



Sen. Julie A. Morrison

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LRB100 16850 HLH 40560 a

1 AMENDMENT TO HOUSE BILL 4237

2 AMENDMENT NO. \_\_\_\_\_. Amend House Bill 4237 by replacing  
3 everything after the enacting clause with the following:

4 "Section 1. Short title. This Act may be cited as the Local  
5 Government Charitable Fund Act.

6 Section 5. Definitions.

7 "Annual credit-eligible donation cap" means the cap on the  
8 total value of local charitable donations that are eligible for  
9 a local property tax credit, as established in this Act.

10 "Charitable fund" means a fund established pursuant to this  
11 Act.

12 "Fund administrator" means the official or entity  
13 designated to be responsible for the collection, distribution,  
14 and administration of donations to charitable funds; that  
15 person shall be an official serving as the custodian of public  
16 funds for the local unit establishing the charitable fund.

1 "Local charitable donation" means a donation paid in money  
2 by or on behalf of a local property owner to a charitable fund  
3 established by a local unit.

4 "Local property owner" means a person or entity who owns  
5 real property within a local unit that has established a  
6 charitable fund to which a local charitable donation is made.

7 "Local unit" means a municipality, county, or school  
8 district, but does not include community college districts.

9 "Mortgagee" means the holder of a mortgage loan.

10 "Property tax credit" means the credit established  
11 pursuant to this Act.

12 "Qualified donation" means a local charitable donation  
13 that may qualify real property of the donor for a property tax  
14 credit.

15 "Servicing organization" means a mortgagee or an agent of a  
16 mortgagee, pursuant to a written agreement between the agent  
17 and the mortgagee, that is responsible for one or more mortgage  
18 escrow accounts.

19 Section 10. Charitable funds; creation; donation caps.

20 (a) A county may, by ordinance or resolution, authorize  
21 local units located in whole or in part within that county to  
22 establish charitable funds. If such authority is granted, a  
23 local unit may establish, by ordinance or resolution, as  
24 appropriate, one or more charitable funds for specific public  
25 purposes of that local unit. A charitable fund shall be held in

1 one or more bank accounts in the name of the local unit and  
2 shall be kept separate from the other accounts of the local  
3 unit. A charitable fund shall not be administered jointly by  
4 more than one local unit. All such charitable funds and the  
5 moneys deposited into such funds shall be governed in the same  
6 manner as other funds established by the local unit. All moneys  
7 deposited into a charitable fund shall be expended in  
8 accordance with applicable State law exclusively for public  
9 purposes of the local unit. Moneys deposited into a charitable  
10 fund shall be equivalent to tax revenues for the purposes of  
11 the State aid formula, local unit revenue calculations, local  
12 unit bonding capacity, and similar State or municipal  
13 computations. Moneys deposited into a charitable fund shall be  
14 immediately available to the establishing local unit for the  
15 payment of budgeted and emergency mandatory expenses,  
16 including debt service, upon request of the local unit to the  
17 fund administrator.

18 (b) The ordinance or resolution establishing a charitable  
19 fund shall designate the official serving as the local unit's  
20 custodian of public funds to serve as the fund administrator.  
21 The fund administrator shall assume responsibility for the  
22 collection, administration, and distribution of donations made  
23 to the charitable fund and shall continually track the total of  
24 all qualified donations with respect to a fiscal year.

25 (c) A charitable fund shall have one or more specified  
26 public purposes in its authorizing ordinance or resolution. The

1 specified public purposes shall be more limited than the  
2 general purposes of the local unit. The specified public  
3 purposes shall be described in documents and records made  
4 publicly available.

5 (d) The ordinance or resolution establishing a charitable  
6 fund shall set forth an annual credit-eligible donation cap,  
7 which shall be the maximum amount of credit-eligible moneys the  
8 fund may collect. The ordinance or resolution shall also limit  
9 the total amount of money an individual or entity may donate  
10 through local charitable donations to a particular charitable  
11 fund or combination of charitable funds that qualify for a  
12 local property tax credit. The ordinance or resolution  
13 establishing a charitable fund shall establish an initial  
14 annual credit-eligible donation cap and shall set an initial  
15 annual limit on tax credit funding that shall be available as a  
16 result of local charitable donations to the particular  
17 charitable fund. The annual limit on available local property  
18 tax credit funding shall equal 90% of the annual  
19 credit-eligible donation cap. The ordinance or resolution  
20 establishing a charitable fund shall also limit the extent to  
21 which an eligible local charitable donation on behalf of a  
22 specific real property may count against the annual  
23 credit-eligible donation cap. Both the maximum amount of local  
24 property tax credit funding made available and the annual  
25 credit-eligible donation cap shall be established by the  
26 ordinance or resolution adopted to establish the charitable

1 fund but may be adjusted through subsequent ordinances or  
2 resolutions, as applicable, of the governing body of the local  
3 unit. The annual credit-eligible donation cap shall be  
4 established prior to the beginning of each fiscal year. The  
5 annual credit-eligible donation cap shall not be construed to  
6 limit all donations to the charitable fund. The annual  
7 credit-eligible donation cap shall limit only the amount of  
8 donations that are credit-eligible against property tax  
9 payments. The annual credit eligible donation cap for a given  
10 year shall be based upon the tax levy from the prior calendar  
11 year. The annual credit-eligible donation cap established  
12 prior to the start of the calendar year may not exceed 85% of  
13 the prior year budget. Upon certification of a current-year  
14 budget tax levy, a local unit may amend a charitable fund's  
15 credit-eligible donation cap to reflect the estimate of the  
16 current tax levy.

17 Section 15. Donations by local property owners.

18 (a) Any person or entity may donate to a charitable fund  
19 regardless of property ownership or location of residence by  
20 directing the payment to the fund administrator of the  
21 applicable charitable fund. A donation to a charitable fund may  
22 be made on behalf of a local property owner by directing the  
23 payment to the fund administrator of the applicable charitable  
24 fund.

25 (b) If a local property owner makes a donation to a local

1 charitable fund that is eligible for a property tax credit,  
2 that property owner shall indicate at the time of the donation  
3 the specific parcel of property to which the donation shall  
4 apply in order for such credit to issue. A donation may be  
5 credited to more than one parcel of real property.

6 (c) Following receipt of a local charitable donation, the  
7 fund administrator shall:

8 (1) issue a receipt to the donor confirming the amount  
9 of the donation and the real property associated with the  
10 donation; and

11 (2) notify the county collector and the chief financial  
12 officer or business administrator of the local unit, within  
13 5 business days after the donation, of the amount of the  
14 donation and the amount of credit made available as a  
15 result of the donation; thereafter, the county collector  
16 shall notify the donor of the amount of the available local  
17 property tax credit.

18 (d) Charitable fund donations shall be used for the  
19 following purposes:

20 (1) public purposes as specified in Section 170 of the  
21 Internal Revenue Code relating to charitable contributions  
22 and gifts;

23 (2) the payment of any administrative fees of the  
24 county that may be required by the county; such fees may  
25 not exceed 2% of collections;

26 (3) the remainder of the funds shall be used for the

1 payment of administrative costs associated with the  
2 establishment and continued operation of the fund.

3 Section 20. Property tax credits.

4 (a) For fiscal years beginning on or after January 1, 2019,  
5 the tax collector shall allow a property owner a credit to be  
6 applied to property taxes as set forth in this Section.

7 (b) The credit shall be equal to 90% of the amount of local  
8 charitable donations contributed by or on behalf of the owner's  
9 specified local real property to a charitable fund established  
10 by the local unit, up to the previous year's tax liability for  
11 the property for that local unit. Any excess donation shall be  
12 retained by the charitable fund and used for the specified  
13 charitable purposes of that fund. No credit shall issue to any  
14 owner of local real property who is delinquent in any local  
15 property tax or any county charges at the time the donation to  
16 the charitable fund is made.

17 (c) The county collector shall apply the credit against the  
18 first local property tax bill with respect to the specified  
19 local real property that is assessed on or after the fifth  
20 business day following receipt of the notification sent  
21 pursuant to Section 15; provided that each county shall impose  
22 a deadline for donations to the charitable fund and a deadline  
23 by which the fund administrator shall supply the county  
24 collector with all donation amounts received and the amounts of  
25 the credits to be made available as a result of those donations

1 in order for the credits to be applied to the next annual  
2 property tax bill. The county shall have the sole discretion as  
3 to whether to establish a deadline by which donations made to a  
4 charitable fund established by a local unit may be credited  
5 against an annual property tax bill that already has been  
6 issued, in which case the taxpayer shall have access to a  
7 statement showing how the credit has been applied.

8 (d) If the total amount of all local property tax credits  
9 available for specific real property exceeds the amount of  
10 property tax due during the year in which the donation was made  
11 and the county tax collector is unable to apply all or a  
12 portion of a credit awarded under this Act against the local  
13 property tax bill for the property, then the excess credit  
14 amount shall not be refunded to the taxpayer and shall not be  
15 carried forward to future tax years.

16 (e) The county collector shall indicate on each local  
17 property tax bill the value of the tax credits that apply to  
18 the property pursuant to this Act.

19 (f) The county collector shall apply credits granted under  
20 this Act to a specified local parcel of real property and not  
21 to an individual person or entity.

22 (g) For each notification sent, the county may require a  
23 fee to be paid by the fund administrator to be allocated toward  
24 the county's administrative expenses attributable to the  
25 county tax collector's office and the county treasurer's  
26 office. The fee shall be deposited into the Tax Sale Automation



1 Fund. The amount collected by the county tax collector through  
2 such fees shall not be greater than 2% of the funds distributed  
3 for property tax credits to compensate for reasonable expenses  
4 associated with the county tax collector's responsibilities  
5 under this Act.

6 Section 25. Other charitable donations. Nothing in this Act  
7 shall be construed to prohibit a local unit from accepting  
8 bequests, legacies, or gifts, or from accepting charitable  
9 donations in accordance with any other legal authority.

10 Section 30. Liability of local property owners.

11 (a) Notwithstanding any State law, rule, or contract term  
12 to the contrary, no mortgagee or servicing organization shall  
13 be entitled to hold a local property owner liable for electing  
14 to meet his or her obligations to a local unit by means of a  
15 charitable donation and resulting credit made and obtained in  
16 conformity with this Act.

17 (b) Notwithstanding any State law, regulation, agreement,  
18 or contract terms to the contrary, no mortgagee shall be  
19 entitled to hold a servicing organization liable for complying  
20 with the election by a local property owner to meet his or her  
21 local real property tax due to a local unit by means of a  
22 charitable donation and resulting property tax credit made and  
23 obtained in conformity with this Act, including, but not  
24 limited to, actions a servicing organization takes to implement

1 such election, and actions taken in accordance with any other  
2 applicable law or rule.

3 Section 900. The State Finance Act is amended by adding  
4 Sections 5.886 and 6z-105 as follows:

5 (30 ILCS 105/5.886 new)

6 Sec. 5.886. The Illinois Education Excellence Fund.

7 (30 ILCS 105/6z-105 new)

8 Sec. 6z-105. The Illinois Education Excellence Fund;  
9 creation.

10 (a) The Illinois Education Excellence Fund is hereby  
11 created as a special fund in the State treasury. The Fund may  
12 accept contributions for exclusively public education  
13 purposes, as specified under Section 170 of the Internal  
14 Revenue Code relating to charitable contributions and gifts.  
15 All moneys deposited into the Fund and interest earned on those  
16 moneys shall be transferred to the Common School Fund on an  
17 annual basis and used for those public education purposes,  
18 subject to appropriation by the General Assembly. "Public  
19 education purposes" includes, but is not limited to, early  
20 childhood education, elementary and secondary education,  
21 higher education, adult education, and teachers' employment  
22 benefits.

23 (b) The State Treasurer shall adopt any rules necessary or

1 appropriate to administer the Fund, including rules allowing  
2 the public to make monetary contributions to the Fund and  
3 obtain a certification from the Treasurer for the credit  
4 allowed under Section 228 of the Illinois Income Tax Act. The  
5 Treasurer shall adopt rules to allow individuals to choose to  
6 make contributions to the Illinois Education Excellence Fund  
7 through payroll deductions. The Treasurer shall certify the  
8 contribution amount eligible for credit within 45 days  
9 following receipt of the contribution and shall provide a copy  
10 of the certification, which may be provided electronically, to  
11 the taxpayer and the Department of Revenue as soon as possible  
12 after the certification.

13 Section 905. The Illinois Income Tax Act is amended by  
14 adding Section 228 as follows:

15 (35 ILCS 5/228 new)

16 Sec. 228. Contributions to the Illinois Education  
17 Excellence Fund.

18 (a) For taxable years ending after December 31, 2017 and  
19 before January 1, 2026, any individual taxpayer who makes a  
20 contribution to the Illinois Education Excellence Fund is  
21 entitled to a credit against the taxes imposed under  
22 subsections (a) and (b) of Section 201 in an amount equal to  
23 90% of the contributions made by the taxpayer to the Fund  
24 during the taxable year.

1       (b) For partners, shareholders of Subchapter S  
2 corporations, and owners of limited liability companies, if the  
3 liability company is treated as a partnership for the purposes  
4 of federal and State income taxation, there shall be allowed a  
5 credit under this Section to be determined in accordance with  
6 the determination of income and distributive share of income  
7 under Sections 702 and 704 and Subchapter S of the Internal  
8 Revenue Code.

9       (c) In no event shall a credit under this Section reduce a  
10 taxpayer's liability to less than zero. If the amount of credit  
11 exceeds the tax liability for the year, the excess may be  
12 carried forward and applied to the tax liability for the 5  
13 taxable years following the excess credit year. The tax credit  
14 shall be applied to the earliest year for which there is a tax  
15 liability. If there are credits for more than one year that are  
16 available to offset liability, the earlier credit shall be  
17 applied first.

18       (d) This Section is exempt from the provisions of Section  
19 250.

20       Section 999. Effective date. This Act takes effect upon  
21 becoming law.".