ARTICLE 55.

Section 55-5. The Illinois Income Tax Act is amended by changing Section 216 as follows:

(35 ILCS 5/216)

Sec. 216. Credit for wages paid to returning citizens ~~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 returning citizens ~~ex-offenders~~. For each taxable year beginning on or after January 1, 2025, 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 15% of qualified wages paid by the taxpayer during the taxable year to one or more Illinois residents who are qualified returning citizens. The total credit allowed to a taxpayer with respect to each qualified returning citizen ~~ex-offender~~ may not exceed $1,500 for ~~all~~ taxable years ending on or before December 31, 2024. For taxable years ending on or after December 31, 2025, the total credit allowed to a taxpayer with respect to each qualified returning citizen may not exceed $7,500. For taxable years ending on or after December 31, 2025, the total amount in credit that may be awarded under this Section may not exceed $1,000,000 per taxable year. For taxable years ending before December 31, 2023, 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. For taxable years ending on or after December 31, 2023, partners and shareholders of subchapter S corporations are entitled to a credit under this Section as provided in Section 251.

(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 returning citizen ~~ex-offender~~ for whom the employer receives federally funded payments for on-the-job training of that qualified returning citizen ~~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 returning citizen ~~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 returning citizen ~~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 returning citizen ~~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;

(2) was sentenced to a period of incarceration in an

Illinois adult correctional center; and

(3) was hired by the taxpayer within 3 years after being released from an Illinois adult correctional center <u>if the credit is claimed for a taxable year beginning on or before January 1, 2024, or was hired by the taxpayer within 5 years after being released from an Illinois adult correctional center if the credit is claimed for a taxable year beginning on or after January 1, 2025</u>.

(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. 103-396, eff. 1-1-24.)