

HB5409



101ST GENERAL ASSEMBLY

State of Illinois

2019 and 2020

HB5409

by Rep. Amy Grant - Grant Wehrli

SYNOPSIS AS INTRODUCED:

35 ILCS 5/224
35 ILCS 40/40
35 ILCS 40/65

Amends the Illinois Income Tax Act and the Invest in Kids Act. Provides that the Invest in Kids credit applies permanently (currently, the credit applies for taxable years ending before January 1, 2023). Effective immediately.

LRB101 15477 HLH 64820 b

FISCAL NOTE ACT
MAY APPLY

A BILL FOR

1 AN ACT concerning revenue.

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

4 Section 5. The Illinois Income Tax Act is amended by
5 changing Section 224 as follows:

6 (35 ILCS 5/224)

7 Sec. 224. Invest in Kids credit.

8 (a) For taxable years beginning on or after January 1, 2018
9 ~~and ending before January 1, 2023~~, each taxpayer for whom a tax
10 credit has been awarded by the Department under the Invest in
11 Kids Act is entitled to a credit against the tax imposed under
12 subsections (a) and (b) of Section 201 of this Act in an amount
13 equal to the amount awarded under the Invest in Kids Act.

14 (b) For partners, shareholders of subchapter S
15 corporations, and owners of limited liability companies, if the
16 liability company is treated as a partnership for purposes of
17 federal and State income taxation, the credit under this
18 Section shall be determined in accordance with the
19 determination of income and distributive share of income under
20 Sections 702 and 704 and subchapter S of the Internal Revenue
21 Code.

22 (c) The credit may not be carried back and may not reduce
23 the taxpayer's liability to less than zero. If the amount of

1 the credit exceeds the tax liability for the year, the excess
2 may be carried forward and applied to the tax liability of the
3 5 taxable years following the excess credit year. The tax
4 credit shall be applied to the earliest year for which there is
5 a tax liability. If there are credits for more than one year
6 that are available to offset the liability, the earlier credit
7 shall be applied first.

8 (d) A tax credit awarded by the Department under the Invest
9 in Kids Act may not be claimed for any qualified contribution
10 for which the taxpayer claims a federal income tax deduction.

11 (e) This Section is exempt from the provisions of Section
12 250.

13 (Source: P.A. 100-465, eff. 8-31-17.)

14 Section 10. The Invest in Kids Act is amended by changing
15 Sections 40 and 65 as follows:

16 (35 ILCS 40/40)

17 (Section scheduled to be repealed on January 1, 2024)

18 Sec. 40. Scholarship granting organization
19 responsibilities.

20 (a) Before granting a scholarship for an academic year, all
21 scholarship granting organizations shall assess and document
22 each student's eligibility for the academic year.

23 (b) A scholarship granting organization shall grant
24 scholarships only to eligible students.

1 (c) A scholarship granting organization shall allow an
2 eligible student to attend any qualified school of the
3 student's choosing, subject to the availability of funds.

4 (d) In granting scholarships, a scholarship granting
5 organization shall give priority to the following priority
6 groups:

7 (1) eligible students who received a scholarship from a
8 scholarship granting organization during the previous
9 school year;

10 (2) eligible students who are members of a household
11 whose previous year's total annual income does not exceed
12 185% of the federal poverty level;

13 (3) eligible students who reside within a focus
14 district; and

15 (4) eligible students who are siblings of students
16 currently receiving a scholarship.

17 (d-5) A scholarship granting organization shall begin
18 granting scholarships no later than February 1 preceding the
19 school year for which the scholarship is sought. The priority
20 groups identified in subsection (d) of this Section shall be
21 eligible to receive scholarships on a first-come, first-served
22 basis until the April 1 immediately preceding the school year
23 for which the scholarship is sought. Applications for
24 scholarships for eligible students meeting the qualifications
25 of one or more priority groups that are received before April 1
26 must be either approved or denied within 10 business days after

1 receipt. Beginning April 1, all eligible students shall be
2 eligible to receive scholarships without regard to the priority
3 groups identified in subsection (d) of this Section.

4 (e) Except as provided in subsection (e-5) of this Section,
5 scholarships shall not exceed the lesser of (i) the statewide
6 average operational expense per student among public schools or
7 (ii) the necessary costs and fees for attendance at the
8 qualified school. Scholarships shall be prorated as follows:

9 (1) for eligible students whose household income is
10 less than 185% of the federal poverty level, the
11 scholarship shall be 100% of the amount determined pursuant
12 to this subsection (e) and subsection (e-5) of this
13 Section;

14 (2) for eligible students whose household income is
15 185% or more of the federal poverty level but less than
16 250% of the federal poverty level, the average of
17 scholarships shall be 75% of the amount determined pursuant
18 to this subsection (e) and subsection (e-5) of this
19 Section; and

20 (3) for eligible students whose household income is
21 250% or more of the federal poverty level, the average of
22 scholarships shall be 50% of the amount determined pursuant
23 to this subsection (e) and subsection (e-5) of this
24 Section.

25 (e-5) The statewide average operational expense per
26 student among public schools shall be multiplied by the

1 following factors:

2 (1) for students determined eligible to receive
3 services under the federal Individuals with Disabilities
4 Education Act, 2;

5 (2) for students who are English learners, as defined
6 in subsection (d) of Section 14C-2 of the School Code, 1.2;
7 and

8 (3) for students who are gifted and talented children,
9 as defined in Section 14A-20 of the School Code, 1.1.

10 (f) A scholarship granting organization shall distribute
11 scholarship payments to the participating school where the
12 student is enrolled.

13 (g) Each ~~For the 2018-2019 school year through the~~
14 ~~2021-2022 school year, each~~ scholarship granting organization
15 shall expend no less than 75% of the qualified contributions
16 received during the calendar year in which the qualified
17 contributions were received. No more than 25% of the qualified
18 contributions may be carried forward to the following calendar
19 year.

20 (h) (Blank). ~~For the 2022-2023 school year, each~~
21 ~~scholarship granting organization shall expend all qualified~~
22 ~~contributions received during the calendar year in which the~~
23 ~~qualified contributions were received. No qualified~~
24 ~~contributions may be carried forward to the following calendar~~
25 ~~year.~~

26 (i) A scholarship granting organization shall allow an

1 eligible student to transfer a scholarship during a school year
2 to any other participating school of the custodian's choice.
3 Such scholarships shall be prorated.

4 (j) With the prior approval of the Department, a
5 scholarship granting organization may transfer funds to
6 another scholarship granting organization if additional funds
7 are required to meet scholarship demands at the receiving
8 scholarship granting organization. All transferred funds must
9 be deposited by the receiving scholarship granting
10 organization into its scholarship accounts. All transferred
11 amounts received by any scholarship granting organization must
12 be separately disclosed to the Department.

13 (k) If the approval of a scholarship granting organization
14 is revoked as provided in Section 20 of this Act or the
15 scholarship granting organization is dissolved, all remaining
16 qualified contributions of the scholarship granting
17 organization shall be transferred to another scholarship
18 granting organization. All transferred funds must be deposited
19 by the receiving scholarship granting organization into its
20 scholarship accounts.

21 (l) Scholarship granting organizations shall make
22 reasonable efforts to advertise the availability of
23 scholarships to eligible students.

24 (Source: P.A. 100-465, eff. 8-31-17.)

1 (Section scheduled to be repealed on January 1, 2024)

2 Sec. 65. Credit period; repeal.

3 (a) A taxpayer may take a credit under this Act for tax
4 years beginning on or after January 1, 2018 ~~and ending before~~
5 ~~January 1, 2023. A taxpayer may not take a credit pursuant to~~
6 ~~this Act for tax years beginning on or after January 1, 2023.~~

7 (b) This Act is exempt from the provisions of Section 250
8 of the Illinois Income Tax Act ~~repealed on January 1, 2024.~~

9 (Source: P.A. 100-465, eff. 8-31-17.)

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