HB3121

LRB102 10903 HLH 16233 b

102ND GENERAL ASSEMBLY

State of Illinois

2021 and 2022

HB3121

Introduced 2/19/2021, by Rep. Edgar Gonzalez, Jr.

SYNOPSIS AS INTRODUCED:

35 ILCS 5/232 new

Amends the Illinois Income Tax Act. Creates an income tax credit for taxpayer-employers that offer health insurance to all of their full-time or full-time equivalent employees in an amount equal to a percentage of the premiums paid by the taxpayer. Effective immediately.

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FISCAL NOTE ACT
MAY APPLY

A BILL FOR

AN ACT concerning revenue.

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

Section 5. The Illinois Income Tax Act is amended by adding Section 232 as follows:

(35 ILCS 5/232 new)

Sec. 232. Tax credit for employer-sponsored health insurance.

(a) For taxable years beginning on or after January 1, 2022, each taxpayer-employer that offers health insurance to all of its full-time or full-time equivalent employees is entitled to a credit against the taxes imposed by subsections (a) and (b) of Section 201 as set forth in this Section. The taxpayer may not claim a credit under this Section if those amounts were not included in the taxpayer's federal adjusted gross income.

(b) The amount of the credit shall be as follows:

(1) if the taxpayer employs an average of 25 or fewer employees during the taxable year, then the amount of the credit shall be 50% of the amount paid by the taxpayer as premiums for its employer-sponsored health insurance;

(2) if the taxpayer employs an average of more than 25 employees during the taxable year, then the credit shall

be 50% of the amount paid by the taxpayer as premiums for its employer-sponsored health insurance for the first 25 employees and 25% of the amount paid by the taxpayer as premiums for the remainder of its employees.

(c) The tax credit may not reduce the taxpayer's liability to less than zero. If the amount of the tax 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 must 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, then the earlier credit must be applied first.

(d) For partners, shareholders of Subchapter S corporations, and owners of limited liability companies, if the liability company is treated as a partnership for the purposes of federal and State income taxation, there shall be allowed a credit under this Section to be determined in accordance with the determination of income and distributive share of income under Sections 702 and 704 and Subchapter S of the Internal Revenue Code.

(e) This Section is exempt from the provisions of Section 250.

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