

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