



Sen. Chris Lauzen

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LRB097 10363 HLH 51445 a

1 AMENDMENT TO SENATE BILL 2245

2 AMENDMENT NO. _____. Amend Senate Bill 2245 by replacing
3 everything after the enacting clause with the following:

4 "Section 5. The Illinois Income Tax Act is amended by
5 adding Section 221 as follows:

6 (35 ILCS 5/221 new)

7 Sec. 221. Educational Improvement Tax Credit.

8 (a) The General Assembly finds and declares that the
9 Constitution of the State of Illinois provides that a
10 "fundamental goal of the People of the State is the educational
11 development of all persons to the limits of their capacities",
12 and that the educational development of every school student
13 serves the public purposes of the State. In order to enable
14 Illinois students to develop "to the limits of their
15 capacities", all students must have access to expanded
16 educational opportunities. This Section is in the public

1 interest, for the public benefit, and serves a secular purpose.

2 (b) An educational improvement tax credit program is hereby
3 established to enhance the educational opportunities available
4 to all students in this State.

5 For tax years beginning after December 31, 2011, a taxpayer
6 shall be allowed a credit, not in excess of \$100,000, against
7 the tax imposed by subsections (a) and (b) of Section 201 of
8 this Act for contributions to a qualified student assistance
9 organization in the taxable year in which the contribution is
10 made. The credit shall not exceed 90% of each dollar
11 contributed during the taxable year by the taxpayer. For
12 partners, shareholders of Subchapter S corporations, and
13 owners of limited liability companies, if the liability company
14 is treated as a partnership for purposes of federal and State
15 income taxation, there shall be allowed a credit under this
16 Section to be determined in accordance with the determination
17 of income and distributive share of income under Section 702
18 and 704 and Subchapter S of the Internal Revenue Code.

19 In no event may any credit be claimed for amounts deducted
20 pursuant to Section 170 of the Internal Revenue Code in
21 arriving at taxable income.

22 (c) For purposes of this Section:

23 "Contribution" means a donation of cash.

24 "Qualified student assistance organization" means a
25 nonprofit entity that:

26 (1) is exempt from federal taxation under Section

1 501(c)(3) of the Internal Revenue Code of 1986 and any
2 similar provision of a later compilation; and

3 (2) contributes at least 90% of its annual receipts, as
4 required by the by-laws of the organization and as
5 documented by the nonprofit organizations annual AG990-IL
6 Charitable Organization Annual Report, or, if the
7 organization is exempt from filing such a report, by a
8 report containing identical information to that contained
9 in the AG990-IL and certified by the President and
10 Treasurer of the organization, or alternatively, two
11 trustees of the organization, either to scholarships for
12 qualifying students at a school or to enhance educational
13 options for qualifying students by providing qualifying
14 students access to secular, neutral, non-ideological
15 programs, or activities outside the curriculum or academic
16 program of a school, as long as the program or activities
17 meet the requirements set forth in rules promulgated by the
18 Illinois State Board of Education. An entity that has been
19 in existence less than 2 years prior to the filing of an
20 application under subsection (f) of this Section shall meet
21 the requirements of this subsection if its charter, bylaws
22 or other governing instrument requires that it contribute
23 90% of its annual receipts for the purposes described in
24 this subsection.

25 "Qualifying student" means an individual who:

26 (1) is a resident of the State of Illinois;

1 (2) is under the age of 21 during the calendar year for
2 which a credit is sought;

3 (3) during the calendar year for which a credit is
4 sought is a full-time pupil enrolled in a kindergarten
5 through 12th grade education program at any school, as
6 defined in this subsection (c); and

7 (4) is a child of a parent or parents, or is under the
8 legal guardianship of an individual or individuals, with a
9 base income of not more than \$50,000 and resides in the
10 household with those parents or guardians, provided that if
11 there is more than one dependent member of the household
12 under the age of 21, counting the qualifying student, then
13 this annual income requirement shall be increased by
14 \$10,000 for each dependent member of the household under
15 the age of 21 in excess of the one qualifying student.
16 Qualified student assistant organizations shall be
17 responsible for determining whether a student is a
18 qualifying student, pursuant to rules adopted by the
19 Illinois State Board of Education.

20 "School" means any public or State-recognized non-public
21 elementary or secondary school in Illinois that is in
22 compliance with Title VI of the Civil Rights Act of 1964 and
23 attendance at which satisfies the requirements of Section 26-1
24 of the School Code.

25 (d) No tax credit established by this Section is allowed if
26 the taxpayer designates a contribution to a student assistance

1 organization for the direct benefit of any particular
2 qualifying student.

3 (e) Qualified student assistance organizations shall
4 provide scholarships or funding for enhanced educational
5 options without limiting availability to only students of one
6 school.

7 (f) A tax credit granted under this Section that is not
8 used in the taxable year in which the contribution was made
9 shall not be carried forward or carried back and is not
10 refundable or transferable.

11 (g) A taxpayer must apply annually to the Department and
12 receive approval for a tax credit under this Section prior to
13 making a contribution to a student assistance organization.
14 Applicants must be submitted to the Department no later than
15 March 31 each year for contributions to be made for tax years
16 ending on or after July 1 of that same year. On May 1 of each
17 year, the Department shall, on a random basis, select
18 applications until the total aggregate amount of all requested
19 tax credits equals the maximum provided for in subsection (h).
20 The Department shall adopt rules pursuant to the requirements
21 of the Illinois Administrative Procedure Act that set forth the
22 information the Department can require on the tax credit
23 application and the manner in which the tax credit lottery is
24 to be conducted.

25 (h) The total aggregate amount of all approved tax credits
26 shall not exceed \$30,000,000 in any State fiscal year.

1 (i) The Department shall adopt rules consistent with this
2 Section for the administration of the educational improvement
3 tax credit program.

4 (j) A scholarship received by a qualifying student shall
5 not be considered to be taxable income.

6 (k) This Section is exempt from the provisions of Section
7 250.

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