



96TH GENERAL ASSEMBLY

State of Illinois

2009 and 2010

HB4091

Introduced 2/27/2009, by Rep. Richard P. Myers

SYNOPSIS AS INTRODUCED:

35 ILCS 5/218 new

Amends the Illinois Income Tax Act. Authorizes a credit to taxpayers for expenditures by the taxpayer during the taxable year for the purpose of paying accrued higher education debt incurred by a person employed by the taxpayer during at least 10 months of the taxable year. The amount of the credit is up to 20% of the employee's accrued higher education debt during the first year, 30% during the second year, and 50% during the third year, but not to exceed an aggregate of \$10,000 per employee. Provides that the credit may not reduce the taxpayer's liability to less than zero and may not be carried back, but may be carried forward and applied to the tax liability of the 3 taxable years following the excess credit year. Exempt from the Act's sunset provisions. Effective immediately.

LRB096 08338 RCE 18447 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 adding
5 Section 218 as follows:

6 (35 ILCS 5/218 new)

7 Sec. 218. Credit for employee's higher education loans.

8 (a) For each taxable year ending on or after December 31,
9 2009, each taxpayer is entitled to a credit against the tax
10 imposed by subsections (a) and (b) of Section 201 of this Act
11 for expenditures by the taxpayer during the taxable year for
12 the purpose of paying accrued higher education debt incurred by
13 a person employed by the taxpayer during at least 10 months of
14 the taxable year. The amount of the credit is up to 20% of the
15 employee's accrued higher education debt during the first year,
16 30% during the second year, and 50% during the third year, but
17 not to exceed an aggregate of \$10,000 per employee. For
18 partners, shareholders of Subchapter S corporations, and
19 owners of limited liability companies, if the liability company
20 is treated as a partnership for purposes of federal and State
21 income taxation, there shall be allowed a credit under this
22 Section to be determined in accordance with the determination
23 of income and distributive share of income under Sections 702

1 and 704 and Subchapter S of the Internal Revenue Code.

2 (b) In no event shall a credit under this Section reduce
3 the taxpayer's liability to less than zero. If the amount of
4 the credit exceeds the tax liability for the year, the excess
5 may not be carried carried back, but may be carried forward and
6 applied to the tax liability of the 3 taxable years following
7 the excess credit year. The credit shall be applied to the
8 earliest year for which there is a tax liability. If there are
9 credits for more than one year that are available to offset a
10 liability, the earlier credit shall be applied first.

11 (c) This Section is exempt from the provisions of Section
12 250.

13 Section 99. Effective date. This Act takes effect upon
14 becoming law.