



101ST GENERAL ASSEMBLY

State of Illinois

2019 and 2020

HB2542

by Rep. Sonya M. Harper

SYNOPSIS AS INTRODUCED:

35 ILCS 5/216

Amends the Illinois Income Tax Act. In a Section concerning the credit for wages paid to ex-felons, provides that, if the taxpayer is a business located in a census tract with a high rate of unemployment and violent crime, then (i) the amount of the credit shall be 10% (currently, 5%) of qualified wages paid by the taxpayer during the taxable year to the qualified ex-offender and (ii) the total credit allowed to that taxpayer with respect to each qualified ex-offender may not exceed \$3,000 (currently, \$1,500) for all taxable years. Provides that, in the case of those taxpayers, the requirement that the ex-felon must be hired by the taxpayer within 3 years after being released from an Illinois adult correctional center does not apply. Effective immediately.

LRB101 07439 HLH 52481 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 \$1,500 for all taxable years.
16 Notwithstanding the provisions of this subsection (a), for
17 taxable years beginning on or after January 1, 2019, if the
18 taxpayer is a business located in a census tract with a high
19 rate of unemployment and violent crime, according to rules
20 adopted by the Department of Commerce and Economic Opportunity,
21 then (i) the amount of the credit shall be 10% of qualified
22 wages paid by the taxpayer during the taxable year to one or
23 more Illinois residents who are qualified ex-offenders and (ii)

1 the total credit allowed to that taxpayer with respect to each
2 qualified ex-offender may not exceed \$3,000 for all taxable
3 years. For partners, shareholders of Subchapter S
4 corporations, and owners of limited liability companies, if the
5 liability company is treated as a partnership for purposes of
6 federal and State income taxation, there shall be allowed a
7 credit under this Section to be determined in accordance with
8 the determination of income and distributive share of income
9 under Sections 702 and 704 and Subchapter S of the Internal
10 Revenue Code.

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

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

16 (2) does not include any amounts paid or incurred by an
17 employer for any period to any qualified ex-offender for
18 whom the employer receives federally funded payments for
19 on-the-job training of that qualified ex-offender for that
20 period; and

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

24 If the taxpayer has received any payment from a program
25 established under Section 482(e)(1) of the federal Social
26 Security Act with respect to a qualified ex-offender, then, for

1 purposes of calculating the credit under this Section, the
2 amount of the qualified wages paid to that qualified
3 ex-offender must be reduced by the amount of the payment.

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

6 (1) has been convicted of a crime in this State or of
7 an offense in any other jurisdiction, not including any
8 offense or attempted offense that would subject a person to
9 registration under the Sex Offender Registration Act;

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

12 (3) was hired by the taxpayer within 3 years after
13 being released from an Illinois adult correctional center,
14 except that this subparagraph (3) does not apply to a
15 business located in a census tract with a high rate of
16 unemployment and violent crime, according to rules adopted
17 by the Department of Commerce and Economic Opportunity.

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

1 (e) This Section is exempt from the provisions of Section
2 250.

3 (Source: P.A. 98-165, eff. 8-5-13.)

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