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Sen. Chris Balkema

Filed: 5/21/2026

AMENDMENT TO SENATE BILL 3619

AMENDMENT NO. ______. Amend Senate Bill 3619 by replacing everything after the enacting clause with the following:

"Section 5. The Illinois Income Tax Act is amended by adding Section 246 as follows:

(35 ILCS 5/246 new)

Sec. 246. Health reimbursement arrangement tax credit.

(a) For taxable years beginning on or after January 1, 2027, a qualified taxpayer that makes a qualified contribution toward a health reimbursement arrangement, as described in subsection (d) of Section 9831 of the Internal Revenue Code, for the qualified taxpayer's employees may claim a credit against the tax imposed by subsections (a) and (b) of Section 201 if (i) the amount provided by the taxpayer toward the health reimbursement arrangement is equal to or greater than the level of benefits provided in the previous benefit year,

(ii) the amount the taxpayer contributes toward the health reimbursement arrangement equals the same amount contributed per covered individual toward the employer-provided health insurance plan during the previous benefit year, or (iii) in the case of a qualified taxpayer that did not provide employer-sponsored health insurance benefits to its employees during the previous benefit year, including new businesses, the taxpayer makes a qualified contribution toward a health reimbursement arrangement for each covered employee in an amount equal to at least 50% of the federal Qualified Small Employer Health Reimbursement Arrangement (QSEHRA) maximum applicable for that year under Section 9831(d)(2) of the Internal Revenue Code. Contributions shall be determined separately for single coverage and family coverage employees based on the corresponding Internal Revenue Service QSEHRA maximums. The amount of the credit is $400 per covered employee in the first taxable year and $200 per covered employee in the second taxable year.

(b) The credit may not reduce the taxpayer's liability to less than zero. If the amount of the credit exceeds the tax liability for the year, the excess may be carried forward and applied to the tax liability of the 5 taxable years following the excess credit year. The credit shall be applied to the earliest year for which there is a tax liability. If there are credits from more than one tax year that are available to offset a liability, the earlier credit shall be applied first.

(c) The Department of Revenue shall not approve credits under this Section for more than 5,000 newly covered employees in any taxable year. If applications exceed that limitation, credits shall be awarded on a first-come, first-served basis according to the date on which each complete application is received by the Department of Revenue.

(d) No new credits may be awarded under this Section for taxable years beginning outside of the incentive period. However, a taxpayer that receives a credit for a covered employee in the final taxable year of the incentive period may receive the second-year credit otherwise authorized under this Section in the subsequent taxable year.

(e) As used in this Section:

"Incentive period" means taxable years beginning on or after January 1, 2027 and beginning before January 1, 2031.

"Newly covered employee" means an employee for whom a taxpayer first claims a credit under this Section during the taxable year.

"Qualified taxpayer" means an employer that is a corporation, a limited liability company, a partnership, or another entity that:

(1) has any State tax liability; and

(2) has fewer than 50 employees.

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