



102ND GENERAL ASSEMBLY

State of Illinois

2021 and 2022

HB2388

Introduced 2/17/2021, by Rep. Katie Stuart

SYNOPSIS AS INTRODUCED:

35 ILCS 5/232 new

Amends the Illinois Income Tax Act. Provides that a taxpayer who has incurred at least \$20,000 in undergraduate student loan debt and has at least \$5,000 in outstanding undergraduate student loan debt at the time of the application is entitled to a credit as awarded by the Department of Revenue. Provides that Department of Revenue that the amount of the credit shall not exceed \$ 5,000 per taxpayer. Provides that the total amount of credits approved by the Department of Revenue under the provisions of the amendatory Act may not exceed \$5,000,000 in any taxable year. Contains recapture provisions. Effective immediately.

LRB102 10517 HLH 15846 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 adding Section 232 as follows:

6 (35 ILCS 5/232 new)

7 Sec. 232. Student loan payments.

8 (a) For taxable years beginning on or after January 1,
9 2021, a qualified taxpayer is entitled to a credit against the
10 tax imposed by subsections (a) and (b) of Section 201 for the
11 taxable year in which the Department certifies a tax credit
12 under this Section.

13 (b) By September 15 of each year, a qualified taxpayer
14 shall submit an application to the Department for the credit
15 allowed under this Section. The taxpayer shall submit with the
16 application an assurance that the he or she will use any credit
17 approved under this Section for the repayment of his or her
18 undergraduate student loan debt as soon as practicable. By
19 December 15 of each year, the Department shall certify to the
20 individual the amount of any tax credit approved under this
21 Section, not to exceed \$ 5,000. For any taxable year, the total
22 amount of credits approved by the Department under this
23 Section may not exceed \$5,000,000.

1 The total amount of the credit claimed under this Section
2 shall be recaptured if the individual does not use the credit
3 amount for the repayment of the individual's undergraduate
4 student loan debt within 2 years from the close of the taxable
5 year for which the credit is claimed. If the amount is
6 recaptured, the individual who claimed the credit shall pay
7 the total amount of the credit claimed as taxes payable to the
8 State for the taxable year in which the event requiring
9 recapture of the credit occurs.

10 The Department shall prioritize tax credit recipients and
11 amounts based on qualified taxpayers who:

12 (1) have higher debt burden to income ratios;

13 (2) graduated from a public university located in the
14 State;

15 (3) did not receive a tax credit in a prior year; or

16 (4) were eligible for in-State tuition.

17 (c) In no event shall a credit under this Section reduce
18 the taxpayer's liability to less than zero. If the amount of
19 the credit exceeds the tax liability for the year, the excess
20 may be carried forward and applied to the tax liability of the
21 5 taxable years following the excess credit year. The tax
22 credit shall be applied to the earliest year for which there is
23 a tax liability. If there are credits for more than one year
24 that are available to offset a liability, the earlier credit
25 shall be applied first.

26 (e) As used in this Section "qualified taxpayer" means a

1 taxpayer who:

2 (1) has incurred at least \$20,000 in undergraduate
3 student loan debt; and

4 (2) has at least \$5,000 in outstanding undergraduate
5 student loan debt when submitting an application under
6 subsection (b) of this Section.

7 (f) This Section is exempt from the provisions of Section
8 250.

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