



## 98TH GENERAL ASSEMBLY

### State of Illinois

2013 and 2014

SB1659

Introduced 2/13/2013, by Sen. Patricia Van Pelt

#### SYNOPSIS AS INTRODUCED:

35 ILCS 5/216  
35 ILCS 10/5-47 new

Amends the Illinois Income Tax Act. In a Section concerning a credit for wages paid to ex-felons, removes a provision providing that the credit may not exceed \$600 for each qualified ex-offender. Provides that the credit is exempt from the Act's automatic sunset. Amends the Economic Development for a Growing Economy Tax Credit Act. Provides that each Agreement entered into on or after the effective date of the amendatory Act shall contain a provision stating that the Applicant shall establish a goal of hiring qualified ex-offenders so that no less than 10% of the jobs created or retained under the Agreement are filled by qualified ex-offenders. Effective immediately.

LRB098 10416 HLH 40621 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 216 as follows:

6 (35 ILCS 5/216)

7 Sec. 216. Credit for wages paid to ex-felons.

8 (a) For each taxable year beginning on or after January 1,  
9 2007, each taxpayer is entitled to a credit against the tax  
10 imposed by subsections (a) and (b) of Section 201 of this Act  
11 in an amount equal to 5% of qualified wages paid by the  
12 taxpayer during the taxable year to one or more Illinois  
13 residents who are qualified ex-offenders. ~~The total credit~~  
14 ~~allowed to a taxpayer with respect to each qualified~~  
15 ~~ex-offender may not exceed \$600 for all taxable years.~~ For  
16 partners, shareholders of Subchapter S corporations, and  
17 owners of limited liability companies, if the liability company  
18 is treated as a partnership for purposes of federal and State  
19 income taxation, there shall be allowed a credit under this  
20 Section to be determined in accordance with the determination  
21 of income and distributive share of income under Sections 702  
22 and 704 and Subchapter S of the Internal Revenue Code.

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

1           (1) includes only wages that are subject to federal  
2           unemployment tax under Section 3306 of the Internal Revenue  
3           Code, without regard to any dollar limitation contained in  
4           that Section;

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

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

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

19          (c) For purposes of this Section, "qualified ex-offender"  
20          means any person who:

21               (1) is an eligible offender, as defined under Section  
22               5-5.5-5 of the Unified Code of Corrections;

23               (2) was sentenced to a period of incarceration in an  
24               Illinois adult correctional center; and

25               (3) was hired by the taxpayer within one year after  
26               being released from an Illinois adult correctional center.

1 (d) In no event shall a credit under this Section reduce  
2 the taxpayer's liability to less than zero. If the amount of  
3 the credit exceeds the tax liability for the year, the excess  
4 may be carried forward and applied to the tax liability of the  
5 taxable years following the excess credit year. The tax  
6 credit shall be applied to the earliest year for which there is  
7 a tax liability. If there are credits for more than one year  
8 that are available to offset a liability, the earlier credit  
9 shall be applied first.

10 (e) This Section is exempt from the provisions of Section  
11 250.

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

13 Section 10. The Economic Development for a Growing Economy  
14 Tax Credit Act is amended by adding Section 5-47 as follows:

15 (35 ILCS 10/5-47 new)

16 Sec. 5-47. Qualified ex-offenders. Each Agreement entered  
17 into on or after the effective date of this amendatory Act of  
18 the 98th General Assembly shall contain a provision stating  
19 that the Applicant shall establish a goal of hiring qualified  
20 ex-offenders so that no less than 10% of the jobs created or  
21 retained under the Agreement are filled by qualified  
22 ex-offenders.

23 For the purposes of this Section, "qualified ex-offender"  
24 means any person who (1) is an eligible offender, as defined

1 under Section 5-5.5-5 of the Unified Code of Corrections, and  
2 (2) was sentenced to a period of incarceration in an Illinois  
3 adult correctional center.

4 Section 99. Effective date. This Act takes effect upon  
5 becoming law.