



## 103RD GENERAL ASSEMBLY

### State of Illinois

2023 and 2024

HB4871

Introduced 2/7/2024, by Rep. William "Will" Davis

#### SYNOPSIS AS INTRODUCED:

35 ILCS 5/216

Amends the Illinois Income Tax Act. Provides that the credit for ex-felons is renamed the credit for returning citizens. Provides that, for taxable years beginning on or after January 1, 2025, if the qualified returning citizen is employed by the taxpayer primarily at a job site in an underserved area, the amount of the credit for the returning citizen is equal to 25% (currently, 5%) of the qualified wages paid by the taxpayer. Provides that the total credit allowed with respect to each qualified returning citizen may not exceed \$5,000 (currently, \$1,500), except that, if the qualified returning citizen is employed by the taxpayer primarily at a job site in an underserved area, the credit may not exceed \$10,000. Makes other changes. Effective immediately.

LRB103 36900 HLH 67013 b

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  
5 changing Section 216 as follows:

6 (35 ILCS 5/216)

7 Sec. 216. Credit for wages paid to returning citizens  
8 ~~ex-felons~~.

9 (a) For each taxable year beginning on or after January 1,  
10 2007, each taxpayer is entitled to a credit against the tax  
11 imposed by subsections (a) and (b) of Section 201 of this Act  
12 in an amount equal to 5% of qualified wages paid by the  
13 taxpayer during the taxable year to one or more Illinois  
14 residents who are qualified returning citizens ~~ex-offenders~~.  
15 However, for taxable years beginning on or after January 1,  
16 2025, if the taxpayer employs the qualified returning citizen  
17 primarily at a job site in an underserved area, then the credit  
18 under this Section is in an amount equal to 25% of the  
19 qualified wages paid by the taxpayer during the taxable year  
20 to that qualified returning citizen. For taxable years  
21 beginning before January 1, 2025, the ~~The~~ total credit allowed  
22 to a taxpayer with respect to each qualified returning citizen  
23 ~~ex-offender~~ may not exceed \$1,500 for all taxable years. For

1 taxable years beginning on or after January 1, 2025, the total  
2 credit allowed to a taxpayer with respect to each qualified  
3 returning citizen may not exceed \$5,000 for all taxable years,  
4 except that the total credit allowed with respect to a  
5 qualified returning citizen who is employed by the taxpayer  
6 primarily at a job site in an underserved area may not exceed  
7 \$10,000 for all taxable years. For the purposes of this  
8 Section, a qualified returning citizen is employed primarily  
9 at a job site in an underserved area if at least 50% of the  
10 taxpayer's working hours during the taxable year occur at a  
11 job site in an underserved area. For taxable years ending  
12 before December 31, 2023, for partners, shareholders of  
13 Subchapter S corporations, and owners of limited liability  
14 companies, if the liability company is treated as a  
15 partnership for purposes of federal and State income taxation,  
16 there shall be allowed a credit under this Section to be  
17 determined in accordance with the determination of income and  
18 distributive share of income under Sections 702 and 704 and  
19 Subchapter S of the Internal Revenue Code. For taxable years  
20 ending on or after December 31, 2023, partners and  
21 shareholders of subchapter S corporations are entitled to a  
22 credit under this Section as provided in Section 251.

23 (b) For purposes of this Section, "qualified wages":

24 (1) includes only wages that are subject to federal  
25 unemployment tax under Section 3306 of the Internal  
26 Revenue Code, without regard to any dollar limitation

1 contained in that Section;

2 (2) does not include any amounts paid or incurred by  
3 an employer for any period to any qualified returning  
4 citizen ~~ex-offender~~ for whom the employer receives  
5 federally funded payments for on-the-job training of that  
6 qualified returning citizen ~~ex-offender~~ for that period;  
7 and

8 (3) includes only wages attributable to service  
9 rendered during the one-year period beginning with the day  
10 the qualified returning citizen ~~ex-offender~~ begins work  
11 for the employer.

12 If the taxpayer has received any payment from a program  
13 established under Section 482(e)(1) of the federal Social  
14 Security Act with respect to a qualified returning citizen  
15 ~~ex-offender~~, then, for purposes of calculating the credit  
16 under this Section, the amount of the qualified wages paid to  
17 that qualified returning citizen ~~ex-offender~~ must be reduced  
18 by the amount of the payment.

19 (c) As used in ~~For purposes of~~ this Section: 7

20 "Qualified returning citizen"~~"qualified ex-offender"~~

21 means any person who:

22 (1) has been convicted of a crime in this State or of  
23 an offense in any other jurisdiction, not including any  
24 offense or attempted offense that would subject a person  
25 to registration under the Sex Offender Registration Act;

26 (2) was sentenced to a period of incarceration in an

1 Illinois adult correctional center; and

2 (3) was hired by the taxpayer within 3 years after  
3 being released from an Illinois adult correctional center  
4 if the credit is claimed for a taxable year beginning  
5 before January 1, 2025 or was hired by the taxpayer within  
6 10 years after being released from an Illinois adult  
7 correctional center if the credit is claimed for a taxable  
8 year beginning on or after January 1, 2025.

9 "Underserved area" means a census tract in the State that  
10 meets one or more of the following conditions:

11 (1) the census tract has a poverty rate of at least 20%  
12 according to the latest American Community Survey;

13 (2) 35% or more of the families with children in the  
14 census tract are living below 130% of the poverty line  
15 according to the latest American Community Survey;

16 (3) at least 20% of the households in the census tract  
17 receive assistance under the Supplemental Nutrition  
18 Assistance Program (SNAP); or

19 (4) the area has an average unemployment rate, as  
20 determined by the Illinois Department of Employment  
21 Security, that is more than 120% of the national  
22 unemployment average, as determined by the U.S. Department  
23 of Labor, for a period of at least 2 consecutive calendar  
24 years preceding the first day of the taxable year.

25 (d) In no event shall a credit under this Section reduce  
26 the taxpayer's liability to less than zero. If the amount of

1 the credit exceeds the tax liability for the year, the excess  
2 may be carried forward and applied to the tax liability of the  
3 5 taxable years following the excess credit year. The tax  
4 credit shall be applied to the earliest year for which there is  
5 a tax liability. If there are credits for more than one year  
6 that are available to offset a liability, the earlier credit  
7 shall be applied first.

8 (e) This Section is exempt from the provisions of Section  
9 250.

10 (Source: P.A. 103-396, eff. 1-1-24.)

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