



94TH GENERAL ASSEMBLY

State of Illinois

2005 and 2006

SB0496

Introduced 2/16/2005, by Sen. Gary G. Dahl

SYNOPSIS AS INTRODUCED:

35 ILCS 5/216 new

Amends the Illinois Income Tax Act. For taxable years ending on or after December 31, 2005 and ending on or before December 30, 2010, allows small businesses to claim a tax credit in an amount equal to the amount of expenditures for health care insurance for its employees made in the year for which the credit is claimed. Provides that the credit may not reduce a taxpayer's liability to less than zero. Provides that the excess credit may be carried forward for a period of 5 years. Requires the taxpayer to keep any records required by the Department of Revenue regarding the health care expenditures for which the credit is claimed. Effective immediately.

LRB094 10805 BDD 41284 b

FISCAL NOTE ACT
MAY APPLY

1 AN ACT in relation to taxation.

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 216 as follows:

6 (35 ILCS 5/216 new)

7 Sec. 216. Health care tax credit.

8 (a) For taxable years ending on or after December 31, 2005
9 and ending on or before December 30, 2010, each taxpayer that
10 is a small business is entitled to a credit against the tax
11 imposed by subsections (a) and (b) of Section 201 in an amount
12 equal to the amount of expenditures for health care insurance
13 for its employees made by the taxpayer in the tax year for
14 which the credit is claimed.

15 (b) For the purposes of this Section, "small business"
16 means any corporation, partnership, proprietorship, or other
17 business entity with 25 or fewer employees.

18 (c) In no event shall a credit under this Section reduce
19 the taxpayer's liability to less than zero. If the amount of
20 the credit exceeds the tax liability for the year, the excess
21 may be carried forward and applied to the tax liability of the
22 5 taxable years following the excess credit. The credit shall
23 be applied to the earliest year for which there is a tax
24 liability. If there are credits from more than one tax year
25 that are available to offset a liability, the earlier credit
26 shall be applied first.

27 (d) A taxpayer claiming the credit provided by this Section
28 shall maintain and record any information that the Department
29 may require, by rule, regarding the health care insurance
30 expenditures for which the credit is claimed.

31 Section 99. Effective date. This Act takes effect upon
32 becoming law.