



102ND GENERAL ASSEMBLY

State of Illinois

2021 and 2022

SB2490

Introduced 2/26/2021, by Sen. Ram Villivalam

SYNOPSIS AS INTRODUCED:

35 ILCS 5/232 new

Amends the Illinois Income Tax Act. Creates an income tax credit for an employer who hires a qualified employee to work at a location in the State. Sets forth the amount of the credit. Provides that the credit shall be increased if (i) the qualified employee is hired to work at a location in a disproportionately impacted area or (ii) on the date the qualified employee is hired, the qualified employee resides in a disproportionately impacted area. Limits the total amount of income tax credits that the Department of Commerce and Economic Opportunity may issue over the duration of the program. Provides that the term "qualified employee" means a resident of the State who is hired by the taxpayer to fill a full-time net new job and was unemployed as a result of COVID-19 prior to the date he or she was hired by the taxpayer. Provides that the term "qualified employee" does not include an individual who was furloughed by the taxpayer. Effective immediately.

LRB102 16280 HLH 21662 b

FISCAL NOTE ACT
MAY APPLY

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 232 as follows:

6 (35 ILCS 5/232 new)

7 Sec. 232. Employment credit; COVID-19.

8 (a) For taxable years that begin on or after January 1,
9 2021 and begin prior to January 1, 2026, for the purpose of
10 training and hiring qualified employees, each employer that
11 employs an average of 500 or fewer employees during the
12 taxable year is entitled to a credit against the taxes imposed
13 by subsections (a) and (b) of Section 201 for each qualified
14 employee hired by the employer during the taxable year to work
15 at a location in the State. If the taxpayer employs an average
16 of 500 or fewer employees, but more than 100 employees, during
17 the taxable year, then the amount of the credit shall be \$2,500
18 per qualified employee. If the taxpayer employs an average of
19 100 or fewer employees during the taxable year, then the
20 amount of the credit shall be \$5,000 per qualified employee.
21 The credit amounts set forth in this subsection (a) shall be
22 increased by \$1,500 if (i) the qualified employee is hired to
23 work at a location in a disproportionately impacted area, or

1 (ii) on the date the qualified employee is hired, the
2 qualified employee resides in a disproportionately impacted
3 area; if the employee meets both items (i) and (ii), the
4 employer shall be eligible for only a single \$1,500 increase.
5 The Department of Commerce and Economic Opportunity shall
6 issue a tax credit certificate to taxpayers who qualify for a
7 credit under this Section. The taxpayer must attach the
8 certificate to the tax return on which the credits are to be
9 claimed. In no event may the Department of Commerce and
10 Economic Opportunity issue more than \$100,000,000 in credits
11 under this Section for the duration of the program.

12 (b) For partners, shareholders of subchapter S
13 corporations, and members of limited liability companies, if
14 the limited liability company is treated as a partnership for
15 purposes of federal and State income taxation, there shall be
16 allowed a credit under this Section to be determined in
17 accordance with the determination of income and distributive
18 share of income under Sections 702 and 704 and subchapter S of
19 the Internal Revenue Code.

20 (c) The credit or credits may not reduce the taxpayer's
21 liability to less than zero. If the amount of the credit or
22 credits exceeds the taxpayer's liability, the excess may be
23 carried forward and applied against the taxpayer's liability
24 for up to 5 succeeding taxable years. The credit or credits
25 shall be applied to the earliest year for which there is a tax
26 liability. If there are credits from more than one taxable

1 year that are available to offset a liability, the earlier
2 credit shall be applied first.

3 (d) As used in this Section:

4 "Disproportionately impacted area" means a geographic
5 area designated by the Department of Commerce and Economic
6 Opportunity as meeting at least one of the following
7 criteria:

8 (A) the area has a poverty rate of at least 20%
9 according to the latest federal decennial census;

10 (B) 75% or more of the children in the area
11 participate in the federal free lunch program
12 according to reported statistics from the State Board
13 of Education;

14 (C) at least 20% of the households in the area
15 receive assistance under the Supplemental Nutrition
16 Assistance Program; or

17 (D) the area has an average unemployment rate, as
18 certified by the Department of Employment Security,
19 that is more than 120% of the national unemployment
20 average, as determined by the United States Department
21 of Labor, for a period of at least 2 consecutive
22 calendar years preceding the date of the designation.

23 "Full-time equivalent employment position" means a job
24 in which the employee works for the taxpayer at a rate of
25 at least 30 hours per week. Vacations, paid holidays, and
26 sick time are included in this computation.

1 "Net new job" means a full-time equivalent employment
2 position that causes the taxpayer's average employee head
3 count in the State for the calendar year in which the
4 taxable year begins to exceed its employee head count in
5 the State on the effective date of this amendatory Act of
6 the 102nd General Assembly.

7 "Qualified employee" means a resident of the State who
8 is hired by the taxpayer to fill a net new job and was
9 unemployed as a result of COVID-19 prior to the date he or
10 she was hired by the taxpayer. The term "qualified
11 employee" includes, but is not limited to, a resident who
12 was self-employed but became unemployed because of
13 COVID-19. The term "qualified employee" does not include
14 an employee who was furloughed by the taxpayer and
15 reinstated during the taxable year.

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