



## 104TH GENERAL ASSEMBLY

### State of Illinois

2025 and 2026

HB4190

Introduced 10/29/2025, by Rep. Martin McLaughlin

#### SYNOPSIS AS INTRODUCED:

35 ILCS 5/246 new

Amends the Illinois Income Tax Act. Creates a credit for certain small businesses in an amount equal to the lesser of (i) 10% of the property taxes paid by the qualified small business during the taxable year for eligible real property or (ii) \$1,500. Effective immediately.

LRB104 15878 HLH 29099 b

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  
5 adding Section 246 as follows:

6 (35 ILCS 5/246 new)

7 Sec. 246. Small business property tax relief credit.

8 (a) For taxable years that end on or after December 31,  
9 2026 and end on or before December 31, 2030, each qualified  
10 small business is entitled to a credit against the taxes  
11 imposed by subsections (a) and (b) of Section 201 in an amount  
12 equal to the lesser of (i) 10% of the property taxes paid by  
13 the qualified small business during the taxable year for  
14 eligible real property or (ii) \$1,500.

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

1       (c) If the taxpayer is a partnership or Subchapter S  
2       corporation, the credit is allowed to pass through to the  
3       partners and shareholders as provided in Section 251.

4       (d) This Section is exempt from the provisions of Section  
5       250.

6       (e) As used in this Section:

7       "Eligible real property" means property located in  
8       Illinois that meets the following criteria:

9               (1) the taxpayer has an ownership interest in the  
10              property, whether legal, equitable, or as a lessee, and  
11              the taxpayer is liable for the payment of property taxes  
12              on the property;

13              (2) the property is used to conduct the taxpayer's  
14              business operations; and

15              (3) the property is not residential.

16       "Qualified small business" means a sole proprietorship,  
17       partnership, corporation, joint venture, association, or  
18       cooperative that conducts business in Illinois, employs fewer  
19       than 50 employees in the State during the taxable year, and is  
20       current with all State and federal tax obligations as of the  
21       last day of the taxable year.

22       Section 99. Effective date. This Act takes effect upon  
23       becoming law.