

SB3786



104TH GENERAL ASSEMBLY

State of Illinois

2025 and 2026

SB3786

Introduced 2/5/2026, by Sen. Seth Lewis

SYNOPSIS AS INTRODUCED:

35 ILCS 5/246 new
35 ILCS 5/247 new
35 ILCS 5/248 new

Amends Illinois Income Tax Act. Creates a legacy tax credit for businesses that are headquartered in the State. Creates an employee tax credit and a collective bargaining employee tax credit. Effective immediately.

LRB104 19218 HLH 32663 b

A BILL FOR

1 AN ACT concerning State government.

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 Sections 246, 247, and 248 as follows:

6 (35 ILCS 5/246 new)

7 Sec. 246. Legacy credit.

8 (a) For taxable years beginning on or after January 1,
9 2026, any sole proprietorship, limited liability company, or
10 corporation that is headquartered in the State is entitled to
11 a credit against the taxes imposed by subsections (a) and (b)
12 of Section 201 in an amount equal to \$100 multiplied by the
13 number of years during which the taxpayer has been
14 headquartered in Illinois as of the last day of the taxable
15 year.

16 (b) If the taxpayer is a Subchapter S corporation, the
17 credit shall be allowed to shareholders in accordance with the
18 determination of income and distributive shares of income
19 under Subchapter S of Chapter 1 of the Internal Revenue Code.

20 (c) In no event shall a credit under this Section reduce
21 the taxpayer's liability to less than zero. If the amount of
22 the credit exceeds the tax liability for the year, the excess
23 may be carried forward and applied to the tax liability of the

1 5 taxable years following the excess credit year. The tax
2 credit shall be applied to the earliest year for which there is
3 a tax liability. If there are credits for more than one year
4 that are available to offset a liability, the earlier credit
5 shall be applied first.

6 (d) This Section is exempt from the provisions of Section
7 250.

8 (35 ILCS 5/247 new)

9 Sec. 247. Employee tax credit.

10 (a) For taxable years beginning on or after January 1,
11 2026, any sole proprietorship, limited liability company, or
12 corporation that has a business location in the State is
13 entitled to a credit against the taxes imposed by subsections
14 (a) and (b) of Section 201 in an amount equal to \$100 for each
15 employee who is a resident of the State and is on the
16 employer's payroll with 6 or more months of consecutive
17 employment with the employer at the end of the taxable year.

18 (b) If the taxpayer is a Subchapter S corporation, the
19 credit shall be allowed to shareholders in accordance with the
20 determination of income and distributive shares of income
21 under Subchapter S of Chapter 1 of the Internal Revenue Code.

22 (c) In no event shall a credit under this Section reduce
23 the taxpayer's liability to less than zero. If the amount of
24 the credit exceeds the tax liability for the year, the excess
25 may be carried forward and applied to the tax liability of the

1 5 taxable years following the excess credit year. The tax
2 credit shall be applied to the earliest year for which there is
3 a tax liability. If there are credits for more than one year
4 that are available to offset a liability, the earlier credit
5 shall be applied first.

6 (d) This Section is exempt from the provisions of Section
7 250.

8 (35 ILCS 5/248 new)

9 Sec. 248. Collective bargaining employee tax credit.

10 (a) For taxable years beginning on or after January 1,
11 2026, any sole proprietorship, limited liability company, or
12 corporation that has a business location in the State is
13 entitled to a credit against the taxes imposed by subsections
14 (a) and (b) of Section 201 in an amount equal to \$25 for each
15 employee who is a resident of the State, who qualifies under
16 the definitions of the National Labor Relations Board, and who
17 has 6 or more months of consecutive employment with the
18 employer at the end of the taxable year.

19 (b) If the taxpayer is a Subchapter S corporation, the
20 credit shall be allowed to shareholders in accordance with the
21 determination of income and distributive shares of income
22 under Subchapter S of Chapter 1 of the Internal Revenue Code.

23 (c) In no event shall a credit under this Section reduce
24 the taxpayer's liability to less than zero. If the amount of
25 the credit exceeds the tax liability for the year, the excess

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

7 (d) This Section is exempt from the provisions of Section
8 250.

9 Section 99. Effective date. This Act takes effect upon
10 becoming law.