



104TH GENERAL ASSEMBLY

State of Illinois

2025 and 2026

HB1421

Introduced 1/28/2025, by Rep. Kevin Schmidt

SYNOPSIS AS INTRODUCED:

New Act
35 ILCS 5/246 new

Creates the Veterans Day Paid Leave Act. Requires each employer, subject to certain exceptions, to provide each employee who is a veteran with a paid day off on Veterans Day if the employee would otherwise be required to work on that day. Provides that the employee must provide notice to the employer that he or she intends to take time off on Veterans Day and must provide the employer with documentation verifying that he or she is a veteran. Contains provisions concerning circumstances under which an employer may deny such a time off request. Provides that, if the employer denies the time off request, the employer must make a good faith effort to provide the employee with a substitute day on which the employee may receive paid time off. Amends the Illinois Income Tax Act. Creates an income tax credit in an amount equal to 100% of the wages paid by the taxpayer to a veteran as a result of the paid day off required under the Veterans Day Paid Leave Act. Effective immediately.

LRB104 03380 HLH 13402 b

1 AN ACT concerning veterans.

2 **Be it enacted by the People of the State of Illinois,**
3 **represented in the General Assembly:**

4 ARTICLE 1. VETERANS DAY PAID LEAVE ACT

5 Section 1-1. Short title. This Act may be cited as the
6 Veterans Day Paid Leave Act.

7 Section 1-5. Definitions. As used in this Act:

8 "Employer" means any public or private employer with a
9 place of business in this State.

10 "Veteran" means an Illinois resident who: (i) is employed
11 at a place of business in this State; (ii) has served as a
12 member of the United States Armed Forces on active duty or
13 State active duty, as a member of the Illinois National Guard,
14 or as a member of the United States Reserve Forces; and (iii)
15 was discharged or separated under honorable conditions.

16 "Veterans Day" means the eleventh day of November of each
17 year.

18 Section 1-10. Paid leave for Veterans Day.

19 (a) Notwithstanding any other provision of law, on and
20 after January 1, 2026, each employer shall provide each
21 employee who is a veteran with one paid day off each year on

1 Veterans Day if the employee would otherwise be required to
2 work on that day. The employee must provide the employer with
3 at least 30 calendar days' notice that the employee intends to
4 take time off on Veterans Day. The employee must also provide
5 the employer with documentation verifying that the employee is
6 a veteran.

7 (b) If the employer is unable to provide time off to each
8 veteran, as provided in subsection (a), without experiencing
9 significant economic or operational disruption, then the
10 employer may deny such a time off request, but only to the
11 extent necessary to avoid the significant economic or
12 operational disruption. If the employer denies a time off
13 request under this subsection, the employer must notify the
14 employee at least 14 calendar days prior to Veterans Day that
15 his or her request has been denied and must make a good faith
16 effort to provide the employee with a substitute day on which
17 the employee may receive paid time off. Except as otherwise
18 provided in this subsection with respect to veterans who are
19 employed in positions that are subject to a collective
20 bargaining agreement, if the veteran is employed by a public
21 employer as a firefighter, police officer, emergency medical
22 technician, or paramedic, then, in lieu of providing the
23 veteran with a substitute day off, the public employer may
24 require the veteran to work on Veterans Day if the employer
25 compensates the veteran at the rate of at least 2 times his or
26 her hourly wages on that day. Notwithstanding the provisions

1 of this subsection (b), if the veteran is employed in a
2 position that is subject to a collective bargaining agreement
3 and the veteran is required to work on Veterans Day under the
4 terms of the collective bargaining agreement, then the
5 employer shall provide the veteran with a substitute day on
6 which the employee may receive paid time off at the rate of
7 compensation that applies to the veteran under the terms of
8 the collective bargaining agreement.

9 ARTICLE 5. INCOME TAX PROVISIONS

10 Section 5-5. The Illinois Income Tax Act is amended by
11 adding Section 246 as follows:

12 (35 ILCS 5/246 new)

13 Sec. 246. Wages paid to veterans under the Veterans Day
14 Paid Leave Act.

15 (a) For each taxable year beginning on or after January 1,
16 2026, each taxpayer is entitled to a credit against the tax
17 imposed by subsections (a) and (b) of Section 201 of this Act
18 in an amount equal to 100% of the wages paid by the taxpayer
19 during the taxable year to veterans as a result of the paid day
20 off required under the Veterans Day Paid Leave Act. For
21 partners of partnerships and shareholders of Subchapter S
22 corporations, there shall be allowed a credit under this
23 Section to be determined in accordance with the determination

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

3 (b) A taxpayer claiming the credit provided by this
4 Section shall maintain and record such information as the
5 Department may require by rule regarding the credit claimed
6 under this Section.

7 (c) In no event shall a credit under this Section reduce
8 the taxpayer's liability to less than zero. If the amount of
9 the credit exceeds the tax liability for the year, the excess
10 may be carried forward and applied to the tax liability of the
11 5 taxable years following the excess credit year. The tax
12 credit shall be applied to the earliest year for which there is
13 a tax liability. If there are credits for more than one year
14 that are available to offset a liability, the earlier credit
15 shall be applied first.

16 (d) This Section is exempt from the provisions of Section
17 250.

18 ARTICLE 99. EFFECTIVE DATE

19 Section 99-99. Effective date. This Act takes effect upon
20 becoming law.