



98TH GENERAL ASSEMBLY

State of Illinois

2013 and 2014

HB1016

by Rep. William Davis

SYNOPSIS AS INTRODUCED:

New Act
35 ILCS 5/224 new

Creates the Endow Illinois Tax Credit Act and amends the Illinois Income Tax Act. Requires the Department of Revenue 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 may not exceed \$10,000,000 in 2013, \$25,000,000 in 2014, or \$50,000,000 in 2015 and each calendar year thereafter. Provides conditions for eligibility. 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.

LRB098 06731 HLH 36779 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 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 Revenue.

8 "Endowment gift" means an irrevocable contribution to a
9 permanent endowment fund held by a qualified community
10 foundation.

11 "Permanent endowment fund" means a fund that (i) is held by
12 a qualified community foundation to provide benefit to
13 charitable causes in the State, (ii) is intended to exist in
14 perpetuity, and (iii) has an annual spend rate based on the
15 foundation spending policy, but not to exceed 7%.

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. A taxpayer that is a
7 business entity is not eligible to receive a credit under this
8 Act for the taxable year if the taxpayer's gross business
9 receipts exceed \$10,000,000 for taxable years ending in 2013,
10 \$25,000,000 for taxable years ending in 2014, or \$50,000,000
11 for taxable years ending in 2015 or thereafter.

12 (b) The aggregate amount of all credits that the Department
13 may authorize under this Act may not exceed \$10,000,000 in
14 2013, \$25,000,000 in 2014, or \$50,000,000 in 2015 and each
15 calendar year thereafter. The aggregate amount of all credits
16 that the Department may authorize to any single taxpayer in a
17 calendar year may not exceed 5% of the aggregate amount of all
18 credits authorized by the Department in that calendar year. The
19 aggregate amount of all credits that the Department may
20 authorize in any calendar year based on endowment gifts to any
21 specific community foundation may not exceed 25% of aggregate
22 credits authorized for that year.

23 (c) If the Department receives applications for tax credit
24 in excess of the amount available, then the applications must
25 be prioritized by the date that the Department received them.
26 If the number of applications exceeds the amount of annual tax

1 credits available, then the Department must establish a wait
2 list for the next year's allocation of tax credits, and
3 applications must first be funded in the order listed on that
4 wait list.

5 Section 15. Applications for tax credits.

6 (a) The Department shall develop and make available a
7 standardized application pertaining to the allocation of tax
8 credits under this Act.

9 (b) Of the annual amount available for tax credits, 10%
10 must be reserved for those endowment gifts of \$30,000 or less.
11 If the entire 10% that is reserved for permanent endowment
12 gifts totalling \$30,000 or less is not allocated, then the
13 remaining amount is available in the following years for
14 endowment gifts of \$30,000 or less.

15 (c) The Department must accept applications and authorize
16 credits in an ongoing basis. The Department must make public,
17 by June 1 and by December 1 of each year, the total number of
18 requests for tax credits and the total amount of requested tax
19 credits that have been submitted and awarded.

20 Section 20. Annual report. By January 31 of each year, the
21 Department must submit an annual report to the Governor and the
22 General Assembly concerning the activities conducted under this
23 Act during the previous calendar year. The report must include
24 a detailed listing of tax credits authorized under this Act by

1 the Department.

2 Section 90. The Illinois Income Tax Act is amended by
3 adding Section 224 as follows:

4 (35 ILCS 5/224 new)

5 Sec. 224. The Endow Illinois Tax Credit.

6 (a) For taxable years ending on or after December 31, 2013,
7 each taxpayer for whom a tax credit has been authorized by the
8 Department of Revenue under the Endow Illinois Tax Credit Act,
9 is entitled to a credit against the tax imposed under
10 subsections (a) and (b) of Section 201 in an amount equal to
11 the amount authorized under that Act.

12 (b) For partners, shareholders of Subchapter S
13 corporations, and owners of limited liability companies, if the
14 liability company is treated as a partnership for purposes of
15 federal and State income taxation, there is allowed a credit
16 under this Section to be determined in accordance with the
17 determination of income and distributive share of income under
18 Sections 702 and 704 and Subchapter S of the Internal Revenue
19 Code.

20 (c) The credit may not be carried back and may not reduce
21 the taxpayer's liability to less than zero. If the amount of
22 the credit exceeds the tax liability for the year, the excess
23 may be carried forward and applied to the tax liability of the
24 5 taxable years following the excess credit year. The tax

1 credit shall be applied to the earliest year for which there is
2 a tax liability. If there are credits for more than one year
3 that are available to offset a liability, the earlier credit
4 shall be applied first.

5 (d) This Section is exempt from the provisions of Section
6 250.

7 Section 99. Effective date. This Act takes effect upon
8 becoming law.