

SB3623



101ST GENERAL ASSEMBLY

State of Illinois

2019 and 2020

SB3623

Introduced 2/14/2020, by Sen. Jacqueline Y. Collins

SYNOPSIS AS INTRODUCED:

New Act

Creates the Business Supply Chain Transparency for Slavery, Trafficking, and Child Labor Act. Provides that every retail seller and manufacturer doing business in the State and having annual worldwide gross receipts that exceed \$100,000,000 shall disclose its efforts to eradicate slavery, human trafficking, and child labor from its direct supply chain for tangible goods offered for sale. Provides requirements and process for disclosures. Provides that the Department of Revenue shall make available to the Attorney General a list of retail sellers and manufacturers required to disclose efforts to eradicate slavery, human trafficking, and child labor pursuant to the Act. Provides that the list shall be based on tax returns filed for taxable years beginning on or after January 1, 2021 and shall be submitted annually to the Attorney General by November 30, 2021, and each November 30 thereafter. Provides that the list shall be derived from original tax returns received by the Department on or before December 31, 2020, and each December 31 thereafter. Effective January 1, 2021.

LRB101 14940 TAE 63947 b

A BILL FOR

1 AN ACT concerning business.

2 **Be it enacted by the People of the State of Illinois,**
3 **represented in the General Assembly:**

4 Section 1. Short title. This Act may be cited as the
5 Business Supply Chain Transparency for Slavery, Trafficking,
6 and Child Labor Act.

7 Section 5. Findings. The General Assembly finds and
8 declares that:

9 (1) Modern slavery, human trafficking, and child labor
10 are crimes under State, federal, and international law but
11 still continue to exist, including in the State of
12 Illinois.

13 (2) These crimes are often hidden from view and are
14 difficult to uncover and track.

15 (3) Legislative efforts to address the market for goods
16 and products tainted by slavery, trafficking, and child
17 labor have been lacking.

18 (4) As of September 20, 2018, the List of Goods
19 Produced by Child Labor or Forced Labor, published by the
20 United States Department of Labor, comprised 148 goods from
21 76 countries.

22 (5) Consumers and businesses are inadvertently
23 promoting and sanctioning these crimes through the

1 purchase of goods and products that have been tainted in
2 the supply chain.

3 (6) Absent publicly available disclosures, consumers
4 are at a disadvantage in being able force the eradication
5 of slavery and trafficking by way of the market and their
6 purchasing decisions.

7 (7) It is the policy of this State to ensure large
8 retailers and manufacturers provide consumers with
9 information regarding their efforts to eradicate slavery,
10 human trafficking, and child labor from their supply
11 chains, to educate consumers on how to purchase goods
12 produced by companies that responsibly manage their supply
13 chains, and, thereby, to improve the lives of victims of
14 slavery, human trafficking, and child labor.

15 Section 10. Definitions. As used in this Act:

16 "Child labor" means work that is mentally, physically,
17 socially, or morally dangerous and harmful to children and
18 interferes with their schooling by depriving them of the
19 opportunity to attend school; obliging them to leave school
20 prematurely; or requiring them to attempt to combine school
21 with excessively long and hard work conditions.

22 "Doing business in this State" means actively engaging in
23 any transaction for the purpose of financial or pecuniary gain
24 or profit.

25 "Gross receipts" means the sum of money and the fair market

1 value of other property or services received on the sale or
2 exchange of property, the performance of services, or the use
3 of property or capital (including rents, royalties, interest,
4 and dividends) in a transaction that produced business income,
5 in which the income, gain, or loss is recognized (or would be
6 recognized if the transaction were in the United States) under
7 the Internal Revenue Code. Gross receipts does not include:

8 (1) Repayment.

9 (2) The principal amount received under a repurchase
10 agreement or other transaction properly characterized as a
11 loan.

12 (3) Proceeds from the issuance of the taxpayer's own
13 stock or from sale of treasury stock.

14 (4) Damages and other amounts received as a result of
15 litigation.

16 (5) Property acquired by an agent on behalf of another.

17 (6) Tax refunds and other tax benefit recoveries.

18 (7) Pension reversions.

19 (8) Contributions to capital (except for the sale of
20 securities by a securities dealer).

21 (9) Income from the discharge of indebtedness.

22 (10) Amounts realized from exchanges of inventory that
23 are not recognized under the Internal Revenue Code.

24 (11) Amounts received from transactions in intangible
25 assets held in connection with a treasury function of the
26 taxpayer's unitary business and the gross receipts and

1 overall net gains from the maturity, redemption, sale,
2 exchange, or other disposition of those intangible assets.

3 (12) Amounts received from hedging transactions
4 involving intangible assets.

5 "Hedging transaction" means a transaction related to the
6 taxpayer's trading function involving futures and options
7 transactions for the purpose of hedging price risk of the
8 products or commodities consumer, produced, or sold by the
9 taxpayer.

10 "Human trafficking" means a violation or attempted
11 violation of subsection (d) of Section 10-9 of the Criminal
12 Code of 2012.

13 "Manufacturer" means a business entity with manufacturing
14 as its principal business activity.

15 "Retail seller" means a business entity with retail trade
16 as its principal business activity.

17 "Slavery" means a violation or attempted violation of
18 subsection (b) of Section 10-9 of the Criminal Code of 2012.

19 "Treasury function" means the pooling, management, and
20 investment of intangible assets for the purpose of satisfying
21 the cash flow needs of the taxpayer's trade or business, such
22 as providing liquidity for a taxpayer's business cycle,
23 providing a reserve for business contingencies, and business
24 acquisitions, and also includes the use of futures contracts
25 and options contracts to hedge foreign currency fluctuations. A
26 taxpayer principally engaged in the trade or business of

1 purchasing and selling intangible assets of the type typically
2 held in a taxpayer's treasury function, such as a registered
3 broker-dealer, is not performing a treasury function with
4 respect to income so produced.

5 Section 15. Retail and manufacturing.

6 (a) Every retail seller and manufacturer doing business in
7 this State and having annual worldwide gross receipts that
8 exceed \$100,000,000 shall disclose its efforts to eradicate
9 slavery, human trafficking, and child labor from its direct
10 supply chain for tangible goods offered for sale.

11 (b) The disclosure shall be posted on the retail seller's
12 or manufacturer's website with a conspicuous and easily
13 understood link to the required information placed on the
14 homepage of the business. If the retail seller or manufacturer
15 does not have a website, the manufacturer shall provide the
16 written disclosure within 30 days of receiving a written
17 request for the disclosure from a consumer.

18 (c) The disclosure shall, at a minimum, disclose to what
19 extent, if any, the retail seller or manufacturer does each of
20 the following:

21 (1) Engages in the verification of product supply
22 chains to evaluate and address risks of slavery, human
23 trafficking, and child labor. The disclosure shall specify
24 if the verification was not conducted by a third party.

25 (2) Conducts audits of suppliers to evaluate supplier

1 compliance with company standards for the elimination of
2 slavery, trafficking, and child labor in supply chains. The
3 disclosure shall specify if the audit was not an
4 independent, unannounced audit.

5 (3) Requires direct suppliers to certify that
6 materials incorporated into the product comply with the
7 laws regarding slavery and human trafficking of the country
8 or countries in which they are doing business.

9 (4) Maintains internal accountability standards and
10 procedures for employees or contractors failing to meet
11 company standards the elimination of regarding slavery,
12 human trafficking, and child labor.

13 (5) Provides company employees and management who have
14 direct responsibility for supply chain management training
15 on slavery, human trafficking, and child labor,
16 particularly with respect to mitigating risks within the
17 supply chains of products.

18 (d) The exclusive remedy for a violation of this Act shall
19 be an action brought by the Attorney General for injunctive
20 relief. Nothing in this Act shall limit remedies available for
21 a violation of any other State or federal law.

22 Section 20. Companies subject to disclosure.

23 (a) Notwithstanding any provision of law, the Department of
24 Revenue shall make available to the Attorney General a list of
25 retail sellers and manufacturers required to disclose efforts

1 to eradicate slavery, human trafficking, and child labor
2 pursuant to this Act.

3 (b) The list shall be based on tax returns filed for
4 taxable years beginning on or after January 1, 2021.

5 (c) The list required by this Section shall be submitted
6 annually to the Attorney General by November 30, 2021, and each
7 November 30 thereafter. The list shall be derived from original
8 tax returns received by the Department on or before December
9 31, 2020, and each December 31 thereafter.

10 (d) Each annual list required by this Section shall include
11 the following information for each retail seller or
12 manufacturer:

13 (1) entity name; and

14 (2) an Illinois tax identification number.

15 Section 99. Effective date. This Act takes effect January
16 1, 2021.