

1 AN ACT in relation to taxation.

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 213 as follows:

6 (35 ILCS 5/213 new)

7 Sec. 213. Health care tax credit.

8 (a) For tax years ending on or after December 31, 2003  
9 and ending on or before December 31, 2007, each taxpayer that  
10 is a small business is entitled to a credit against the tax  
11 imposed by subsections (a) and (b) of Section 201 in an  
12 amount equal to the amount of expenditures for health care  
13 insurance for its employees made by the taxpayer in the tax  
14 year for which the credit is claimed.

15 (b) For the purposes of this Section, "small business"  
16 means any corporation, partnership, proprietorship, or other  
17 business entity with 25 or fewer employees.

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

27 (d) A taxpayer claiming the credit provided by this  
28 Section shall maintain and record any information that the  
29 Department may require, by rule, regarding the health care  
30 insurance expenditures for which the credit is claimed.

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