

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 and by adding Section 217.1 as follows:

6 (35 ILCS 5/217)

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

8 (a) For each taxable year beginning on or after January 1,
9 2007 and ending on or before December 30, 2010, each taxpayer
10 is entitled to a credit against the tax imposed by subsections
11 (a) and (b) of Section 201 of this Act in an amount equal to 5%,
12 but in no event to exceed \$600, of the gross wages paid by the
13 taxpayer to a qualified veteran in the course of that veteran's
14 sustained employment during the taxable year. For each taxable
15 year beginning on or after January 1, 2010, each taxpayer is
16 entitled to a credit against the tax imposed by subsections (a)
17 and (b) of Section 201 of this Act in an amount equal to 10%,
18 but in no event to exceed \$1,200, of the gross wages paid by
19 the taxpayer to a qualified veteran in the course of that
20 veteran's sustained employment during the taxable year. For
21 partners, shareholders of Subchapter S corporations, and
22 owners of limited liability companies, if the liability company
23 is treated as a partnership for purposes of federal and State

1 income taxation, there shall be allowed a credit under this
2 Section to be determined in accordance with the determination
3 of income and distributive share of income under Sections 702
4 and 704 and Subchapter S of the Internal Revenue Code.

5 (b) For purposes of this Section:

6 "Qualified veteran" means an Illinois resident who: (i) was
7 a member of the Armed Forces of the United States, a member of
8 the Illinois National Guard, or a member of any reserve
9 component of the Armed Forces of the United States; (ii) served
10 on active duty in connection with Operation Desert Storm,
11 Operation Enduring Freedom, or Operation Iraqi Freedom; (iii)
12 has provided, to the taxpayer, documentation showing that he or
13 she was honorably discharged; and (iv) was initially hired by
14 the taxpayer on or after January 1, 2007.

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

17 (c) In no event shall a credit under this Section reduce
18 the taxpayer's liability to less than zero. If the amount of
19 the credit exceeds the tax liability for the year, the excess
20 may be carried forward and applied to the tax liability of the
21 5 taxable years following the excess credit year. The tax
22 credit shall be applied to the earliest year for which there is
23 a tax liability. If there are credits for more than one year
24 that are available to offset a liability, the earlier credit
25 shall be applied first.

26 (d) A taxpayer who claims a credit under this Section for a

1 taxable year with respect to a veteran shall not be allowed a
2 credit under Section 217.1 of this Act with respect to the same
3 veteran for that taxable year.

4 (Source: P.A. 96-101, eff. 1-1-10.)

5 (35 ILCS 5/217.1 new)

6 Sec. 217.1. Credit for wages paid to qualified unemployed
7 veterans.

8 (a) For each taxable year ending on or after December 31,
9 2012 and on or before December 31, 2016, each taxpayer is
10 entitled to a credit against the tax imposed by subsections (a)
11 and (b) of Section 201 of this Act in the amount equal to 20%,
12 but in no event to exceed \$5,000, of the gross wages paid by
13 the taxpayer to a qualified veteran in the course of that
14 veteran's sustained employment during each taxable year ending
15 on or after the date of hire by the taxpayer if that veteran
16 was unemployed for an aggregate period of 4 weeks or more
17 during the one-year period ending on the date he or she was
18 hired by the taxpayer. For partners, shareholders of Subchapter
19 S corporations, and owners of limited liability companies, if
20 the liability company is treated as a partnership for the
21 purposes of federal and State income taxation, there shall be
22 allowed a credit under this Section to be determined in
23 accordance with the determination of income and distributive
24 share of income under Sections 702 and 704 and Subchapter S of
25 the Internal Revenue Code.

1 (b) For the purposes of this Section:

2 "Qualified veteran" means an Illinois resident who: (i) was
3 a member of the Armed Forces of the United States, a member of
4 the Illinois National Guard, or a member of any reserve
5 component of the Armed Forces of the United States; (ii) served
6 on active duty on or after September 11, 2001; (iii) has
7 provided, to the taxpayer, documentation showing that he or she
8 was honorably discharged; and (iv) was initially hired by the
9 taxpayer on or after January 1, 2012.

10 "Sustained employment" means (i) a period of employment
11 that is not less than 185 days following the date of hire or
12 (ii) in the case of a veteran who was unemployed for an
13 aggregate period of 6 months or more during the one-year period
14 ending on the date the veteran was hired by the taxpayer, a
15 period of employment that is more than 30 days following the
16 date of hire. The period of sustained employment may be
17 completed after the end of the taxable year in which the
18 veteran is hired.

19 A veteran is "unemployed" for a week if he or she (i) has
20 received unemployment benefits (as defined in Section 202 of
21 the Unemployment Insurance Act, including but not limited to
22 federally funded unemployment benefits) for the week, or (ii)
23 has not been employed since being honorably discharged.

24 (c) In no event shall a credit under this Section reduce a
25 taxpayer's liability to less than zero. If the amount of credit
26 exceeds the tax liability for the year, the excess may be

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

7 (d) A taxpayer who claims a credit under this Section for a
8 taxable year with respect to a veteran shall not be allowed a
9 credit under Section 217 of this Act with respect to the same
10 veteran for that taxable year.

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