HB5759

LRB104 21565 SPS 36978 b

104TH GENERAL ASSEMBLY

State of Illinois

2025 and 2026

HB5759

Introduced 5/5/2026, by Rep. Kimberly Du Buclet

SYNOPSIS AS INTRODUCED:

15 ILCS 505/16.11 new

Amends the State Treasurer Act. Establishes the Illinois Baby Bond Trust. Provides that the State Treasurer shall be responsible for the receipt, maintenance, administration, investing, and disbursements of moneys from the trust. Sets forth additional provisions concerning the deposit and distribution of moneys in the trust. Provides that, upon the birth of a designated beneficiary, the State Treasurer shall transfer $5,000 from the General Revenue Fund to the trust to be credited toward the accounting of the designated beneficiary. Provides that, upon a designated beneficiary's eighteenth birthday, if the beneficiary is a resident of the State, the beneficiary shall become eligible to receive the total sum of the accounting to be used for a qualified expense. Defines "qualified expense" as an expenditure associated with: (i) education of a designated beneficiary; (ii) ownership of a home by a designated beneficiary; (iii) ownership of a business by a designated beneficiary; or (iv) any investment in financial assets or personal capital that provides long-term gains to wages or wealth. Effective January 1, 2029.

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A BILL FOR

AN ACT concerning State government.

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

Section 5. The State Treasurer Act is amended by adding Section 16.11 as follows:

(15 ILCS 505/16.11 new)

Sec. 16.11. Illinois Baby Bond Trust.

(a) As used in this Section:

"Designated beneficiary" means an individual born on or after July 1, 2024 whose birth was subject to medical coverage under the Illinois Medical Assistance Program administered under Article V of the Illinois Public Aid Code.

"Qualified expense" means an expenditure associated with: (i) education of a designated beneficiary; (ii) ownership of a home by a designated beneficiary; (iii) ownership of a business by a designated beneficiary; or (iv) any investment in financial assets or personal capital that provides long-term gains to wages or wealth, as prescribed by the State Treasurer.

"Trust" means the Illinois Baby Bond Trust.

(b) There is established the Illinois Baby Bond Trust. The trust shall receive and hold all payments and deposits or contributions intended for the trust, as well as gifts, bequests, endowments or federal, State, or local grants, and any other funds from public or private source and all earnings until disbursed in accordance with this Section. The moneys deposited in the trust shall not constitute property of the State. Moneys deposited into the trust shall not be commingled with State funds, and the State shall have no claim to or against, or interest in, the funds. Any contract entered into by or any obligation of the trust shall not constitute a debt or obligation of the State. The State shall have no obligation to any designated beneficiary or any other person on account of the trust, and all moneys obligated to be paid from the trust shall be limited to moneys available for the obligation deposited into the trust. The moneys deposited into the trust shall be disbursed only in accordance with the provisions of this Section. The trust shall continue in existence as long as it holds any deposits or has any obligations and until its existence is terminated by law. Upon termination, any unclaimed assets in the trust shall return to the State.

(c) The State Treasurer shall be responsible for the receipt, maintenance, administration, investing, and disbursements of moneys from the trust. The trust shall not receive deposits in any form other than cash. The State Treasurer, on behalf of the trust and for purposes of the trust, may:

(1) receive and invest moneys in the trust in any instruments, obligations, securities, or property in

accordance with this Section;

(2) enter into one or more contractual agreements, including contracts for legal, actuarial, accounting, custodial, advisory, management, administrative, advertising, marketing, and consulting services for the trust and payment for the services from the gains and earnings of the trust;

(3) procure insurance in connection with the trust's property, assets, or activities or deposits into the trust;

(4) apply for, accept, and expend gifts, grants, or donations from public or private sources to enable the trust to carry out its objectives;

(5) establish one or more funds within the trust and maintain separate accounts for each designated beneficiary; and

(6) take any other action necessary to carry out the purposes of this Section.

(d) The State Treasurer shall invest the moneys deposited into the trust in a manner reasonable and appropriate to achieve the objectives of the trust. The State Treasurer shall give due consideration to the rate of return, risk, term or maturity, diversification of the total portfolio within the trust, liquidity, the projected disbursements and expenditures, and the expected payments, deposits, contributions, and gifts to be received. The State Treasurer shall not require the trust to invest directly in obligations of the State or any political subdivision of the State or in any investment or other fund administered by the State Treasurer. The assets of the trust shall be continuously invested and reinvested in a manner consistent with the objectives of the trust until disbursed for qualified expenses or expended on expenses incurred by the operations of the trust.

(e) The property of the trust and the earnings on the trust shall be exempt from all taxation by the State and all political subdivisions of the State.

(f) Notwithstanding any other law, no moneys invested in the trust shall be considered to be an asset for purposes of determining an individual's eligibility for need-based, institutional aid grants offered to an individual at an institution of higher education in this State.

(g) The State Treasurer shall establish in the trust an accounting for each designated beneficiary. Each accounting shall include the amount transferred to the trust pursuant to subsection (h) and the designated beneficiary's pro rata share of total net earnings from investments of sums held in the trust.

Upon a designated beneficiary's eighteenth birthday, if the beneficiary is a resident of the State, the beneficiary shall become eligible to receive the total sum of the accounting to be used for a qualified expense. If a designated beneficiary is deceased before his or her eighteenth birthday, or is no longer a resident of the State on his or her eighteenth birthday, the accounting shall be credited back to the trust.

The State Treasurer shall furnish each eligible beneficiary with an annual statement relating to the individual's accounting, including: (i) a statement of the balance attributable to the individual; (ii) a projection of the balance's growth by the time the individual attains the age of 18; (iii) resources and information to promote financial wellness and capability; and (iv) other information as the State Treasurer deems relevant.

(h) Upon the birth of a designated beneficiary, the State Treasurer shall transfer $5,000 from the General Revenue Fund to the trust to be credited toward the accounting of the designated beneficiary as described in subsection (g).

(i) The State Treasurer may adopt rules to implement and administer this Act.

Section 99. Effective date. This Act takes effect January 1, 2029.