

HB4299



103RD GENERAL ASSEMBLY

State of Illinois

2023 and 2024

HB4299

Introduced 1/16/2024, by Rep. Paul Jacobs

SYNOPSIS AS INTRODUCED:

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

Amends the Invest in Kids Act. Provides that the credit under the Act is available for tax years ending before January 1, 2029 (currently, January 1, 2024). Effective immediately.

LRB103 35645 HLH 65720 b

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 Invest in Kids Act is amended by changing
5 Sections 40 and 65 as follows:

6 (35 ILCS 40/40)

7 (Section scheduled to be repealed on January 1, 2025)

8 Sec. 40. Scholarship granting organization
9 responsibilities.

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

13 (b) A scholarship granting organization shall grant
14 scholarships only to eligible students.

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

18 (d) In granting scholarships, beginning in the 2022-2023
19 school year and for each school year thereafter, a scholarship
20 granting organization shall give priority to eligible students
21 who received a scholarship from a scholarship granting
22 organization during the previous school year. Second priority
23 shall be given to the following priority groups:

1 (1) (blank);

2 (2) eligible students who are members of a household
3 whose previous year's total annual income does not exceed
4 185% of the federal poverty level;

5 (3) eligible students who reside within a focus
6 district; and

7 (4) eligible students who are siblings of students
8 currently receiving a scholarship.

9 (d-5) A scholarship granting organization shall begin
10 granting scholarships no later than February 1 preceding the
11 school year for which the scholarship is sought. Each priority
12 group identified in subsection (d) of this Section shall be
13 eligible to receive scholarships on a first-come, first-served
14 basis until April 1 immediately preceding the school year for
15 which the scholarship is sought, starting with the first
16 priority group identified in subsection (d) of this Section.
17 Applications for scholarships for eligible students meeting
18 the qualifications of one or more priority groups that are
19 received before April 1 must be either approved or denied
20 within 10 business days after receipt. Beginning April 1, all
21 eligible students shall be eligible to receive scholarships
22 without regard to the priority groups identified in subsection
23 (d) of this Section.

24 (e) Except as provided in subsection (e-5) of this
25 Section, scholarships shall not exceed the lesser of (i) the
26 statewide average operational expense per student among public

1 schools or (ii) the necessary costs and fees for attendance at
2 the qualified school. A qualified school may set a lower
3 maximum scholarship amount for eligible students whose family
4 income falls within paragraphs (2) and (3) of this subsection
5 (e); that amount may not exceed the necessary costs and fees
6 for attendance at the qualified school and is subject to the
7 limitations on average scholarship amounts set forth in
8 paragraphs (2) and (3) of this subsection, as applicable. The
9 qualified school shall notify the scholarship granting
10 organization of its necessary costs and fees as well as any
11 maximum scholarship amount set by the school. Scholarships
12 shall be prorated as follows:

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

18 (2) for eligible students whose household income is
19 185% or more of the federal poverty level but less than
20 250% of the federal poverty level, the average of
21 scholarships shall be 75% of the amount determined
22 pursuant to this subsection (e) and subsection (e-5) of
23 this Section; and

24 (3) for eligible students whose household income is
25 250% or more of the federal poverty level, the average of
26 scholarships shall be 50% of the amount determined

1 pursuant to this subsection (e) and subsection (e-5) of
2 this Section.

3 (e-5) The statewide average operational expense per
4 student among public schools shall be multiplied by the
5 following factors:

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

9 (2) for students who are English learners, as defined
10 in subsection (d) of Section 14C-2 of the School Code,
11 1.2; and

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

14 (f) A scholarship granting organization shall distribute
15 scholarship payments to the participating school where the
16 student is enrolled.

17 (g) For the 2018-2019 school year through the 2027-2028
18 ~~2022-2023~~ school year, each scholarship granting organization
19 shall expend no less than 75% of the qualified contributions
20 received during the calendar year in which the qualified
21 contributions were received. No more than 25% of the qualified
22 contributions may be carried forward to the following calendar
23 year.

24 (h) For the 2028-2029 ~~2023-2024~~ school year, each
25 scholarship granting organization shall expend all qualified
26 contributions received during the calendar year in which the

1 qualified contributions were received. No qualified
2 contributions may be carried forward to the following calendar
3 year.

4 (i) A scholarship granting organization shall allow an
5 eligible student to transfer a scholarship during a school
6 year to any other participating school of the custodian's
7 choice. Such scholarships shall be prorated.

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

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

25 (l) Scholarship granting organizations shall make
26 reasonable efforts to advertise the availability of

1 scholarships to eligible students.

2 (Source: P.A. 102-699, eff. 4-19-22; 102-1059, eff. 6-10-22;
3 103-154, eff. 6-30-23.)

4 (35 ILCS 40/65)

5 (Section scheduled to be repealed on January 1, 2025)

6 Sec. 65. Credit period; repeal.

7 (a) A taxpayer may take a credit under this Act for tax
8 years beginning on or after January 1, 2018 and ending before
9 January 1, 2029 ~~January 1, 2024~~. A taxpayer may not take a
10 credit pursuant to this Act for tax years beginning on or after
11 January 1, 2029 ~~January 1, 2024~~.

12 It is the intent of the General Assembly that the
13 provisions of this Act apply continuously for tax years
14 beginning on or after January 1, 2018 and ending before
15 January 1, 2029, including, but not limited to, the period
16 beginning on January 1, 2024 and ending on the effective date
17 of this amendatory Act of the 103rd General Assembly.

18 (b) This Act is repealed on January 1, 2030 ~~January 1,~~
19 ~~2025~~.

20 (Source: P.A. 102-16, eff. 6-17-21.)

21 Section 10. The Illinois Income Tax Act is amended by
22 changing Section 224 as follows:

23 (35 ILCS 5/224)

1 Sec. 224. Invest in Kids credit.

2 (a) For taxable years beginning on or after January 1,
3 2018 and ending before January 1, 2029 ~~January 1, 2024~~, each
4 taxpayer for whom a tax credit has been awarded by the
5 Department under the Invest in Kids Act is entitled to a credit
6 against the tax imposed under subsections (a) and (b) of
7 Section 201 of this Act in an amount equal to the amount
8 awarded under the Invest in Kids Act.

9 (b) For taxable years ending before December 31, 2023, for
10 partners, shareholders of subchapter S corporations, and
11 owners of limited liability companies, if the liability
12 company is treated as a partnership for purposes of federal
13 and State income taxation, the credit under this Section shall
14 be determined in accordance with the determination of income
15 and distributive share of income under Sections 702 and 704
16 and subchapter S of the Internal Revenue Code. For taxable
17 years ending on or after December 31, 2023, partners and
18 shareholders of subchapter S corporations are entitled to a
19 credit under this Section as provided in Section 251.

20 (c) The credit may not be carried back and may not reduce
21 the taxpayer's liability to less than zero. If the amount of
22 the credit exceeds the tax liability for the year, the excess
23 may be carried forward and applied to the tax liability of the
24 5 taxable years following the excess credit year. The tax
25 credit shall be applied to the earliest year for which there is
26 a tax liability. If there are credits for more than one year

1 that are available to offset the liability, the earlier credit
2 shall be applied first.

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

7 (Source: P.A. 102-699, eff. 4-19-22; 103-396, eff. 1-1-24.)

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