

AN ACT concerning revenue.

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

Section 5. The Illinois Income Tax Act is amended by changing Section 216 as follows:

(35 ILCS 5/216)

Sec. 216. Credit for wages paid to ex-felons.

(a) For each taxable year beginning on or after January 1, 2007, each taxpayer is entitled to a credit against the tax imposed by subsections (a) and (b) of Section 201 of this Act in an amount equal to 5% of qualified wages paid by the taxpayer during the taxable year to one or more Illinois residents who are qualified ex-offenders. The total credit allowed to a taxpayer with respect to each qualified ex-offender may not exceed \$1,500 ~~\$600~~ for all taxable years. For partners, shareholders of Subchapter S corporations, and owners of limited liability companies, if the liability company is treated as a partnership for purposes of federal and State income taxation, there shall be allowed a credit under this Section to be determined in accordance with the determination of income and distributive share of income under Sections 702 and 704 and Subchapter S of the Internal Revenue Code.

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

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

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

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

If the taxpayer has received any payment from a program established under Section 482(e)(1) of the federal Social Security Act with respect to a qualified ex-offender, then, for purposes of calculating the credit under this Section, the amount of the qualified wages paid to that qualified ex-offender must be reduced by the amount of the payment.

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

(1) has been convicted of a crime in this State or of an offense in any other jurisdiction, not including any offense or attempted offense that would subject a person to registration under the Sex Offender Registration Act ~~is an eligible offender, as defined under Section 5-5.5-5 of the Unified Code of Corrections;~~

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

(3) was hired by the taxpayer within 3 years ~~one year~~ after being released from an Illinois adult correctional center.

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

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

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

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