

Government Affairs Update



New Laws for Illinois in 2021

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Minimum Wage Increase

Under the new law, the minimum wage will increase to \$11 per hour on January 1, 2021. That amount will increase annually until it reaches \$15 per hour on January 1, 2025.

Employers and Discrimination Claims

On July 1, 2020, the [Illinois Human Rights Act](#) reduced the number of employees, from 15 to one, that an employer must have to be subject to state discrimination laws. Under this change, employers will be required to file any final adverse judgments or administrative rulings entered against them in discrimination or sexual harassment matters to the Illinois Department of Human Rights. Employers must file these disclosure reports for the preceding calendar year before July 1 of each subsequent year.

Potential Tax Increase

In the November 2020 election, voters were asked whether to approve a constitutional amendment that would shift the state from a flat to a [graduated income tax](#). The proposed constitutional amendment failed. It is possible that there will be a hike in the flat income tax in the lame duck session of the 101st General Assembly or early in the new 102nd General Assembly, which will be sworn in on January 13, 2021. A 20 percent increase would bring Illinois' current income tax rate up from 4.95% to 5.94% across the board. There are also discussions underway to use other mechanisms to raise needed revenue, such as adjusting deductions and credits without raising rates.

FICA Cap Increase

Employers will see a modest increase in their share of payroll taxes under the **Federal Insurance Contributions Act (FICA)** as of January 1, **2021**. The cap on earnings subject to the Social Security (SS) tax will increase from the current \$137,700 to \$142,800 in **2021**.

PBGC Premium Increase

The Pension Benefit Guaranty Corp. (PBGC) recently released its per participant premium rates for 2021. The multiemployer plan premium increased by \$1.00 from \$30.00 per participant to \$31.00 per participant.

New Laws for Indiana in 2021

Lake Michigan — The shoreline of Lake Michigan up to the ordinary high-water mark is, and always has been, owned by the state, and Hoosiers have a right to use the shoreline for walking, fishing, boating, swimming and any other recreational purpose for which Lake Michigan ordinarily is used. Adjacent private property owners are not entitled to exclusive use of the beach or the water. ([House Enrolled Act 1385](#))

Marriage — The minimum age to marry in Indiana is increased to 16 years old from 15. Children ages 16 and 17 only can marry if their partner is no more than four years older and a juvenile court judge grants permission for the marriage.

Happy New Year!