

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 Illinois Income Tax Act is amended by adding
5 Section 218 as follows:

6 (35 ILCS 5/218 new)

7 Sec. 218. Credit for student-assistance contributions.

8 (a) For taxable years ending on or after December 31, 2007
9 and on or before December 30, 2018, each taxpayer who, during
10 the taxable year, makes a matching donation to the Illinois
11 Student Assistance Commission on behalf of an employee of the
12 taxpayer for moneys that the employee contributes in the same
13 taxable year to a specified individual College Savings Pool
14 Account under Section 16.5 of the State Treasurer Act or to the
15 Illinois Prepaid Tuition Trust Fund is entitled to a credit
16 against the tax imposed under subsections (a) and (b) of
17 Section 201 in an amount equal to 25% of that matching
18 donation, but not to exceed \$500 per contributing employee per
19 taxable year.

20 (b) For partners, shareholders of Subchapter S
21 corporations, and owners of limited liability companies, if the
22 liability company is treated as a partnership for purposes of
23 federal and State income taxation, there is allowed a credit

1 under this Section to be determined in accordance with the
2 determination of income and distributive share of income under
3 Sections 702 and 704 and Subchapter S of the Internal Revenue
4 Code.

5 (c) The credit may not be carried back. If the amount of
6 the credit exceeds the tax liability for the year, the excess
7 may be carried forward and applied to the tax liability of the
8 3 taxable years following the excess credit year. The tax
9 credit shall be applied to the earliest year for which there is
10 a tax liability. If there are credits for more than one year
11 that are available to offset a liability, the earlier credit
12 shall be applied first.

13 (d) A taxpayer claiming the credit under this Section must
14 maintain and record any information that the Illinois Student
15 Assistance Commission, the Office of the State Treasurer, or
16 the Department may require regarding the matching donation for
17 which the credit is claimed.

18 Section 10. The Higher Education Student Assistance Act is
19 amended by changing Sections 5 and 20 as follows:

20 (110 ILCS 947/5)

21 Sec. 5. Purpose. The General Assembly finds and declares
22 that (1) the provision of a higher education for all residents
23 of this State who desire a higher education and are properly
24 qualified therefor is important to the welfare and security of

1 this State and Nation and, consequently, is an important public
2 purpose, and (2) many qualified students are deterred by
3 financial considerations from completing their education, with
4 a consequent irreparable loss to the State and Nation of
5 talents vital to welfare and security. The number of qualified
6 persons who desire a higher education is increasing rapidly,
7 and the physical facilities, faculties, and staffs of the
8 institutions of higher learning operated by, within and for the
9 residents of the State will have to be expanded greatly to
10 accommodate those persons, with an attendant sharp increase in
11 the cost of educating them. A system of financial assistance of
12 scholarships, grants, and loans for qualified residents of
13 college age will enable them to attend qualified institutions
14 of their choice in the State, public or private. The adoption
15 of new federal student loan legislation necessitates that the
16 State update and broaden its system of financial student
17 assistance.

18 As market conditions permit, the Commission is
19 specifically encouraged to offer reasonable and affordable
20 supplemental or alternative educational loans to students who
21 seek to obtain these loans. As part of these alternative or
22 supplemental direct lending initiatives, the Commission may
23 give priority consideration to students assisted by the
24 Commission's need-based programs.

25 The system of financial assistance provided under this Act
26 includes prepaid programs for college savings, and the

1 Commission is specifically encouraged to enlist employers in
2 providing voluntary matching donations to the amount that their
3 employees save through these prepaid programs.

4 (Source: P.A. 89-442, eff. 12-21-95.)

5 (110 ILCS 947/20)

6 Sec. 20. Functions of Commission.

7 (a) The Commission, in accordance with this Act, shall
8 prepare and supervise the issuance of public information
9 concerning its provisions; prescribe the form and regulate the
10 submission of applications for assistance; provide for and
11 conduct, or cause to be conducted, all eligibility
12 determinations of applicants; award the appropriate financial
13 assistance; and, upon request by a member of the General
14 Assembly, nominate or evaluate and recommend for nomination
15 applicants for General Assembly scholarships in accordance
16 with criteria specified by the member under Section 30-9 of the
17 School Code.

18 (b) The Commission is authorized to participate in any
19 programs for monetary assistance to students and to receive,
20 hold, and disburse all such funds made available by any agency
21 or organization for the purpose or purposes for which they are
22 made available. The Commission is authorized to administer a
23 program of grant assistance as authorized by the Baccalaureate
24 Savings Act. The Commission is authorized to participate in any
25 programs established to improve student financial aid services

1 or the proficiency of persons engaged in student financial aid
2 services and to receive, hold, and disburse all funds made
3 available by any agency or organization for the purpose or
4 purposes for which they are made available subject to the
5 appropriations of the General Assembly.

6 (c) The Commission is authorized to deny a scholarship or a
7 grant to any person who has defaulted on a guaranteed student
8 loan and who is not maintaining a satisfactory repayment
9 record. If a person has a defaulted guaranteed student loan but
10 is otherwise eligible for assistance pursuant to Section 40,
11 the Commission shall award one term of assistance during which
12 a satisfactory repayment record must be established. If such a
13 repayment record is not established, additional assistance
14 shall be denied until a satisfactory repayment record is
15 established.

16 (d) The Commission is authorized to participate with
17 federal, state, county, local, and university law enforcement
18 agencies in cooperative efforts to detect and prosecute
19 incidents of fraud in student assistance programs.

20 (e) The Administrative Review Law shall apply to and govern
21 all proceedings for the judicial review of final administrative
22 decisions of the Commission.

23 (f) The Commission is authorized to make all necessary and
24 proper rules, not inconsistent with this Act, for the efficient
25 exercise of the foregoing functions.

26 (g) Unless otherwise provided by statute, the functions of

1 the Commission shall be exercised without regard to any
2 applicant's race, creed, sex, color, national origin, or
3 ancestry.

4 (h) The Commission is authorized to establish systems and
5 programs to encourage employers to match employee
6 contributions to prepaid programs of college savings by making
7 donations to the Commission for prepaid programs of college
8 savings and its programs of grants and loans to make higher
9 education affordable for all residents of the State and to
10 receive, hold, and disburse all such funds made available
11 through those programs for the purposes for which they are
12 authorized by rule or by law.

13 (Source: P.A. 87-997.)

14 Section 99. Effective date. This Act takes effect upon
15 becoming law.