

## HB 5320 (Croke)

# Support a Small Business Minimum Wage Tax Credit Increase

In 2019, the General Assembly passed a minimum wage increase that incrementally increases the State minimum wage to \$15 by 2025 under SB 1 (Public Act 101-1). At the time, legislators sought to ease the burden of this minimum wage increase on small businesses with 50 employees or less by creating a partial tax credit that is scheduled to gradually phase-out by 2025.

Under current law, the small business minimum wage tax credit, allowed on the employer's withholding tax, is set to phase-out as follows:

2020	2021	2022	2023	2024	2025
25%	21%	17%	13%	9%	5%
Maximum Withholding Tax Credit					

Unfortunately, it was impossible for the GA to foresee the vast impacts of the pandemic on small business owners at the time Public Act 101-1 was enacted. With almost two years into a global pandemic, employers in the Chicagoland area continue to face great challenges, including: supply-chain shortages, worker shortages, increased costs due to inflation and regulations, increased tax burden, and public safety concerns. The increased cost of doing business, in addition to a sluggish economic recovery, impacts small businesses disproportionately.

**Call to Action:** The Chamber, along with over 50 other local chambers representing every corner of the State, is urging members of the General Assembly to stand up for small businesses and restore the "Small Business Minimum Wage Tax Credit" back to its 2020 level for the next three years. In so doing, the General Assembly would provide a direct and immediate benefit to small businesses in this State.

Specifically, HB 5320 would increase the amount of the credit back to 25% for the next three years:

2020	2021	2022	2023	2024	2025
25%	21%	25%	25%	25%	5%
Maximum Withholding Tax Credit					