



98TH GENERAL ASSEMBLY

State of Illinois

2013 and 2014

HB4449

by Rep. John M. Cabello

SYNOPSIS AS INTRODUCED:

35 ILCS 5/217
35 ILCS 5/217.1

Amends the Illinois Income Tax Act. Makes changes to a credit awarded for wages paid to qualified veterans. Provides that the credit shall be: (1) \$5,000 (instead of 20% of the gross wages, but not to exceed \$5,000) for certain veterans who were unemployed at the time of hire; and (2) \$1,200 (instead of 10% of the gross wages, but not to exceed \$1,200) for other qualified veterans. Changes the definition of "qualified veteran" to include all Illinois residents who are members of the National Guard, reserve, or regular component of the Armed Forces of the United States. Allows the credit to be prorated. Provides that the credit is exempt from the Act's automatic sunset provision. Effective immediately.

LRB098 17127 HLH 52214 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 Sections 217 and 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, and beginning prior
16 to January 1, 2014, each taxpayer is entitled to a credit
17 against the tax imposed by subsections (a) and (b) of Section
18 201 of this Act in an amount equal to 10%, but in no event to
19 exceed \$1,200, of the gross wages paid by the taxpayer to a
20 qualified veteran in the course of that veteran's sustained
21 employment during the taxable year. For each taxable year
22 beginning on or after January 1, 2014, each taxpayer is
23 entitled to a credit against the tax imposed by subsections (a)

1 and (b) of Section 201 of this Act in an amount equal to \$1,200
2 for each qualified veteran who is employed by the taxpayer on a
3 permanent full-time or a permanent part-time basis for at least
4 30 hours per week for a period of at least 185 days during the
5 taxable year. For each taxable year beginning on or after
6 January 1, 2014, if the qualified veteran is employed by the
7 employer for less than 185 days, and if the qualified veteran
8 is employed by the taxpayer on a permanent full-time or a
9 permanent part-time basis for at least 30 hours per week for a
10 period of at least 185 days during the next taxable year, then
11 the amount of the credit for the taxable year in which the
12 qualified veteran was employed for less than 185 days shall be
13 prorated. The amount of the prorated credit shall equal the
14 maximum amount of the credit for that tax year, divided by 12,
15 multiplied by the number of months in the tax year during which
16 the qualified veteran was employed by the employer. The
17 prorated credit shall be rounded to the nearest dollar. If the
18 qualified veteran was employed by the employer during any part
19 of a month, then he or she shall be considered to be employed
20 for the entire month.

21 For partners, shareholders of Subchapter S corporations,
22 and owners of limited liability companies, if the liability
23 company is treated as a partnership for purposes of federal and
24 State income taxation, there shall be allowed a credit under
25 this Section to be determined in accordance with the
26 determination of income and distributive share of income under

1 Sections 702 and 704 and Subchapter S of the Internal Revenue
2 Code.

3 (b) For purposes of this Section:

4 For taxable years beginning prior to January 1, 2014,

5 "qualified ~~"Qualified~~ veteran" means an Illinois resident who:

6 (i) was a member of the Armed Forces of the United States, a
7 member of the Illinois National Guard, or a member of any
8 reserve component of the Armed Forces of the United States;

9 (ii) served on active duty in connection with Operation Desert
10 Storm, Operation Enduring Freedom, or Operation Iraqi Freedom;

11 (iii) has provided, to the taxpayer, documentation showing that
12 he or she was honorably discharged; and (iv) was initially
13 hired by the taxpayer on or after January 1, 2007.

14 For taxable years beginning on or after January 1, 2014,

15 "qualified veteran" means an Illinois resident who is a member
16 of the National Guard, reserve, or regular component of the
17 Armed Forces of the United States.

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

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

1 that are available to offset a liability, the earlier credit
2 shall be applied first.

3 (d) A taxpayer who claims a credit under this Section for a
4 taxable year with respect to a veteran shall not be allowed a
5 credit under Section 217.1 of this Act with respect to the same
6 veteran for that taxable year.

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

9 (Source: P.A. 96-101, eff. 1-1-10; 97-767, eff. 7-9-12.)

10 (35 ILCS 5/217.1)

11 Sec. 217.1. Credit for wages paid to qualified unemployed
12 veterans.

13 (a) For each taxable year ending on or after December 31,
14 2012 ~~and on or before December 31, 2016,~~ each taxpayer is
15 entitled to a credit against the tax imposed by subsections (a)
16 and (b) of Section 201 of this Act in the amount equal to
17 \$5,000 for each qualified veteran who: (1) 20%, but in no event
18 ~~to exceed \$5,000, of the gross wages paid by the taxpayer to a~~
19 ~~qualified veteran in the course of that veteran's sustained~~
20 ~~employment during each taxable year ending on or after the date~~
21 ~~of hire by the taxpayer if that veteran~~ was unemployed for an
22 aggregate period of 4 weeks or more during the 6-week period
23 ending on the Saturday immediately preceding the date he or she
24 was hired by the taxpayer; and (2) is employed by the taxpayer
25 on a permanent full-time or a permanent part-time basis for at

1 least 30 hours per week for a period of at least (A) 30 days
2 during the taxable year in the case of a veteran who was
3 unemployed for an aggregate period of 6 months or more during
4 the one-year period ending on the date the veteran was hired by
5 the taxpayer and (B) 185 days during the taxable year in the
6 case of all other qualified unemployed veterans. For each
7 taxable year beginning on or after January 1, 2014, if the
8 qualified veteran is employed by the employer for less than 185
9 days, and if the qualified veteran is employed by the taxpayer
10 a permanent full-time or a permanent part-time basis for at
11 least 30 hours per week for a period of at least 185 days
12 during the next taxable year, then the amount of the credit for
13 the taxable year in which the qualified veteran was employed
14 for less than 185 days shall be prorated, and the amount of the
15 credit shall equal the maximum amount of the credit for that
16 tax year, divided by 12, multiplied by the number of months in
17 the tax year during which the qualified veteran was employed by
18 the employer. The prorated credit shall be rounded to the
19 nearest dollar. If the qualified veteran was employed by the
20 employer during any part of a month, then he or she shall be
21 considered to be employed for the entire month.

22 For partners, shareholders of Subchapter S corporations,
23 and owners of limited liability companies, if the liability
24 company is treated as a partnership for the purposes of federal
25 and State income taxation, there shall be allowed a credit
26 under this Section to be determined in accordance with the

1 determination of income and distributive share of income under
2 Sections 702 and 704 and Subchapter S of the Internal Revenue
3 Code.

4 (b) For the purposes of this Section:

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

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

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

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

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

14 (e) This Section is exempt from the provisions of Section
15 250.

16 (Source: P.A. 97-767, eff. 7-9-12.)

17 Section 99. Effective date. This Act takes effect upon
18 becoming law.