

SB3619



104TH GENERAL ASSEMBLY

State of Illinois

2025 and 2026

SB3619

Introduced 2/5/2026, by Sen. Chris Balkema

SYNOPSIS AS INTRODUCED:

35 ILCS 5/246 new

Amends the Illinois Income Tax Act. Creates an income tax credit for a qualified employer who makes a qualified contribution toward a health reimbursement arrangement for the qualified taxpayer's employees. Provides that the amount of the credit is \$400 per covered employee in the first taxable year and \$200 per covered employee in the second taxable year. Effective immediately.

LRB104 20287 HLH 33738 b

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
5 adding Section 246 as follows:

6 (35 ILCS 5/246 new)

7 Sec. 246. Health reimbursement arrangement tax credit.

8 (a) For taxable years beginning on or after January 1,
9 2027, a qualified taxpayer that makes a qualified contribution
10 toward a health reimbursement arrangement, as described in
11 Section 9831(d) of the Internal Revenue Code, for the
12 qualified taxpayer's employees may claim a credit against the
13 tax imposed by subsections (a) and (b) of Section 201 if (i)
14 the amount provided by the taxpayer toward the health
15 reimbursement arrangement is equal to or greater than the
16 level of benefits provided in the previous benefit year or
17 (ii) the amount the taxpayer contributes toward the health
18 reimbursement arrangement equals the same amount contributed
19 per covered individual toward the employer provided health
20 insurance plan during the previous benefit year. The amount of
21 the credit is \$400 per covered employee in the first taxable
22 year and \$200 per covered employee in the second taxable year.

23 (b) The credit may not reduce the taxpayer's liability to

1 less than zero. If the amount of the credit exceeds the tax
2 liability for the year, the excess may be carried forward and
3 applied to the tax liability of the 5 taxable years following
4 the excess credit year. The credit shall be applied to the
5 earliest year for which there is a tax liability. If there are
6 credits from more than one tax year that are available to
7 offset a liability, the earlier credit shall be applied first.

8 (c) As used in this Section:

9 "Qualified taxpayer" means an employer that is a
10 corporation, a limited liability company, a partnership, or
11 another entity that:

12 (1) has any state tax liability;

13 (2) has fewer than 50 employees; and

14 (3) has adopted a health reimbursement arrangement in
15 lieu of a traditional employer provided health insurance
16 plan.

17 Section 99. Effective date. This Act takes effect upon
18 becoming law.