

SB2859



95TH GENERAL ASSEMBLY

State of Illinois

2007 and 2008

SB2859

Introduced 2/15/2008, by Sen. Dan Kotowski

SYNOPSIS AS INTRODUCED:

35 ILCS 5/217

Amends the Illinois Income Tax Act concerning the credit for wages paid to qualified veterans. Extends the credit to also apply to wages paid to qualified veterans who did not serve on active duty in Southwest Asia. Increases the amount of the credit to (i) 10% (but in no event to exceed \$1,200) of the gross wages paid to qualified veterans who served on active duty in Southwest Asia and (ii) 7.5% (but in no event to exceed \$800) of the gross wages paid to all other qualified veterans.

LRB095 19170 BDD 45409 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
5 changing Section 217 as follows:

6 (35 ILCS 5/217)

7 Sec. 217. Credit for wages paid to qualified veterans.

8 (a) ~~Each~~ ~~For each taxable year beginning on or after~~
9 ~~January 1, 2007, each~~ taxpayer who, during the taxable year,
10 paid wages to a qualified veteran is entitled to a credit
11 against the tax imposed by subsections (a) and (b) of Section
12 201 of this Act in the amount set forth under subsection (b).
13 ~~an amount equal to 5%, but in no event to exceed \$600, of the~~
14 ~~gross wages paid by the taxpayer to a qualified veteran in the~~
15 ~~course of that veteran's sustained employment during the~~
16 ~~taxable year.~~ For partners, shareholders of Subchapter S
17 corporations, and owners of limited liability companies, if the
18 liability company is treated as a partnership for purposes of
19 federal and State income taxation, there shall be allowed a
20 credit under this Section to be determined in accordance with
21 the determination of income and distributive share of income
22 under Sections 702 and 704 and Subchapter S of the Internal
23 Revenue Code.

1 (b) For taxable years ending on or after December 31, 2007
2 and ending on or before December 30, 2009, the amount of the
3 credit under this Section is an amount equal to 5% (but in no
4 event to exceed \$600) of the gross wages paid by the taxpayer
5 to a Southwest-Asia-service veteran in the course of that
6 veteran's sustained employment during the taxable year.

7 For taxable years ending on or after December 31, 2009 and
8 ending on or before December 30, 2014, the amount of the credit
9 under this Section is:

10 (1) with respect to wages paid to a
11 Southwest-Asia-service veteran, an amount equal to 10%
12 (but in no event to exceed \$1,200) of the gross wages paid
13 by the taxpayer in the course of that veteran's sustained
14 employment during the taxable year; and

15 (2) with respect to wages paid to any other qualified
16 veteran who was initially hired by the taxpayer on or after
17 January 1, 2009, an amount equal to 7.5% (but in no event
18 to exceed \$800) of the gross wages paid by the taxpayer in
19 the course of that veteran's sustained employment during
20 the taxable year.

21 (b) For purposes of this Section:

22 "Qualified veteran" means an Illinois resident who: ~~(i)~~ was
23 a member of the Armed Forces of the United States, a member of
24 the Illinois National Guard, or a member of any reserve
25 component of the Armed Forces of the United States and who ~~+~~
26 ~~(ii) served on active duty in connection with Operation Desert~~

1 ~~Storm, Operation Enduring Freedom, or Operation Iraqi Freedom;~~
2 ~~(iii)~~ has provided, to the taxpayer, documentation showing that
3 he or she was honorably discharged; ~~and (iv) was initially~~
4 ~~hired by the taxpayer on or after January 1, 2007.~~

5 "Southwest-Asia-service veteran" means a qualified veteran
6 who served on active duty in connection with Operation Desert
7 Storm, Operation Enduring Freedom, or Operation Iraqi Freedom
8 and who was initially hired by the taxpayer on or after January
9 1, 2007.

10 "Sustained employment" means a period of employment that is
11 not less than 185 days during the taxable year.

12 (c) In no event shall a credit under this Section reduce
13 the taxpayer's liability to less than zero. If the amount of
14 the credit exceeds the tax liability for the year, the excess
15 may be carried forward and applied to the tax liability of the
16 5 taxable years following the excess credit year. The tax
17 credit shall be applied to the earliest year for which there is
18 a tax liability. If there are credits for more than one year
19 that are available to offset a liability, the earlier credit
20 shall be applied first.

21 (Source: P.A. 94-1067, eff. 8-1-06.)