

SB3897



101ST GENERAL ASSEMBLY

State of Illinois

2019 and 2020

SB3897

Introduced 2/18/2020, by Sen. Cristina Castro

SYNOPSIS AS INTRODUCED:

35 ILCS 5/224
35 ILCS 40/40
35 ILCS 40/65
105 ILCS 5/18-1

from Ch. 122, par. 18-1

Amends the Invest in Kids Act and the Illinois Income Tax Act. Provides that a taxpayer may not take a credit pursuant to the Invest in Kids Act for tax years beginning on or after January 1, 2021 (currently January 1, 2023). Provides that the Invest in Kids Act is repealed on January 1, 2022. Amends the School Code. Provides that, for State fiscal years 2022 through 2025, an amount shall be transferred from the General Revenue Fund to the Common School Fund equal to the amount of credits granted under the Invest in Kids Act in State fiscal year 2019.

LRB101 18372 HLH 67819 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, 2021 ~~January 1, 2023~~, each
10 taxpayer for whom a tax credit has been awarded by the
11 Department under the Invest in Kids Act is entitled to a credit
12 against the tax imposed under subsections (a) and (b) of
13 Section 201 of this Act in an amount equal to the amount
14 awarded under the Invest in Kids Act.

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

23 (c) The credit may not be carried back and may not reduce

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

9 (d) A tax credit awarded by the Department under the Invest
10 in Kids Act may not be claimed for any qualified contribution
11 for which the taxpayer claims a federal income tax deduction.
12 (Source: P.A. 100-465, eff. 8-31-17.)

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

15 (35 ILCS 40/40)

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

17 Sec. 40. Scholarship granting organization
18 responsibilities.

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

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

24 (c) A scholarship granting organization shall allow an

1 eligible student to attend any qualified school of the
2 student's choosing, subject to the availability of funds.

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

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

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

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

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

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

1 eligible to receive scholarships without regard to the priority
2 groups identified in subsection (d) of this Section.

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

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

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

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

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

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

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

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

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

12 (g) For the 2018-2019 school year through the 2020-2021
13 ~~2021-2022~~ school year, each scholarship granting organization
14 shall expend no less than 75% of the qualified contributions
15 received during the calendar year in which the qualified
16 contributions were received. No more than 25% of the qualified
17 contributions may be carried forward to the following calendar
18 year.

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

25 (i) A scholarship granting organization shall allow an
26 eligible student to transfer a scholarship during a school year

1 to any other participating school of the custodian's choice.
2 Such scholarships shall be prorated.

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

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

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

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

24 (35 ILCS 40/65)

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

1 Sec. 65. Credit period; repeal.

2 (a) A taxpayer may take a credit under this Act for tax
3 years beginning on or after January 1, 2018 and ending before
4 January 1, 2021 ~~January 1, 2023~~. A taxpayer may not take a
5 credit pursuant to this Act for tax years beginning on or after
6 January 1, 2021 ~~January 1, 2023~~.

7 (b) This Act is repealed on January 1, 2022 ~~January 1,~~
8 ~~2024~~.

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

10 Section 15. The School Code is amended by changing Section
11 18-1 as follows:

12 (105 ILCS 5/18-1) (from Ch. 122, par. 18-1)

13 Sec. 18-1. Moneys constituting fund. The common school fund
14 of the state shall consist of any sums accredited thereto in
15 pursuance of law, of the interest on the school fund proper,
16 which fund is 3% upon the proceeds of the sales of public lands
17 in the State, 1/6 part excepted; and the interest on the
18 surplus revenue distributed by Act of Congress and made part of
19 the common school fund by Act of the legislature, March 4,
20 1837. The interest on the school fund proper and the surplus
21 revenue shall be paid by the State annually at the rate of 6%,
22 and shall be distributed as provided by law. Notwithstanding
23 any other provision of law, for State fiscal years 2022 through
24 2025, the State Comptroller shall order transferred and the

1 State Treasurer shall transfer from the General Revenue Fund to
2 the Common School Fund an amount equal to the amount of credits
3 granted under the Invest in Kids Act in State fiscal year 2019.
4 (Source: Laws 1961, p. 31.)