

SB3657



96TH GENERAL ASSEMBLY

State of Illinois

2009 and 2010

SB3657

Introduced 2/11/2010, by Sen. Linda Holmes

SYNOPSIS AS INTRODUCED:

35 ILCS 5/219 new

Amends the Illinois Income Tax Act. Creates a credit for taxpayers who own and operate a small business in Illinois. Provides that the credit shall be an amount equal to (i) \$1,000 for each eligible employee hired during the taxable year or (ii) \$1,500 for each eligible employee hired during the taxable year who was receiving unemployment benefits from the State at the time he or she was hired. Provides that the eligible employee must be employed for at least 180 consecutive days. Provides that the taxpayer must have at least a 50% ownership interest in the small business. Provides that the credit may be carried forward for a period of 5 years. Effective immediately.

LRB096 20360 HLH 35997 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 219 as follows:

6 (35 ILCS 5/219 new)

7 Sec. 219. Small Business Jobs Tax Credit.

8 (a) For taxable years beginning on or after January 1,
9 2010, each taxpayer who owns and operates a small business in
10 Illinois shall be allowed a credit against the tax imposed by
11 subsections (a) and (b) of Section 201 in an amount equal to
12 (i) \$1,000 for each eligible employee hired during the taxable
13 year or (ii) \$1,500 for each eligible employee hired during the
14 taxable year who was receiving unemployment benefits from the
15 State at the time he or she was hired.

16 (b) To qualify for the credit:

17 (1) the taxpayer must hire eligible employees during
18 the taxable year;

19 (2) the eligible employee must be employed for at least
20 180 consecutive days in order to be deemed hired for
21 purposes of this subsection;

22 (3) the taxpayer must have at least a 50% ownership
23 interest in the small business; and

1 (4) the taxpayer may not receive other Illinois
2 corporate income tax credits during the taxable year, other
3 than those outlined by subsection (g) of Section 201 of
4 this Act, for the same business.

5 (c) For the purposes of this Section, an "eligible
6 employee" means a full-time employee working 30 or more hours
7 per week.

8 (d) For the purposes of this Section, a "small business"
9 means any Illinois-based concern, including its affiliates,
10 that is independently owned and operated and employs fewer than
11 50 full-time employees or has gross annual sales of less than
12 \$4,000,000.

13 (e) The Department of Revenue shall promulgate such rules
14 and regulations as may be deemed necessary to carry out the
15 purposes of this section.

16 (f) If the amount of the credit exceeds the tax liability
17 for that year, whether it exceeds the original liability or the
18 liability as later amended, such excess may be carried forward
19 and applied to the tax liability of the 5 taxable years
20 following the excess credit year. The credit shall be applied
21 to the earliest year for which there is a liability. If there
22 is a credit from more than one tax year that is available to
23 offset a liability, earlier credit shall be applied first.

24 Section 99. Effective date. This Act takes effect upon
25 becoming law.