



95TH GENERAL ASSEMBLY

State of Illinois

2007 and 2008

HB1295

Introduced 2/20/2007, by Rep. Kurt M. Granberg

SYNOPSIS AS INTRODUCED:

20 ILCS 605/605-445 new
35 ILCS 5/218 new

Amends the Illinois Income Tax Act and the Department of Commerce and Economic Opportunity Law of the Civil Administrative Code of Illinois. Provides for an income tax credit for taxpayers that make a donation, during the taxable year, to a community-organization project that is certified by the Department of Commerce and Economic Opportunity. Provides that the amount of the credit is the amount of the donations. Requires taxpayers to maintain and submit records concerning the credit. Provides that the credit may not be carried forward or back and may not reduce the taxpayer's liability to less than zero. Exempts the credit from the Act's sunset provisions. In the Department of Commerce and Economic Opportunity Law, sets forth procedures and criteria for the certification of eligible community-organization projects. Limits the amount of donations for which a credit may be awarded to \$10,000,000 per year. Requires the Department to establish and maintain a grant program for community-organization projects. Effective immediately.

LRB095 07270 BDD 27408 b

FISCAL NOTE ACT
MAY APPLY

A BILL FOR

1 AN ACT concerning finance.

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

4 Section 5. The Department of Commerce and Economic
5 Opportunity Law of the Civil Administrative Code of Illinois is
6 amended by adding Section 605-445 as follows:

7 (20 ILCS 605/605-445 new)

8 Sec. 605-445. Certification of community-organization
9 projects.

10 (a) The Department shall certify those credit-eligible
11 community-organization projects for which taxpayers may
12 receive a credit for monetary donations under Section 218 of
13 the Illinois Income Tax Act. To be certified as a
14 credit-eligible community-organization project, the project
15 must:

16 (1) be conducted by an eligible not-for-profit agency;

17 (2) be located within a community that requires
18 economic-development assistance; and

19 (3) likely result in the improvement of the local
20 physical and social infrastructure within the community.

21 (b) To receive a certification under this Section, the
22 agency must submit an application in the form and manner
23 required by the Department. The Department must review the

1 applications, and, if a project is approved, then the
2 Department shall certify the amount of donations for which an
3 income tax credit may be awarded under Section 218 of the
4 Illinois Income Tax Act. The aggregate amount of donations for
5 which an income tax credit may be awarded may not exceed
6 \$10,000,000 per year. An eligible not-for-profit agency that
7 receives donations in excess of the amount certified by the
8 Department for a community-organization project must notify
9 the donor that he or she will not receive a tax credit for the
10 donation.

11 The Department must maintain a list of the credit-eligible
12 community-organization projects on an Internet website that is
13 accessible to the public.

14 (c) The Department, in cooperation with the Secretary of
15 State, the Attorney General, and the Department of Revenue,
16 must adopt any rules that are necessary for the implementation
17 and administration of this Section.

18 (d) The Department shall also establish and maintain a
19 program to award grants to eligible not-for-profit agencies for
20 community-organization projects in the State. The aggregate
21 amount of grants awarded under this subsection (d) may not
22 exceed \$5,000,000 per year. To receive a grant, the agency must
23 submit an application in the form and manner required by the
24 Department. The grants under this subsection (d) are subject to
25 appropriation.

26 (e) For the purpose of this Section:

1 "Eligible not-for-profit agency" means a private
2 organization that:

3 (1) is a not-for-profit corporation that is exempt from
4 federal income taxation under Section 501(c)(3) of the
5 federal Internal Revenue Code of 1986;

6 (2) is organized under the General Not for Profit
7 Corporation Act of 1986 for the purpose of providing
8 community service; and

9 (3) complies with the provisions of the Charitable
10 Trust Act.

11 "Physical infrastructure improvement" means a housing
12 improvement or a revitalization program aimed at the physical
13 improvement of a neighborhood area.

14 "Social infrastructure improvement" includes community
15 organizing and planning, job training, education, and
16 employment support for area residents.

17 Section 10. The Illinois Income Tax Act is amended by
18 adding Section 218 as follows:

19 (35 ILCS 5/218 new)

20 Sec. 218. Credit for donations to certified
21 community-organization projects.

22 (a) For taxable years ending on or after December 31, 2007,
23 each taxpayer who, during the taxable year makes a donation to
24 a community-organization project that is certified under

1 Section 605-445 of the Department of Commerce and Economic
2 Opportunity Law of the Civil Administrative Code of Illinois is
3 entitled to a credit against the tax imposed by subsections (a)
4 and (b) of Section 201 in an amount equal to the aggregate
5 amount of all donations made by the taxpayer in the taxable
6 year.

7 (c) For partners, shareholders of Subchapter S
8 corporations, and owners of limited liability companies, if the
9 liability company is treated as a partnership for purposes of
10 federal and State income taxation, there shall be allowed a
11 credit under this Section to be determined in accordance with
12 the determination of income and distributive share of income
13 under Sections 702 and 704 and Subchapter S of the Internal
14 Revenue Code.

15 (d) A taxpayer claiming the credit under this Section must
16 maintain and record any information that the Department
17 requires regarding the donation for which the credit is
18 claimed. When claiming the credit under this Section, the
19 taxpayer must provide information regarding the taxpayer's
20 donation to the community-organization project.

21 (e) The credit under this Section may not be carried
22 forward or back and may not reduce the taxpayer's liability to
23 less than zero.

24 (f) This Section is exempt from the provisions of Section
25 250.

26 (g) On or before October 30, 2007, the Department, in

1 cooperation with the Department of Commerce and Economic
2 Opportunity, must adopt rules necessary for the implementation
3 and administration of this Section.

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