



## 97TH GENERAL ASSEMBLY

### State of Illinois

2011 and 2012

HB5804

Introduced 2/16/2012, by Rep. Kay Hatcher

#### SYNOPSIS AS INTRODUCED:

35 ILCS 5/223 new

Amends the Illinois Income Tax Act. Provides that each taxpayer is allowed a credit against the tax imposed under the Act in an amount equal to a percentage of wages paid to an employee who was drawing unemployment compensation at the time of hire and who has been employed by the taxpayer as a full-time employee for a period of 12 consecutive months at any point during the taxable year.

LRB097 19766 HLH 65030 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 223 as follows:

6 (35 ILCS 5/223 new)

7 Sec. 223. Credit for wages paid to recently unemployed  
8 persons.

9 (a) Each taxpayer is allowed a credit against the tax  
10 imposed by subsections (a) and (b) of Section 201 in an amount  
11 equal to a percentage of wages paid to an employee who, as  
12 certified by the Illinois Department of Employment Security,  
13 was drawing unemployment compensation, or whose unemployment  
14 benefits had expired, at the time of hire and who has been  
15 employed by the taxpayer as a full-time employee for a period  
16 of 12 consecutive months at any point during the taxable year.  
17 The credit shall be calculated as follows:

18 (1) fifty percent of wages paid if the employee's wages  
19 are not less than \$14 per hour at any point during the  
20 taxable year;

21 (2) forty percent of wages paid if the employee's wages  
22 are less than \$14 per hour but not less than \$12 per hour  
23 at any point during the taxable year;

1           (3) thirty-five percent of wages paid if the employee's  
2           wages are less than \$12 per hour but not less than \$10 per  
3           hour at any point during the taxable year; and

4           (4) zero percent of wages paid if the employee's wages  
5           are less than \$10 per hour at any point during the taxable  
6           year.

7           (b) For purposes of this Section, "full-time employee"  
8           means an employee who works no less than 37.5 hours per week.

9           (c) The tax credit may not reduce the taxpayer's liability  
10          to less than zero. If the amount of the credit exceeds the  
11          income tax liability for the applicable tax year, then the  
12          excess credit may not be refunded to, or transferred by, the  
13          taxpayer.

14          (d) The tax credit may be claimed for only one taxable  
15          year.

16          (e) Partners, shareholders of subchapter S corporations,  
17          and owners of limited liability companies (if the limited  
18          liability company is treated as a partnership for purposes of  
19          federal and State income taxation) are entitled to a credit  
20          under this Section to be determined in accordance with the  
21          determination of income and distributive share of income under  
22          Sections 702 and 703 and subchapter S of the Internal Revenue  
23          Code.