

HB4076



102ND GENERAL ASSEMBLY

State of Illinois

2021 and 2022

HB4076

Introduced 5/7/2021, by Rep. Amy Grant

SYNOPSIS AS INTRODUCED:

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

Amends the Illinois Income Tax Act and the Invest in Kids Act. Provides that the Invest in Kids credit applies permanently (currently, the credit applies for taxable years ending before January 1, 2023). Effective immediately.

LRB102 18272 HLH 25959 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,
9 2018 ~~and ending before January 1, 2023~~, each taxpayer for whom
10 a tax credit has been awarded by the Department under the
11 Invest in Kids Act is entitled to a credit against the tax
12 imposed under subsections (a) and (b) of Section 201 of this
13 Act in an amount equal to the amount awarded under the Invest
14 in Kids Act.

15 (b) For partners, shareholders of subchapter S
16 corporations, and owners of limited liability companies, if
17 the liability company is treated as a partnership for purposes
18 of 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
10 Invest in Kids Act may not be claimed for any qualified
11 contribution for which the taxpayer claims a federal income
12 tax deduction.

13 (e) This Section is exempt from the provisions of Section
14 250.

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

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

18 (35 ILCS 40/40)

19 (Section scheduled to be repealed on January 1, 2024)

20 Sec. 40. Scholarship granting organization
21 responsibilities.

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

1 (b) A scholarship granting organization shall grant
2 scholarships only to eligible students.

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

6 (d) In granting scholarships, a scholarship granting
7 organization shall give priority to the following priority
8 groups:

9 (1) eligible students who received a scholarship from
10 a scholarship granting organization during the previous
11 school year;

12 (2) eligible students who are members of a household
13 whose previous year's total annual income does not exceed
14 185% of the federal poverty level;

15 (3) eligible students who reside within a focus
16 district; and

17 (4) eligible students who are siblings of students
18 currently receiving a scholarship.

19 (d-5) A scholarship granting organization shall begin
20 granting scholarships no later than February 1 preceding the
21 school year for which the scholarship is sought. The priority
22 groups identified in subsection (d) of this Section shall be
23 eligible to receive scholarships on a first-come, first-served
24 basis until the April 1 immediately preceding the school year
25 for which the scholarship is sought. Applications for
26 scholarships for eligible students meeting the qualifications

1 of one or more priority groups that are received before April 1
2 must be either approved or denied within 10 business days
3 after receipt. Beginning April 1, all eligible students shall
4 be eligible to receive scholarships without regard to the
5 priority groups identified in subsection (d) of this Section.

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

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

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

23 (3) for eligible students whose household income is
24 250% or more of the federal poverty level, the average of
25 scholarships shall be 50% of the amount determined
26 pursuant to this subsection (e) and subsection (e-5) of

1 this Section.

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

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

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

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

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

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

23 (h) (Blank). ~~For the 2022-2023 school year, each~~
24 ~~scholarship granting organization shall expend all qualified~~
25 ~~contributions received during the calendar year in which the~~
26 ~~qualified contributions were received. No qualified~~

1 ~~contributions may be carried forward to the following calendar~~
2 ~~year.~~

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

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

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

24 (l) Scholarship granting organizations shall make
25 reasonable efforts to advertise the availability of
26 scholarships to eligible students.

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

2 (35 ILCS 40/65)

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

4 Sec. 65. Credit period; repeal.

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

9 (b) This Act is exempt from the provisions of Section 250
10 of the Illinois Income Tax Act repealed on January 1, 2024.

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

12 Section 99. Effective date. This Act takes effect upon
13 becoming law.