



95TH GENERAL ASSEMBLY

State of Illinois

2007 and 2008

HB0548

Introduced 2/1/2007, by Rep. Jil Tracy

SYNOPSIS AS INTRODUCED:

35 ILCS 5/218 new

Amends the Illinois Income Tax Act. Creates an income tax credit through taxable years ending before December 31, 2013 to taxpayers who, during the taxable year, pay wages to one or more net new employees. Sets the amount of the credit at 50% of the amount of Illinois income taxes withheld by the taxpayer with respect to a net new employee, except that, for taxable years ending before December 31, 2011, the credit is 75% of the amount of Illinois income taxes withheld if the taxpayer provides health and retirement benefits to that employee. Provides that the credit may not be carried forward or back and may not reduce the taxpayer's liability to less than zero. Defines "net new employees" as the number of Illinois-based employees on the taxpayer's withholding rolls on the last day of the current taxable year less the number of Illinois-based employees on the taxpayer's withholding rolls on December 31, 2006. Effective immediately.

LRB095 05374 BDD 25462 b

FISCAL NOTE ACT
MAY APPLY

A BILL FOR

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 adding
5 Section 218 as follows:

6 (35 ILCS 5/218 new)

7 Sec. 218. Credit for job creation.

8 (a) For taxable years ending on or after December 31, 2007
9 and ending on or before December 30, 2013, each taxpayer who,
10 during the taxable year, pays wages to one or more net new
11 employees is entitled to a credit against the tax imposed by
12 subsections (a) and (b) of Section 201 of this Act in an amount
13 equal to the following:

14 (1) if the taxpayer provides health and retirement
15 benefits to a net new employee, then (i) for each taxable
16 year ending on or before December 30, 2011, an amount equal
17 to 75% of the amount withheld by the taxpayer under Article
18 7 of this Act with respect to that net new employee during
19 the taxable year and (ii) for each taxable year ending on
20 or after December 31, 2011 on or before December 30, 2013,
21 an amount equal to 50% of the amount withheld by the
22 taxpayer under Article 7 of this Act with respect to that
23 net new employee during the taxable year; or

1 (2) if the taxpayer does not provide health and
2 retirement benefits to a net new employee, then, for each
3 taxable year ending on or before December 30, 2013, an
4 amount equal to 50% of the amount withheld by the taxpayer
5 under Article 7 of this Act with respect to to that net new
6 employee during the taxable year.

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

15 (c) The credit under this Section may not be carried
16 forward or back and may not reduce the taxpayer's liability to
17 less than zero.

18 (d) For the purposes of this Section:

19 "Net new employees" means the number of Illinois-based
20 employees on the taxpayer's withholding rolls on the last day
21 of the current taxable year less the number of Illinois-based
22 employees on the taxpayer's withholding rolls on December 31,
23 2006.

24 "Health benefits" means benefits that conform to the
25 mandates set forth in Article XX of the Illinois Insurance
26 Code.

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