



96TH GENERAL ASSEMBLY

State of Illinois

2009 and 2010

HB0169

Introduced 01/14/09, by Rep. Patrick J Verschoore

SYNOPSIS AS INTRODUCED:

35 ILCS 5/218 new
110 ILCS 947/5
110 ILCS 947/20

Amends the Higher Education Student Assistance Act and the Illinois Income Tax Act. Authorizes the Illinois Student Assistance Commission to establish systems and programs to encourage employers to match employee contributions to prepaid programs of college savings by making donations to the Commission for prepaid programs of college savings and its programs of grants and loans to make higher education affordable for all residents of the State and to receive, hold, and disburse all such funds made available through those programs for the purposes for which they are authorized by rule or by law. Creates an income tax credit for employers who, during the taxable year, make a matching donation on behalf of an employee. Provides that the credit is 25% of the matching donation, but not to exceed \$500 per employee. Provides that the credit may be carried forward for 3 taxable years. Effective immediately.

LRB096 01730 HLH 11739 b

FISCAL NOTE ACT
MAY APPLY

A BILL FOR

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, 2009
9 and on or before December 30, 2020, each taxpayer who, during
10 the taxable year, makes a matching donation on behalf of an
11 employee of the taxpayer for moneys that the employee
12 contributes in the same taxable year (i) to a specified
13 individual College Savings Pool Account under Section 16.5 of
14 the State Treasurer Act or (ii) to the Illinois Prepaid Tuition
15 Trust Fund is entitled to a credit against the tax imposed
16 under subsections (a) and (b) of Section 201 in an amount equal
17 to 25% of that matching donation, but not to exceed \$500 per
18 contributing employee per taxable year.

19 (b) For partners, shareholders of Subchapter S
20 corporations, and owners of limited liability companies, if the
21 liability company is treated as a partnership for purposes of
22 federal and State income taxation, there is allowed a credit
23 under this Section to be determined in accordance with the

1 determination of income and distributive share of income under
2 Sections 702 and 704 and Subchapter S of the Internal Revenue
3 Code.

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

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

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

19 (110 ILCS 947/5)

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

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

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

24 The system of financial assistance provided under this Act
25 includes prepaid programs for college savings, and the
26 Commission is specifically encouraged to enlist employers in

1 providing voluntary matching donations to the amount that their
2 employees save through these prepaid programs.

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

4 (110 ILCS 947/20)

5 Sec. 20. Functions of Commission.

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

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

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

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

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

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

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

25 (g) Unless otherwise provided by statute, the functions of
26 the Commission shall be exercised without regard to any

1 applicant's race, creed, sex, color, national origin, or
2 ancestry.

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

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

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