AMENDMENT TO HOUSE BILL 4237

AMENDMENT NO. ______. Amend House Bill 4237 by replacing everything after the enacting clause with the following:

"Section 1. Short title. This Act may be cited as the Local Government Charitable Fund Act.

Section 5. Definitions.

"Annual credit-eligible donation cap" means the cap on the total value of local charitable donations that are eligible for a local property tax credit, as established in this Act.

"Charitable fund" means a fund established pursuant to this Act.

"Fund administrator" means the official or entity designated to be responsible for the collection, distribution, and administration of donations to charitable funds; that person shall be an official serving as the custodian of public funds for the local unit establishing the charitable fund.
"Local charitable donation" means a donation paid in money by or on behalf of a local property owner to a charitable fund established by a local unit.

"Local property owner" means a person or entity who owns real property within a local unit that has established a charitable fund to which a local charitable donation is made.

"Local unit" means a municipality, county, or school district, but does not include community college districts.

"Mortgagee" means the holder of a mortgage loan.

"Property tax credit" means the credit established pursuant to this Act.

"Qualified donation" means a local charitable donation that may qualify real property of the donor for a property tax credit.

"Servicing organization" means a mortgagee or an agent of a mortgagee, pursuant to a written agreement between the agent and the mortgagee, that is responsible for one or more mortgage escrow accounts.

Section 10. Charitable funds; creation; donation caps.

(a) A county may, by ordinance or resolution, authorize local units located in whole or in part within that county to establish charitable funds. If such authority is granted, a local unit may establish, by ordinance or resolution, as appropriate, one or more charitable funds for specific public purposes of that local unit. A charitable fund shall be held in
one or more bank accounts in the name of the local unit and shall be kept separate from the other accounts of the local unit. A charitable fund shall not be administered jointly by more than one local unit. All such charitable funds and the moneys deposited into such funds shall be governed in the same manner as other funds established by the local unit. All moneys deposited into a charitable fund shall be expended in accordance with applicable State law exclusively for public purposes of the local unit. Moneys deposited into a charitable fund shall be equivalent to tax revenues for the purposes of the State aid formula, local unit revenue calculations, local unit bonding capacity, and similar State or municipal computations. Moneys deposited into a charitable fund shall be immediately available to the establishing local unit for the payment of budgeted and emergency mandatory expenses, including debt service, upon request of the local unit to the fund administrator.

(b) The ordinance or resolution establishing a charitable fund shall designate the official serving as the local unit's custodian of public funds to serve as the fund administrator. The fund administrator shall assume responsibility for the collection, administration, and distribution of donations made to the charitable fund and shall continually track the total of all qualified donations with respect to a fiscal year.

(c) A charitable fund shall have one or more specified public purposes in its authorizing ordinance or resolution. The
specified public purposes shall be more limited than the general purposes of the local unit. The specified public purposes shall be described in documents and records made publicly available.

(d) The ordinance or resolution establishing a charitable fund shall set forth an annual credit-eligible donation cap, which shall be the maximum amount of credit-eligible moneys the fund may collect. The ordinance or resolution shall also limit the total amount of money an individual or entity may donate through local charitable donations to a particular charitable fund or combination of charitable funds that qualify for a local property tax credit. The ordinance or resolution establishing a charitable fund shall establish an initial annual credit-eligible donation cap and shall set an initial annual limit on tax credit funding that shall be available as a result of local charitable donations to the particular charitable fund. The annual limit on available local property tax credit funding shall equal 90% of the annual credit-eligible donation cap. The ordinance or resolution establishing a charitable fund shall also limit the extent to which an eligible local charitable donation on behalf of a specific real property may count against the annual credit-eligible donation cap. Both the maximum amount of local property tax credit funding made available and the annual credit-eligible donation cap shall be established by the ordinance or resolution adopted to establish the charitable
fund but may be adjusted through subsequent ordinances or resolutions, as applicable, of the governing body of the local unit. The annual credit-eligible donation cap shall be established prior to the beginning of each fiscal year. The annual credit-eligible donation cap shall not be construed to limit all donations to the charitable fund. The annual credit-eligible donation cap shall limit only the amount of donations that are credit-eligible against property tax payments. The annual credit eligible donation cap for a given year shall be based upon the tax levy from the prior calendar year. The annual credit-eligible donation cap established prior to the start of the calendar year may not exceed 85% of the prior year budget. Upon certification of a current-year budget tax levy, a local unit may amend a charitable fund's credit-eligible donation cap to reflect the estimate of the current tax levy.

Section 15. Donations by local property owners.

(a) Any person or entity may donate to a charitable fund regardless of property ownership or location of residence by directing the payment to the fund administrator of the applicable charitable fund. A donation to a charitable fund may be made on behalf of a local property owner by directing the payment to the fund administrator of the applicable charitable fund.

(b) If a local property owner makes a donation to a local
charitable fund that is eligible for a property tax credit, that property owner shall indicate at the time of the donation the specific parcel of property to which the donation shall apply in order for such credit to issue. A donation may be credited to more than one parcel of real property.

(c) Following receipt of a local charitable donation, the fund administrator shall:

(1) issue a receipt to the donor confirming the amount of the donation and the real property associated with the donation; and

(2) notify the county collector and the chief financial officer or business administrator of the local unit, within 5 business days after the donation, of the amount of the donation and the amount of credit made available as a result of the donation; thereafter, the county collector shall notify the donor of the amount of the available local property tax credit.

(d) Charitable fund donations shall be used for the following purposes:

(1) public purposes as specified in Section 170 of the Internal Revenue Code relating to charitable contributions and gifts;

(2) the payment of any administrative fees of the county that may be required by the county; such fees may not exceed 2% of collections;

(3) the remainder of the funds shall be used for the
payment of administrative costs associated with the establishment and continued operation of the fund.

Section 20. Property tax credits.

(a) For fiscal years beginning on or after January 1, 2019, the tax collector shall allow a property owner a credit to be applied to property taxes as set forth in this Section.

(b) The credit shall be equal to 90% of the amount of local charitable donations contributed by or on behalf of the owner's specified local real property to a charitable fund established by the local unit, up to the previous year's tax liability for the property for that local unit. Any excess donation shall be retained by the charitable fund and used for the specified charitable purposes of that fund. No credit shall issue to any owner of local real property who is delinquent in any local property tax or any county charges at the time the donation to the charitable fund is made.

(c) The county collector shall apply the credit against the first local property tax bill with respect to the specified local real property that is assessed on or after the fifth business day following receipt of the notification sent pursuant to Section 15; provided that each county shall impose a deadline for donations to the charitable fund and a deadline by which the fund administrator shall supply the county collector with all donation amounts received and the amounts of the credits to be made available as a result of those donations.
in order for the credits to be applied to the next annual
property tax bill. The county shall have the sole discretion as
to whether to establish a deadline by which donations made to a
charitable fund established by a local unit may be credited
against an annual property tax bill that already has been
issued, in which case the taxpayer shall have access to a
statement showing how the credit has been applied.

(d) If the total amount of all local property tax credits
available for specific real property exceeds the amount of
property tax due during the year in which the donation was made
and the county tax collector is unable to apply all or a
portion of a credit awarded under this Act against the local
property tax bill for the property, then the excess credit
amount shall not be refunded to the taxpayer and shall not be
carried forward to future tax years.

(e) The county collector shall indicate on each local
property tax bill the value of the tax credits that apply to
the property pursuant to this Act.

(f) The county collector shall apply credits granted under
this Act to a specified local parcel of real property and not
to an individual person or entity.

(g) For each notification sent, the county may require a
fee to be paid by the fund administrator to be allocated toward
the county's administrative expenses attributable to the
county tax collector's office and the county treasurer's
office. The fee shall be deposited into the Tax Sale Automation
Fund. The amount collected by the county tax collector through such fees shall not be greater than 2% of the funds distributed for property tax credits to compensate for reasonable expenses associated with the county tax collector's responsibilities under this Act.

Section 25. Other charitable donations. Nothing in this Act shall be construed to prohibit a local unit from accepting bequests, legacies, or gifts, or from accepting charitable donations in accordance with any other legal authority.

Section 30. Liability of local property owners.
(a) Notwithstanding any State law, rule, or contract term to the contrary, no mortgagee or servicing organization shall be entitled to hold a local property owner liable for electing to meet his or her obligations to a local unit by means of a charitable donation and resulting credit made and obtained in conformity with this Act.
(b) Notwithstanding any State law, regulation, agreement, or contract terms to the contrary, no mortgagee shall be entitled to hold a servicing organization liable for complying with the election by a local property owner to meet his or her local real property tax due to a local unit by means of a charitable donation and resulting property tax credit made and obtained in conformity with this Act, including, but not limited to, actions a servicing organization takes to implement...
such election, and actions taken in accordance with any other applicable law or rule.

Section 900. The State Finance Act is amended by adding Sections 5.886 and 6z-105 as follows:

(30 ILCS 105/5.886 new)

Sec. 5.886. The Illinois Education Excellence Fund.

(30 ILCS 105/6z-105 new)

Sec. 6z-105. The Illinois Education Excellence Fund; creation.

(a) The Illinois Education Excellence Fund is hereby created as a special fund in the State treasury. The Fund may accept contributions for exclusively public education purposes, as specified under Section 170 of the Internal Revenue Code relating to charitable contributions and gifts. All moneys deposited into the Fund and interest earned on those moneys shall be transferred to the Common School Fund on an annual basis and used for those public education purposes, subject to appropriation by the General Assembly. "Public education purposes" includes, but is not limited to, early childhood education, elementary and secondary education, higher education, adult education, and teachers' employment benefits.

(b) The State Treasurer shall adopt any rules necessary or
appropriate to administer the Fund, including rules allowing
the public to make monetary contributions to the Fund and
obtain a certification from the Treasurer for the credit
allowed under Section 228 of the Illinois Income Tax Act. The
Treasurer shall adopt rules to allow individuals to choose to
make contributions to the Illinois Education Excellence Fund
through payroll deductions. The Treasurer shall certify the
contribution amount eligible for credit within 45 days
following receipt of the contribution and shall provide a copy
of the certification, which may be provided electronically, to
the taxpayer and the Department of Revenue as soon as possible
after the certification.

Section 905. The Illinois Income Tax Act is amended by
adding Section 228 as follows:

(35 ILCS 5/228 new)

Sec. 228. Contributions to the Illinois Education
Excellence Fund.

(a) For taxable years ending after December 31, 2017 and
before January 1, 2026, any individual taxpayer who makes a
contribution to the Illinois Education Excellence Fund is
entitled to a credit against the taxes imposed under
subsections (a) and (b) of Section 201 in an amount equal to
90% of the contributions made by the taxpayer to the Fund
during the taxable year.
(b) For partners, shareholders of Subchapter S corporations, and owners of limited liability companies, if the liability company is treated as a partnership for the 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.

(c) In no event shall a credit under this Section reduce a taxpayer's liability to less than zero. If the amount of credit exceeds the tax liability for the year, the excess may be carried forward and applied to the tax liability for 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 liability, the earlier credit shall be applied first.

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

Section 999. Effective date. This Act takes effect upon becoming law.".