SB1867

LRB09710114HLH50296b

97TH GENERAL ASSEMBLY

State of Illinois

2011 and 2012

SB1867

Introduced 2/9/2011, by Sen. Carole Pankau

SYNOPSIS AS INTRODUCED:

35 ILCS 5/221 new

Amends the Illinois Income Tax Act. Creates a credit for employers of individuals who were receiving unemployment benefits from the State for a period of at least 120 consecutive days immediately prior to the employee's date of hire with the taxpayer. Sets forth the amount of the credit based on the number of months during which the individual is employed 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 221 as follows:

(35 ILCS 5/221 new)

Sec. 221. Employers of workers who received unemployment benefits. For taxable years beginning on or after January 1, 2012 and ending on or before December 31, 2014, each taxpayer that employs an individual who was receiving unemployment benefits from the State for a period of at least 120 consecutive days immediately prior to the employee's date of hire with the taxpayer is entitled to a credit against the tax imposed by subsections (a) and (b) of Section 201. The credit shall be calculated as follows:

(1) if the employee is employed by the taxpayer for a period of 3 months or less on the last day of the taxable year, the credit shall be in an amount equal to 100% of the amount that the employee received in unemployment insurance benefits from the State of Illinois during the last 30 days in which he or she received those benefits, multiplied by the number of months in which the employee is employed by the taxpayer;

(2) if the employee is employed by the taxpayer for a period of 4 to 6 months on the last day of the taxable year, the credit shall be in an amount equal to (i) the amount calculated under item (1) for each of the first 3 months, plus (ii) an amount equal to 80% of the amount that the employee received in unemployment insurance benefits from the State of Illinois during the last 30 days in which he or she received those benefits for each month of employment after the first 3 months;

(3) if the employee is employed by the taxpayer for a period of 7 to 12 months on the last day of the taxable year, the credit shall be in an amount equal to (i) the amount calculated under items (1) and (2) for each of the first 6 months, plus (ii) an amount equal to 60% of the amount that the employee received in unemployment insurance benefits from the State of Illinois during the last 30 days in which he or she received those benefits for each month of employment after the first 6 months;

(4) if the employee is employed by the taxpayer for a period of 13 to 24 months on the last day of the taxable year, an amount equal to the taxpayer's unemployment insurance contributions for that employee during the taxable year, but not more than 60% of the amount that the employee received in unemployment insurance benefits from the State of Illinois during the last 30 days in which he or she received those benefits, multiplied by the number of

months of employment after the first 12 months.

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.

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