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95TH GENERAL ASSEMBLY

State of Illinois

2007 and 2008

HB4542

by Rep. Robert W. Pritchard

SYNOPSIS AS INTRODUCED:

New Act
35 ILCS 5/218 new

  Creates the Endow Illinois Tax Credit Act and amends the Illinois Income Tax Act. Requires the Department of Commerce and Economic Opportunity to authorize an income tax credit to taxpayers who provide an endowment gift to a permanent endowment fund. Sets forth procedures and criteria for authorizing the credits. Provides that the aggregate amount of all credits that the Department may authorize in any calendar year may not exceed $50,000,000. Requires the Department to make an annual report concerning the credits. Provides that the credit may be carried forward for 5 years. Exempts the credit from the Act's sunset provisions. Effective immediately.

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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 1. Short title. This Act may be cited as the Endow

5   Illinois Tax Credit Act.

6   Section 5. Definitions. For the purposes of this Act:

7   "Department" means the Department of Commerce and Economic

8   Opportunity.

9   "Endowment gift" means an irrevocable contribution to a

10   permanent endowment fund held by a qualified community

11   foundation.

12   "Permanent endowment fund" means a fund that (i) is held by

13   a qualified community foundation to provide benefit to

14   charitable causes in the State, (ii) is intended to exist in

15   perpetuity, and (iii) has an annual spend rate of 5% or less.

16   "Qualified community foundation" means a community

17   foundation or similar publicly-supported organization

18   described in Section 170 (b)(1)(A)(vi) of the Internal Revenue

19   Code of 1986 that is organized or operating in this State and

20   that substantially complies with the national standards for

21   U.S. community foundations that are established by the National

22   Council on Foundations, as determined by the Department.

1   Section 10. Tax credit awards.

2   (a) The Department shall authorize an income tax credit to

3   taxpayers who provide an endowment gift to a permanent

4   endowment fund. The amount of the credit that may be authorized

5   to a taxpayer by the Department under this Act is an amount

6   equal to 50% of the endowment gift, but may not exceed

7    $250,000.

8   (b) The aggregate amount of all credits that the Department

9   may authorize in any calendar year under this Act may not

10   exceed $50,000,000. The aggregate amount of all credits that

11   the Department may authorize to any single taxpayer in a

12   calendar year may not exceed 5% of the aggregate amount of all

13   credits authorized by the Department in that calendar year.

14   (c) If the Department receives applications for tax credit

15   in excess of the amount available, then the applications must

16   be prioritized by the date that the Department received them.

17   If the number of applications exceeds the amount of annual tax

18   credits available, then the Department must establish a wait

19   list for the next year's allocation of tax credits, and

20   applications must first be funded in the order listed on that

21   wait list.

22   Section 15. Applications for tax credits.

23   (a) The Department shall develop and make available a

24   standardized application pertaining to the allocation of tax

25   credits under this Act.

1   (b) Of the annual amount available for tax credits, 10%

2   must be reserved for those endowment gifts of $30,000 or less.

3   If, by September 1 of any year, the entire 10% that is reserved

4   for permanent endowment gifts totalling $30,000 or less is not

5   allocated, then the remaining amount is available for other

6   applicants.

7   (c) The Department must accepts applications and authorize

8   credits in an ongoing basis. The Department must make public,

9   by June 1 and by December 1 of each year, the total number of

10   requests for tax credits and the total amount of requested tax

11   credits that have been submitted and awarded.

12   Section 20. Annual report. By January 31 of each year, the

13   Department must submit an annual report to the Governor and the

14   General Assembly concerning the activities conduced under this

15   Act during the previous calendar year. The report must include

16   a detailed listing of tax credits authorized under this Act by

17   the Department.

18   Section 90. The Illinois Income Tax Act is amended by

19   adding Section 218 as follows:

20   (35 ILCS 5/218 new)

21   Sec. 218. The Endow Illinois Tax Credit.

22   (a) For taxable years ending on or after December 31, 2008,

23   each taxpayer for whom a tax credit has been authorized by the

1   Department of Commerce and Economic Opportunity under the Endow

2   Illinois Tax Credit Act, is entitled to a credit against the

3   tax imposed under subsections (a) and (b) of Section 201 in an

4   amount equal to the amount authorized under that Act.

5   (b)   For   partners,   shareholders   of   Subchapter   S

6   corporations, and owners of limited liability companies, if the

7   liability company is treated as a partnership for purposes of

8   federal and State income taxation, there is allowed a credit

9   under this Section to be determined in accordance with the

10 determination of income and distributive share of income under

11 Sections 702 and 704 and Subchapter S of the Internal Revenue

12 Code.

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

14 the taxpayer's liability to less than zero. If the amount of

15 the credit exceeds the tax liability for the year, the excess

16 may be carried forward and applied to the tax liability of the

17 5 taxable years following the excess credit year. The tax

18 credit shall be applied to the earliest year for which there is

19 a tax liability. If there are credits for more than one year

20 that are available to offset a liability, the earlier credit

21 shall be applied first.

22   (d) This Section is exempt from the provisions of Section

23 250.

24   Section 99. Effective date. This Act takes effect upon

25 becoming law.