

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