



102ND GENERAL ASSEMBLY

State of Illinois

2021 and 2022

SB0166

Introduced 2/9/2021, by Sen. Scott M. Bennett

SYNOPSIS AS INTRODUCED:

15 ILCS 505/16.8

30 ILCS 105/5.935 new

35 ILCS 5/917

from Ch. 120, par. 9-917

Amends the State Treasurer Act. Establishes the Illinois Higher Education Savings Program as a part of the College Savings Pool (currently, not a part of the College Savings Pool), subject to appropriation by the General Assembly. Requires the Department of Public Health and the Department of Revenue to provide the State Treasurer with specified information concerning eligible children under the Program. Modifies provisions concerning seed funds, unclaimed seed funds, and incentives and partnerships. Establishes the Illinois Higher Education Savings Program Fund as a special fund in the State treasury (currently, held outside of the State treasury). Amends the Illinois Income Tax Act. Provides that the Director of Revenue may exchange information with the State Treasurer's Office for the purpose of administering the Illinois Higher Education Savings Program. Amends the State Finance Act to provide for the Illinois Higher Education Savings Program Fund. Modifies defined terms. Makes conforming and other changes. Effective immediately.

LRB102 04339 RJF 14357 b

1 AN ACT concerning State government.

2 **Be it enacted by the People of the State of Illinois,**
3 **represented in the General Assembly:**

4 Section 5. The State Treasurer Act is amended by changing
5 Section 16.8 as follows:

6 (15 ILCS 505/16.8)

7 Sec. 16.8. Illinois Higher Education Savings Program.

8 (a) Definitions. As used in this Section:

9 "Beneficiary" means an eligible child named as a recipient
10 of seed funds.

11 ~~"College savings account" means a 529 plan account~~
12 ~~established under Section 16.5.~~

13 "Eligible child" means a child born or adopted after
14 December 31, 2022 ~~2020~~, to a parent who is a resident of
15 Illinois at the time of the birth or adoption, as evidenced by
16 documentation received by the Treasurer from the Department of
17 Revenue, the Department of Public Health, or another State or
18 local government agency.

19 "Eligible educational institution" means institutions that
20 are described in Section 1001 of the federal Higher Education
21 Act of 1965 that are eligible to participate in Department of
22 Education student aid programs.

23 "Fund" means the Illinois Higher Education Savings Program

1 Fund.

2 "Omnibus account" means the pooled collection of seed
3 funds owned and managed by the State Treasurer in the College
4 Savings Pool under this Act.

5 "Program" means the Illinois Higher Education Savings
6 Program.

7 "Qualified higher education expense" means the following:

8 (i) tuition, fees, and the costs of books, supplies, and
9 equipment required for enrollment or attendance at an eligible
10 educational institution; (ii) expenses for special needs
11 services, in the case of a special needs beneficiary, which
12 are incurred in connection with such enrollment or attendance;
13 (iii) certain expenses for the purchase of computer or
14 peripheral equipment, computer software, or Internet access
15 and related services as defined under Section 529 of the
16 Internal Revenue Code; ~~and~~ (iv) room and board expenses
17 incurred while attending an eligible educational institution
18 at least half-time; (v) expenses for fees, books, supplies,
19 and equipment required for the participation of a designated
20 beneficiary in an apprenticeship program registered and
21 certified with the Secretary of Labor under the National
22 Apprenticeship Act (29 U.S.C. 50); and (vi) amounts paid as
23 principal or interest on any qualified education loan of the
24 designated beneficiary or a sibling of the designated
25 beneficiary, as allowed under Section 529 of the Internal
26 Revenue Code.

1 "Seed funds" means the deposit made by the State Treasurer
2 into the Omnibus Accounts for Program beneficiaries.

3 (b) Program established. The State Treasurer shall
4 establish the Illinois Higher Education Savings Program as a
5 part of the College Savings Pool under Section 16.5 of this
6 Act, subject to appropriation by the General Assembly ~~provided~~
7 ~~that sufficient funds are available~~. The State Treasurer shall
8 administer the Program for the purposes of expanding access to
9 higher education through savings.

10 (c) Program enrollment. The State Treasurer shall enroll
11 all eligible children in the Program beginning in 2023 ~~2021~~,
12 after receiving records of recent births, adoptions, or
13 dependents from the Department of Revenue, the Department of
14 Public Health, or another State or local government agency
15 designated by the Treasurer. Notwithstanding any court order
16 which would otherwise prevent the release of information, the
17 Department of Public Health is authorized to release the
18 information specified under this subsection (c) to the State
19 Treasurer for the purposes of the Program established under
20 this Section.

21 (1) Beginning in 2021, ~~On and after the effective date~~
22 ~~of this amendatory Act of the 101st General Assembly, the~~
23 ~~Department of Revenue and~~ the Department of Public Health
24 shall provide the State Treasurer with information on
25 recent Illinois births and, adoptions ~~and dependents~~
26 including, but not limited to: the full name, residential

1 address, ~~and~~ birth date, and birth record number of the
2 child and the full name and residential address of the
3 child's parent or legal guardian for the purpose of
4 enrolling eligible children in the Program. This data
5 shall be provided to the State Treasurer by ~~the Department~~
6 ~~of Revenue~~ and the Department of Public Health on a
7 quarterly basis, no later than 30 days after the end of
8 each quarter, or some other date and frequency as mutually
9 agreed to by the State Treasurer and the Department of
10 Public Health.

11 (1.5) Beginning in 2021, the Department of Revenue
12 shall provide the State Treasurer with information on tax
13 filers claiming dependents or the adoption tax credit
14 including, but not limited to: the full name, residential
15 address, email address, phone number, birth date, and
16 social security number or taxpayer identification number
17 of the dependent child and of the child's parent or legal
18 guardian for the purpose of enrolling eligible children in
19 the Program. This data shall be provided to the State
20 Treasurer by the Department of Revenue on at least an
21 annual basis, by July 1 of each year or another date
22 jointly determined by the State Treasurer and the
23 Department of Revenue. Notwithstanding anything to the
24 contrary contained within this paragraph (2), the
25 Department of Revenue shall not be required to share any
26 information that would be contrary to federal law,

1 regulation, or Internal Revenue Service Publication 1075.

2 (2) The State Treasurer shall ensure the security and
3 confidentiality of the information provided by the
4 Department of Revenue, the Department of Public Health, or
5 another State or local government agency, and it shall not
6 be subject to release under the Freedom of Information
7 Act.

8 (3) Information provided under this Section shall only
9 be used by the State Treasurer for the Program and shall
10 not be used for any other purpose.

11 (4) The State Treasurer and any vendors working on the
12 Program shall maintain strict confidentiality of any
13 information provided under this Section, and shall
14 promptly provide written or electronic notice to the
15 providing agency of any security breach. The providing
16 State or local government agency shall remain the sole and
17 exclusive owner of information provided under this
18 Section.

19 (d) Seed funds. After receiving information on recent
20 births, adoptions, or dependents from the Department of
21 Revenue, the Department of Public Health, or another State or
22 local government agency, the State Treasurer shall make
23 deposits ~~a deposit~~ into an omnibus account ~~of the Fund~~ on
24 behalf of ~~each~~ eligible children ~~child~~. The State Treasurer
25 shall be the owner of the omnibus accounts. ~~The deposit of seed~~
26 ~~funds shall be subject to appropriation by the General~~

1 ~~Assembly.~~

2 (1) Deposit amount. The seed fund deposit for each
3 eligible child shall be in the amount of \$50. This amount
4 may be increased by the State Treasurer by rule. The State
5 Treasurer may use or deposit funds appropriated by the
6 General Assembly together with moneys received as gifts,
7 grants, or contributions into the Fund. If insufficient
8 funds are available in the Fund, the State Treasurer may
9 reduce the deposit amount or forego deposits.

10 (2) Use of seed funds. Seed funds, including any
11 interest, dividends, and other earnings accrued, will be
12 eligible for use by a beneficiary for qualified higher
13 education expenses if:

14 (A) the parent or guardian of the eligible child
15 claimed the seed funds for the beneficiary by the
16 beneficiary's 10th birthday;

17 (B) the beneficiary has completed secondary
18 education or has reached the age of 18; and

19 (C) the beneficiary is currently a resident of the
20 State of Illinois. Non-residents are not eligible to
21 claim or use seed funds.

22 (3) Notice of seed fund availability. The State
23 Treasurer shall make a good faith effort to notify
24 beneficiaries and their parents or legal guardians of the
25 seed funds' availability and the deadline to claim such
26 funds.

1 (4) Unclaimed seed funds. Seed funds and any interest
2 earnings that are unclaimed by the beneficiary's 10th
3 birthday or unused by the beneficiary's 26th birthday will
4 be considered forfeited. Unclaimed and unused seed funds
5 and any interest earnings will remain in the omnibus
6 account for future beneficiaries.

7 (e) Financial education. The State Treasurer may develop
8 educational materials that support the financial literacy of
9 beneficiaries and their legal guardians, and may do so in
10 collaboration with State and federal agencies, including, but
11 not limited to, the Illinois State Board of Education and
12 existing nonprofit agencies with expertise in financial
13 literacy and education.

14 (f) Incentives and partnerships. The State Treasurer may
15 develop partnerships with private, nonprofit, or governmental
16 organizations to provide additional savings incentives ~~for~~
17 ~~eligible children~~, including conditional cash transfers or
18 matching contributions that provide a savings incentive based
19 on specific actions taken or other criteria.

20 (g) Illinois Higher Education Savings Program Fund. The
21 Illinois Higher Education Savings Program Fund is hereby
22 established as a special fund in the State treasury. The Fund
23 shall be the official repository of all contributions,
24 appropriated funds ~~appropriations~~, interest, and dividend
25 payments, gifts, or other financial assets received by the
26 State Treasurer in connection with the operation of the

1 Program or related partnerships. All such moneys shall be
2 deposited in the Fund and held by the State Treasurer as
3 custodian thereof, ~~outside of the State treasury, separate and~~
4 ~~apart from all public moneys or funds of this State.~~ The State
5 Treasurer may accept gifts, grants, awards, matching
6 contributions, interest income, and appropriated funds
7 ~~appropriations~~ from individuals, businesses, governments, and
8 other third-party sources to implement the Program on terms
9 that the Treasurer deems advisable. All interest or other
10 earnings accruing or received on amounts in the Illinois
11 Higher Education Savings Program Fund shall be credited to and
12 retained by the Fund and used for the benefit of the Program.
13 Assets of the Fund must at all times be preserved, invested,
14 and expended only for the purposes of the Program and must be
15 held for the benefit of the beneficiaries. Assets may not be
16 transferred or used by the State or the State Treasurer for any
17 purposes other than the purposes of the Program. In addition,
18 no moneys, interest, or other earnings paid into the Fund
19 shall be used, temporarily or otherwise, for inter-fund
20 borrowing or be otherwise used or appropriated except as
21 expressly authorized by this Act. Notwithstanding the
22 requirements of this subsection (g) ~~(f)~~, amounts in the Fund
23 may be used by the State Treasurer to pay the administrative
24 costs of the Program.

25 (h) Audits and reports. The State Treasurer shall include
26 the Illinois Higher Education Savings Program as part of the

1 audit of the College Savings Pool described in Section 16.5.
2 The State Treasurer shall annually prepare a report that
3 includes a summary of the Program operations for the preceding
4 fiscal year, including the number of children enrolled in the
5 Program, the total amount of seed fund deposits, and such
6 other information that is relevant to make a full disclosure
7 of the operations of the Program and Fund. The report shall be
8 made available on the Treasurer's website by January 31 each
9 year, starting in January of 2024 ~~2022~~. The State Treasurer
10 may include the Program in other reports as warranted.

11 (i) Rules. The State Treasurer may adopt rules necessary
12 to implement this Section.

13 (Source: P.A. 101-466, eff. 1-1-20; revised 11-21-19.)

14 Section 10. The State Finance Act is amended by adding
15 Section 5.935 as follows:

16 (30 ILCS 105/5.935 new)

17 Sec. 5.935. The Illinois Higher Education Savings Program
18 Fund.

19 Section 15. The Illinois Income Tax Act is amended by
20 changing Section 917 as follows:

21 (35 ILCS 5/917) (from Ch. 120, par. 9-917)

22 Sec. 917. Confidentiality and information sharing.

1 (a) Confidentiality. Except as provided in this Section,
2 all information received by the Department from returns filed
3 under this Act, or from any investigation conducted under the
4 provisions of this Act, shall be confidential, except for
5 official purposes within the Department or pursuant to
6 official procedures for collection of any State tax or
7 pursuant to an investigation or audit by the Illinois State
8 Scholarship Commission of a delinquent student loan or
9 monetary award or enforcement of any civil or criminal penalty
10 or sanction imposed by this Act or by another statute imposing
11 a State tax, and any person who divulges any such information
12 in any manner, except for such purposes and pursuant to order
13 of the Director or in accordance with a proper judicial order,
14 shall be guilty of a Class A misdemeanor. However, the
15 provisions of this paragraph are not applicable to information
16 furnished to (i) the Department of Healthcare and Family
17 Services (formerly Department of Public Aid), State's
18 Attorneys, and the Attorney General for child support
19 enforcement purposes and (ii) a licensed attorney representing
20 the taxpayer where an appeal or a protest has been filed on
21 behalf of the taxpayer. If it is necessary to file information
22 obtained pursuant to this Act in a child support enforcement
23 proceeding, the information shall be filed under seal.

24 (b) Public information. Nothing contained in this Act
25 shall prevent the Director from publishing or making available
26 to the public the names and addresses of persons filing

1 returns under this Act, or from publishing or making available
2 reasonable statistics concerning the operation of the tax
3 wherein the contents of returns are grouped into aggregates in
4 such a way that the information contained in any individual
5 return shall not be disclosed.

6 (c) Governmental agencies. The Director may make available
7 to the Secretary of the Treasury of the United States or his
8 delegate, or the proper officer or his delegate of any other
9 state imposing a tax upon or measured by income, for
10 exclusively official purposes, information received by the
11 Department in the administration of this Act, but such
12 permission shall be granted only if the United States or such
13 other state, as the case may be, grants the Department
14 substantially similar privileges. The Director may exchange
15 information with the Department of Healthcare and Family
16 Services and the Department of Human Services (acting as
17 successor to the Department of Public Aid under the Department
18 of Human Services Act) for the purpose of verifying sources
19 and amounts of income and for other purposes directly
20 connected with the administration of this Act, the Illinois
21 Public Aid Code, and any other health benefit program
22 administered by the State. The Director may exchange
23 information with the Director of the Department of Employment
24 Security for the purpose of verifying sources and amounts of
25 income and for other purposes directly connected with the
26 administration of this Act and Acts administered by the

1 Department of Employment Security. The Director may make
2 available to the Illinois Workers' Compensation Commission
3 information regarding employers for the purpose of verifying
4 the insurance coverage required under the Workers'
5 Compensation Act and Workers' Occupational Diseases Act. The
6 Director may exchange information with the Illinois Department
7 on Aging for the purpose of verifying sources and amounts of
8 income for purposes directly related to confirming eligibility
9 for participation in the programs of benefits authorized by
10 the Senior Citizens and Persons with Disabilities Property Tax
11 Relief and Pharmaceutical Assistance Act. The Director may
12 exchange information with the State Treasurer's Office and the
13 Department of Employment Security for the purpose of
14 implementing, administering, and enforcing the Illinois Secure
15 Choice Savings Program Act. The Director may exchange
16 information with the State Treasurer's Office for the purpose
17 of administering the Revised Uniform Unclaimed Property Act or
18 successor Acts. The Director may exchange information with the
19 State Treasurer's Office for the purpose of administering the
20 Illinois Higher Education Savings Program established under
21 Section 16.8 of the State Treasurer Act.

22 The Director may make available to any State agency,
23 including the Illinois Supreme Court, which licenses persons
24 to engage in any occupation, information that a person
25 licensed by such agency has failed to file returns under this
26 Act or pay the tax, penalty and interest shown therein, or has

1 failed to pay any final assessment of tax, penalty or interest
2 due under this Act. The Director may make available to any
3 State agency, including the Illinois Supreme Court,
4 information regarding whether a bidder, contractor, or an
5 affiliate of a bidder or contractor has failed to file returns
6 under this Act or pay the tax, penalty, and interest shown
7 therein, or has failed to pay any final assessment of tax,
8 penalty, or interest due under this Act, for the limited
9 purpose of enforcing bidder and contractor certifications. For
10 purposes of this Section, the term "affiliate" means any
11 entity that (1) directly, indirectly, or constructively
12 controls another entity, (2) is directly, indirectly, or
13 constructively controlled by another entity, or (3) is subject
14 to the control of a common entity. For purposes of this
15 subsection (a), an entity controls another entity if it owns,
16 directly or individually, more than 10% of the voting
17 securities of that entity. As used in this subsection (a), the
18 term "voting security" means a security that (1) confers upon
19 the holder the right to vote for the election of members of the
20 board of directors or similar governing body of the business
21 or (2) is convertible into, or entitles the holder to receive
22 upon its exercise, a security that confers such a right to
23 vote. A general partnership interest is a voting security.

24 The Director may make available to any State agency,
25 including the Illinois Supreme Court, units of local
26 government, and school districts, information regarding

1 whether a bidder or contractor is an affiliate of a person who
2 is not collecting and remitting Illinois Use taxes, for the
3 limited purpose of enforcing bidder and contractor
4 certifications.

5 The Director may also make available to the Secretary of
6 State information that a corporation which has been issued a
7 certificate of incorporation by the Secretary of State has
8 failed to file returns under this Act or pay the tax, penalty
9 and interest shown therein, or has failed to pay any final
10 assessment of tax, penalty or interest due under this Act. An
11 assessment is final when all proceedings in court for review
12 of such assessment have terminated or the time for the taking
13 thereof has expired without such proceedings being instituted.
14 For taxable years ending on or after December 31, 1987, the
15 Director may make available to the Director or principal
16 officer of any Department of the State of Illinois,
17 information that a person employed by such Department has
18 failed to file returns under this Act or pay the tax, penalty
19 and interest shown therein. For purposes of this paragraph,
20 the word "Department" shall have the same meaning as provided
21 in Section 3 of the State Employees Group Insurance Act of
22 1971.

23 (d) The Director shall make available for public
24 inspection in the Department's principal office and for
25 publication, at cost, administrative decisions issued on or
26 after January 1, 1995. These decisions are to be made

1 available in a manner so that the following taxpayer
2 information is not disclosed:

3 (1) The names, addresses, and identification numbers
4 of the taxpayer, related entities, and employees.

5 (2) At the sole discretion of the Director, trade
6 secrets or other confidential information identified as
7 such by the taxpayer, no later than 30 days after receipt
8 of an administrative decision, by such means as the
9 Department shall provide by rule.

10 The Director shall determine the appropriate extent of the
11 deletions allowed in paragraph (2). In the event the taxpayer
12 does not submit deletions, the Director shall make only the
13 deletions specified in paragraph (1).

14 The Director shall make available for public inspection
15 and publication an administrative decision within 180 days
16 after the issuance of the administrative decision. The term
17 "administrative decision" has the same meaning as defined in
18 Section 3-101 of Article III of the Code of Civil Procedure.
19 Costs collected under this Section shall be paid into the Tax
20 Compliance and Administration Fund.

21 (e) Nothing contained in this Act shall prevent the
22 Director from divulging information to any person pursuant to
23 a request or authorization made by the taxpayer, by an
24 authorized representative of the taxpayer, or, in the case of
25 information related to a joint return, by the spouse filing
26 the joint return with the taxpayer.

1 (Source: P.A. 99-143, eff. 7-27-15; 99-571, eff. 7-15-16;
2 100-47, eff. 8-11-17; 100-863, eff. 8-14-18.)

3 Section 99. Effective date. This Act takes effect upon
4 becoming law.