

SB3934



104TH GENERAL ASSEMBLY

State of Illinois

2025 and 2026

SB3934

Introduced 2/6/2026, by Sen. Julie A. Morrison

SYNOPSIS AS INTRODUCED:

35 ILCS 10/5-15

Amends the Economic Development for a Growing Economy Tax Credit Act. Provides that an election to claim the credit against the taxpayer's withholding tax liability also applies to certain taxpayers that are primarily engaged in the business of pharmacy, health, and wellness and that have a corporate headquarters and distribution centers located in Illinois.

LRB104 18620 HLH 32063 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 Economic Development for a Growing Economy
5 Tax Credit Act is amended by changing Section 5-15 as follows:

6 (35 ILCS 10/5-15)

7 Sec. 5-15. Tax Credit Awards. Subject to the conditions
8 set forth in this Act, a Taxpayer is entitled to a Credit
9 against or, as described in subsection (g) of this Section, a
10 payment towards taxes imposed pursuant to subsections (a) and
11 (b) of Section 201 of the Illinois Income Tax Act that may be
12 imposed on the Taxpayer for a taxable year beginning on or
13 after January 1, 1999, if the Taxpayer is awarded a Credit by
14 the Department under this Act for that taxable year.

15 (a) The Department shall make Credit awards under this Act
16 to foster job creation and retention in Illinois.

17 (b) A person that proposes a project to create new jobs in
18 Illinois must enter into an Agreement with the Department for
19 the Credit under this Act.

20 (c) The Credit shall be claimed for the taxable years
21 specified in the Agreement.

22 (d) The Credit shall not exceed the Incremental Income Tax
23 attributable to the project that is the subject of the

1 Agreement.

2 (e) Nothing herein shall prohibit a Tax Credit Award to an
3 Applicant that uses a PEO if all other award criteria are
4 satisfied.

5 (f) In lieu of the Credit allowed under this Act against
6 the taxes imposed pursuant to subsections (a) and (b) of
7 Section 201 of the Illinois Income Tax Act for any taxable year
8 ending on or after December 31, 2009, for Taxpayers that
9 entered into Agreements prior to January 1, 2015 and otherwise
10 meet the criteria set forth in this subsection (f), the
11 Taxpayer may elect to claim the Credit against its obligation
12 to pay over withholding under Section 704A of the Illinois
13 Income Tax Act.

14 (1) The election under this subsection (f) may be made
15 only by a Taxpayer that (i) is primarily engaged in one of
16 the following business activities: water purification and
17 treatment, motor vehicle metal stamping, automobile
18 manufacturing, automobile and light duty motor vehicle
19 manufacturing, motor vehicle manufacturing, light truck
20 and utility vehicle manufacturing, heavy duty truck
21 manufacturing, motor vehicle body manufacturing, cable
22 television infrastructure design or manufacturing, or
23 wireless telecommunication or computing terminal device
24 design or manufacturing for use on public networks and
25 (ii) meets the following criteria:

26 (A) the Taxpayer (i) had an Illinois net loss or an

1 Illinois net loss deduction under Section 207 of the
2 Illinois Income Tax Act for the taxable year in which
3 the Credit is awarded, (ii) employed a minimum of
4 1,000 full-time employees in this State during the
5 taxable year in which the Credit is awarded, (iii) has
6 an Agreement under this Act on December 14, 2009 (the
7 effective date of Public Act 96-834), and (iv) is in
8 compliance with all provisions of that Agreement;

9 (B) the Taxpayer (i) had an Illinois net loss or an
10 Illinois net loss deduction under Section 207 of the
11 Illinois Income Tax Act for the taxable year in which
12 the Credit is awarded, (ii) employed a minimum of
13 1,000 full-time employees in this State during the
14 taxable year in which the Credit is awarded, and (iii)
15 has applied for an Agreement within 365 days after
16 December 14, 2009 (the effective date of Public Act
17 96-834);

18 (C) the Taxpayer (i) had an Illinois net operating
19 loss carryforward under Section 207 of the Illinois
20 Income Tax Act in a taxable year ending during
21 calendar year 2008, (ii) has applied for an Agreement
22 within 150 days after the effective date of this
23 amendatory Act of the 96th General Assembly, (iii)
24 creates at least 400 new jobs in Illinois, (iv)
25 retains at least 2,000 jobs in Illinois that would
26 have been at risk of relocation out of Illinois over a

1 10-year period, and (v) makes a capital investment of
2 at least \$75,000,000;

3 (D) the Taxpayer (i) had an Illinois net operating
4 loss carryforward under Section 207 of the Illinois
5 Income Tax Act in a taxable year ending during
6 calendar year 2009, (ii) has applied for an Agreement
7 within 150 days after the effective date of this
8 amendatory Act of the 96th General Assembly, (iii)
9 creates at least 150 new jobs, (iv) retains at least
10 1,000 jobs in Illinois that would have been at risk of
11 relocation out of Illinois over a 10-year period, and
12 (v) makes a capital investment of at least
13 \$57,000,000; or

14 (E) the Taxpayer (i) employed at least 2,500
15 full-time employees in the State during the year in
16 which the Credit is awarded, (ii) commits to make at
17 least \$500,000,000 in combined capital improvements
18 and project costs under the Agreement, (iii) applies
19 for an Agreement between January 1, 2011 and June 30,
20 2011, (iv) executes an Agreement for the Credit during
21 calendar year 2011, and (v) was incorporated no more
22 than 5 years before the filing of an application for an
23 Agreement.

24 (1.5) The election under this subsection (f) may also
25 be made by a Taxpayer for any Credit awarded pursuant to an
26 agreement that was executed between January 1, 2011 and

1 June 30, 2011, if the Taxpayer (i) is primarily engaged in
2 the manufacture of inner tubes or tires, or both, from
3 natural and synthetic rubber, (ii) employs a minimum of
4 2,400 full-time employees in Illinois at the time of
5 application, (iii) creates at least 350 full-time jobs and
6 retains at least 250 full-time jobs in Illinois that would
7 have been at risk of being created or retained outside of
8 Illinois, and (iv) makes a capital investment of at least
9 \$200,000,000 at the project location.

10 (1.6) The election under this subsection (f) may also
11 be made by a Taxpayer for any Credit awarded pursuant to an
12 agreement that was executed within 150 days after the
13 effective date of this amendatory Act of the 97th General
14 Assembly, if the Taxpayer (i) is primarily engaged in the
15 operation of a discount department store, (ii) maintains
16 its corporate headquarters in Illinois, (iii) employs a
17 minimum of 4,250 full-time employees at its corporate
18 headquarters in Illinois at the time of application, (iv)
19 retains at least 4,250 full-time jobs in Illinois that
20 would have been at risk of being relocated outside of
21 Illinois, (v) had a minimum of \$40,000,000,000 in total
22 revenue in 2010, and (vi) makes a capital investment of at
23 least \$300,000,000 at the project location.

24 (1.7) Notwithstanding any other provision of law, the
25 election under this subsection (f) may also be made by a
26 Taxpayer for any Credit awarded pursuant to an agreement

1 that was executed or applied for on or after July 1, 2011
2 and on or before March 31, 2012, if the Taxpayer is
3 primarily engaged in the manufacture of original and
4 aftermarket filtration parts and products for automobiles,
5 motor vehicles, light duty motor vehicles, light trucks
6 and utility vehicles, and heavy duty trucks, (ii) employs
7 a minimum of 1,000 full-time employees in Illinois at the
8 time of application, (iii) creates at least 250 full-time
9 jobs in Illinois, (iv) relocates its corporate
10 headquarters to Illinois from another state, and (v) makes
11 a capital investment of at least \$4,000,000 at the project
12 location.

13 (1.8) Notwithstanding any other provision of law, the
14 election under this subsection (f) may also be made by a
15 startup taxpayer for any Credit awarded pursuant to an
16 Agreement that was executed on or after the effective date
17 of this amendatory Act of the 102nd General Assembly. Any
18 such election under this paragraph (1.8) shall be
19 effective unless and until such startup taxpayer has any
20 Illinois income tax liability. This election under this
21 paragraph (1.8) shall automatically terminate when the
22 startup taxpayer has any Illinois income tax liability at
23 the end of any taxable year during the term of the
24 Agreement. Thereafter, the startup taxpayer may receive a
25 Credit, taking into account any benefits previously
26 enjoyed or received by way of the election under this

1 paragraph (1.8), so long as the startup taxpayer remains
2 in compliance with the terms and conditions of the
3 Agreement.

4 (1.9) Notwithstanding any other provision of law, the
5 election under this subsection (f) may be made by an
6 applicant qualified under paragraph (1.7) or (1.8) of
7 subsection (b) of Section 5-20 for any Credit awarded
8 pursuant to an Agreement that was executed on or after the
9 effective date of this amendatory Act of the 104th General
10 Assembly. Any such election under this paragraph (1.9)
11 shall be made by entering into an agreement with the
12 Department that allows for such an election and remain
13 effective for the duration of the agreement allowing for
14 the election.

15 (1.10) The election under this subsection (f) may also
16 be made by a taxpayer that (i) is primarily engaged in the
17 recycling and melting of steel products and in the
18 manufacturing of new steel wire and rod products, (ii)
19 retains at least 700 full-time jobs that would have been
20 at risk of facing termination or relocation outside of
21 Illinois, (iii) relocates its corporate headquarters to
22 Illinois from another state, (iv) makes a capital
23 investment of at least \$40,000,000 within 4 years after
24 the effective date of an Agreement under this Act, and (v)
25 makes an application for an agreement within 90 days after
26 the effective date of this amendatory Act of the 104th

1 General Assembly. The duration of the credit under this
2 paragraph (1.10) may not exceed 15 taxable years.

3 (1.11) Notwithstanding any other provision of law, the
4 election under this subsection (f) may also be made by a
5 taxpayer that:

6 (A) is a privately held corporation that is
7 primarily engaged in the business of pharmacy, health,
8 and wellness and that has distribution centers located
9 in Illinois;

10 (B) maintains its corporate headquarters in the
11 State of Illinois;

12 (C) employs at least 2,500 employees in full-time
13 jobs or full-time equivalent jobs at its corporate
14 headquarters within the State of Illinois, some of
15 whom would be at risk of termination if not for the use
16 of the tax credit as provided in this paragraph during
17 the term of the agreement;

18 (D) commits to make at least \$100,000,000 in
19 aggregate investment during the term of the agreement
20 in one or more of the following: capital investment;
21 infrastructure; development; research and development;
22 job training; or lease expenses;

23 (E) commits to maintaining at least 450 retail
24 locations in the State;

25 (F) had an Illinois net loss or was entitled to a
26 State of Illinois net loss deduction under Section 207

1 of the Illinois Income Tax Act either (i) for the
2 taxable year in which the credit is first approved
3 under this subsection or (ii) within the 2 taxable
4 years immediately preceding the taxable year in which
5 the credit is first approved; and

6 (G) makes an application for an Agreement within
7 120 days after the effective date of this amendatory
8 Act of the 104th General Assembly.

9 The credits awarded under this paragraph (1.11) shall
10 be applied solely against the Illinois income tax
11 withholding obligations of individuals employed at its
12 corporate headquarters with the State of Illinois. The
13 term of the agreement shall not exceed 8 years or until the
14 amount of the credit awarded to the taxpayer under this
15 paragraph reaches \$75,000,000, whichever occurs first.
16 Notwithstanding the credits afforded to retained employees
17 under this paragraph, an eligible taxpayer under this
18 paragraph shall be entitled to credits for new full-time
19 employees hired above the existing baseline of total
20 full-time employees at its corporate headquarters with the
21 State of Illinois at the time of the effective date of the
22 agreement. Notwithstanding any other provision of this
23 Act, a credit awarded under this paragraph shall be 100%
24 of the amount of withholding required under Section 704A
25 of the Illinois Income Tax Act.

26 As used in this paragraph (1.11):

1 "Primarily engaged" means that more than 50% of the
2 taxpayer's gross revenue from sales or services in
3 Illinois, averaged over the preceding 3 fiscal years, is
4 derived from pharmacy, health, and wellness business
5 activities conducted in Illinois.

6 "Taxpayer" means the applicant and any related members
7 that are part of the applicant's unitary business group as
8 defined in Section 1501 of the Illinois Income Tax Act.

9 (2) An election under this subsection shall allow the
10 credit to be taken against payments otherwise due under
11 Section 704A of the Illinois Income Tax Act during the
12 first calendar quarter beginning after the end of the
13 taxable quarter in which the credit is awarded under this
14 Act.

15 (3) The election shall be made in the form and manner
16 required by the Illinois Department of Revenue and, once
17 made, shall be irrevocable.

18 (4) If a Taxpayer who meets the requirements of
19 subparagraph (A) of paragraph (1) of this subsection (f)
20 elects to claim the Credit against its withholdings as
21 provided in this subsection (f), then, on and after the
22 date of the election, the terms of the Agreement between
23 the Taxpayer and the Department may not be further amended
24 during the term of the Agreement.

25 (g) A pass-through entity that has been awarded a credit
26 under this Act, its shareholders, or its partners may treat

1 some or all of the credit awarded pursuant to this Act as a tax
2 payment for purposes of the Illinois Income Tax Act. The term
3 "tax payment" means a payment as described in Article 6 or
4 Article 8 of the Illinois Income Tax Act or a composite payment
5 made by a pass-through entity on behalf of any of its
6 shareholders or partners to satisfy such shareholders' or
7 partners' taxes imposed pursuant to subsections (a) and (b) of
8 Section 201 of the Illinois Income Tax Act. In no event shall
9 the amount of the award credited pursuant to this Act exceed
10 the Illinois income tax liability of the pass-through entity
11 or its shareholders or partners for the taxable year.

12 (Source: P.A. 103-9, eff. 6-7-23; 103-595, eff. 6-26-24;
13 104-6, eff. 6-16-25.)