

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 Small Business Job Creation Tax Credit Act
5 is amended by changing Sections 10, 25, and 35 as follows:

6 (35 ILCS 25/10)

7 Sec. 10. Definitions. In this Act:

8 "Applicant" means a person that is operating a business
9 located within the State of Illinois that is engaged in
10 interstate or intrastate commerce and either:

11 (1) has no more than 50 full-time employees, without
12 regard to the location of employment of such employees at
13 the beginning of the incentive period; or -

14 (2) hired within the incentive period an employee who
15 had participated as worker-trainee in the Put Illinois to
16 Work Program during 2010.

17 In the case of any person that is a member of a unitary
18 business group within the meaning of subdivision (a)(27) of
19 Section 1501 of the Illinois Income Tax Act, "applicant" refers
20 to the unitary business group.

21 "Certificate" means the tax credit certificate issued by
22 the Department under Section 35 of this Act.

23 "Certificate of eligibility" means the certificate issued

1 by the Department under Section 20 of this Act.

2 "Credit" means the amount awarded by the Department to an
3 applicant by issuance of a certificate under Section 35 of this
4 Act for each new full-time equivalent employee hired or job
5 created.

6 "Department" means the Department of Commerce and Economic
7 Opportunity.

8 "Director" means the Director of the Department.

9 "Full-time employee" means an individual who is employed
10 for a basic wage for at least 35 hours each week or who renders
11 any other standard of service generally accepted by industry
12 custom or practice as full-time employment.

13 "Incentive period" means the period beginning July 1, 2010
14 and ending on June 30, 2011.

15 "Basic wage" means compensation for employment that is no
16 less than \$10 ~~\$13.75~~ per hour or the equivalent salary for a
17 new employee.

18 "New employee" means a full-time employee:

19 (1) who first became employed by an applicant with less
20 than 50 full-time employees within the incentive period
21 whose hire results in a net increase in the applicant's
22 full-time Illinois employees and who is receiving a basic
23 wage as compensation; or -

24 (2) who participated as a worker-trainee in the Put
25 Illinois to Work Program during 2010 and who is
26 subsequently hired during the incentive period by an

1 applicant and who is receiving a basic wage as
2 compensation.

3 The term "new employee" does not include:

4 (1) a person who was previously employed in Illinois by
5 the applicant or a related member prior to the onset of the
6 incentive period; or

7 (2) any individual who has a direct or indirect
8 ownership interest of at least 5% in the profits, capital,
9 or value of the applicant or a related member.

10 "Noncompliance date" means, in the case of an applicant
11 that is not complying with the requirements of the provisions
12 of this Act, the day following the last date upon which the
13 taxpayer was in compliance with the requirements of the
14 provisions of this Act, as determined by the Director, pursuant
15 to Section 45 of this Act.

16 "Put Illinois to Work Program" means a worker training and
17 employment program that was established by the State of
18 Illinois with funding from the United States Department of
19 Health and Human Services of Emergency Temporary Assistance to
20 Needy Families funds authorized by the American Recovery and
21 Reinvestment Act of 2009 (ARRA TANF Funds). These ARRA TANF
22 funds were in turn used by the State of Illinois to fund the
23 Put Illinois to Work Program.

24 "Related member" means a person that, with respect to the
25 applicant during any portion of the incentive period, is any
26 one of the following,

1 (1) An individual, if the individual and the members of
2 the individual's family (as defined in Section 318 of the
3 Internal Revenue Code) own directly, indirectly,
4 beneficially, or constructively, in the aggregate, at
5 least 50% of the value of the outstanding profits, capital,
6 stock, or other ownership interest in the applicant.

7 (2) A partnership, estate, or trust and any partner or
8 beneficiary, if the partnership, estate, or trust and its
9 partners or beneficiaries own directly, indirectly,
10 beneficially, or constructively, in the aggregate, at
11 least 50% of the profits, capital, stock, or other
12 ownership interest in the applicant.

13 (3) A corporation, and any party related to the
14 corporation in a manner that would require an attribution
15 of stock from the corporation under the attribution rules
16 of Section 318 of the Internal Revenue Code, if the
17 applicant and any other related member own, in the
18 aggregate, directly, indirectly, beneficially, or
19 constructively, at least 50% of the value of the
20 corporation's outstanding stock.

21 (4) A corporation and any party related to that
22 corporation in a manner that would require an attribution
23 of stock from the corporation to the party or from the
24 party to the corporation under the attribution rules of
25 Section 318 of the Internal Revenue Code, if the
26 corporation and all such related parties own, in the

1 aggregate, at least 50% of the profits, capital, stock, or
2 other ownership interest in the applicant.

3 (5) A person to or from whom there is attribution of
4 stock ownership in accordance with Section 1563(e) of the
5 Internal Revenue Code, except that for purposes of
6 determining whether a person is a related member under this
7 paragraph, "20%" shall be substituted for "5%" whenever
8 "5%" appears in Section 1563(e) of the Internal Revenue
9 Code.

10 (Source: P.A. 96-888, eff. 4-13-10.)

11 (35 ILCS 25/25)

12 Sec. 25. Tax credit.

13 (a) Subject to the conditions set forth in this Act, an
14 applicant is entitled to a credit against payment of taxes
15 withheld under Section 704A of the Illinois Income Tax Act:

16 (1) for new employees who participated as
17 worker-trainees in the Put Illinois to Work Program during
18 2010:

19 (A) in the first calendar year ending on or after
20 the date that is 6 months after December 31, 2010, or
21 the date of hire, whichever is later. Under this
22 subparagraph, the applicant is entitled to one-half of
23 the credit allowable for each new employee who is
24 employed for at least 6 months after the date of hire;
25 and

1 (B) in the first calendar year ending on or after
2 the date that is 12 months after December 31, 2010, or
3 the date of hire, whichever is later. Under this
4 subparagraph, the applicant is entitled to one-half of
5 the credit allowable for each new employee who is
6 employed for at least 12 months after the date of hire;

7 (2) for all other new employees, in the first calendar
8 year ~~years~~ ending on or after the date that is 12 months
9 after the date of hire of a new employee. The credit shall
10 be allowed as a credit to an applicant for each full-time
11 employee hired during the incentive period that results in
12 a net increase in full-time Illinois employees, where the
13 net increase in the employer's full-time Illinois
14 employees is maintained for at least 12 months.

15 (b) The Department shall make credit awards under this Act
16 to further job creation.

17 (c) The credit shall be claimed for the first calendar year
18 ending on or after the date on which the certificate is issued
19 by the Department.

20 (d) The credit shall not exceed \$2,500 per new employee
21 hired.

22 (e) The net increase in full-time Illinois employees,
23 measured on an annual full-time equivalent basis, shall be the
24 total number of full-time Illinois employees of the applicant
25 on June 30, 2011, minus the number of full-time Illinois
26 employees employed by the employer on July 1, 2010. For

1 purposes of the calculation, an employer that begins doing
2 business in this State during the incentive period, as
3 determined by the Director, shall be treated as having zero
4 Illinois employees on July 1, 2010.

5 (f) The net increase in the number of full-time Illinois
6 employees of the applicant under subsection (e) must be
7 sustained continuously for at least 12 months, starting with
8 the date of hire of a new employee during the incentive period.
9 Eligibility for the credit does not depend on the continuous
10 employment of any particular individual. For purposes of this
11 subsection (f), if a new employee ceases to be employed before
12 the completion of the 12-month period for any reason, the net
13 increase in the number of full-time Illinois employees shall be
14 treated as continuous if a different new employee is hired as a
15 replacement within a reasonable time for the same position.

16 (Source: P.A. 96-888, eff. 4-13-10.)

17 (35 ILCS 25/35)

18 Sec. 35. Application for award of tax credit; tax credit
19 certificate.

20 (a) On or after the conclusion of the 12-month period (or
21 6-month period, for purposes of subparagraph (A) of item (1) of
22 subsection (a) of Section 25) after a new employee has been
23 hired, an applicant shall file with the Department an
24 application for award of a credit. The application shall
25 include the following:

1 (1) The names, Social Security numbers, job
2 descriptions, salary or wage rates, and dates of hire of
3 the new employees with respect to whom the credit is being
4 requested, and an indication of whether each new employee
5 listed participated as a worker-trainee in the Put Illinois
6 to Work Program.

7 (2) A certification that each new employee listed has
8 been retained on the job for one year (or 6 months, for
9 purposes of subparagraph (A) of item (1) of subsection (a)
10 of Section 25) from the date of hire.

11 (3) The number of new employees hired by the applicant
12 during the incentive period.

13 (4) The net increase in the number of full-time
14 Illinois employees of the applicant (including the new
15 employees listed in the request) between the beginning of
16 the incentive period and the dates on which the new
17 employees listed in the request were hired. This
18 requirement does not apply for tax credits the applicant is
19 seeking because the new employee had participated as a
20 worker-trainee in the Put Illinois to Work Program.

21 (5) An agreement that the Director is authorized to
22 verify with the appropriate State agencies the information
23 contained in the request before issuing a certificate to
24 the applicant.

25 (6) Any other information the Department determines to
26 be appropriate.

1 (b) Although an application may be filed at any time after
2 the conclusion of the 12-month period (or 6-month period, for
3 purposes of subparagraph (A) of item (1) of subsection (a) of
4 Section 25) after a new employee was hired, an application
5 filed more than 90 days after the earliest date on which it
6 could have been filed shall not be awarded any credit if, prior
7 to the date it is filed, the Department has received
8 applications under this Section for credits totaling more than
9 \$50,000,000.

10 (c) The Department shall issue a certificate to each
11 applicant awarded a credit under this Act. The certificate
12 shall include the following:

13 (1) The name and taxpayer identification number of the
14 applicant.

15 (2) The date on which the certificate is issued.

16 (3) The credit amount that will be allowed.

17 (4) Any other information the Department determines to
18 be appropriate.

19 (Source: P.A. 96-888, eff. 4-13-10.)

20 Section 99. Effective date. This Act takes effect upon
21 becoming law.