

AN ACT concerning State government.

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

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

(15 ILCS 505/16.8)

Sec. 16.8. Illinois Higher Education Savings Program.

(a) Definitions. As used in this Section:

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

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

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

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

"Fund" means the Illinois Higher Education Savings Program

Fund.

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

"Program" means the Illinois Higher Education Savings Program.

"Qualified higher education expense" means the following: (i) tuition, fees, and the costs of books, supplies, and equipment required for enrollment or attendance at an eligible educational institution; (ii) expenses for special needs services, in the case of a special needs beneficiary, which are incurred in connection with such enrollment or attendance; (iii) certain expenses for the purchase of computer or peripheral equipment, computer software, or Internet access and related services as defined under Section 529 of the Internal Revenue Code; ~~and~~ (iv) room and board expenses incurred while attending an eligible educational institution at least half-time; (v) expenses for fees, books, supplies, and equipment required for the participation of a designated beneficiary in an apprenticeship program registered and certified with the Secretary of Labor under the National Apprenticeship Act (29 U.S.C. 50); and (vi) amounts paid as principal or interest on any qualified education loan of the designated beneficiary or a sibling of the designated beneficiary, as allowed under Section 529 of the Internal Revenue Code.

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

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

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

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

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

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

regulation, or Internal Revenue Service Publication 1075.

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

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

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

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

~~Assembly.~~

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(30 ILCS 105/5.935 new)

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

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

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

Sec. 917. Confidentiality and information sharing.

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

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

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

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

Department of Employment Security. The Director may make available to the Illinois Workers' Compensation Commission information regarding employers for the purpose of verifying the insurance coverage required under the Workers' Compensation Act and Workers' Occupational Diseases Act. The Director may exchange information with the Illinois Department on Aging for the purpose of verifying sources and amounts of income for purposes directly related to confirming eligibility for participation in the programs of benefits authorized by the Senior Citizens and Persons with Disabilities Property Tax Relief and Pharmaceutical Assistance Act. The Director may exchange information with the State Treasurer's Office and the Department of Employment Security for the purpose of implementing, administering, and enforcing the Illinois Secure Choice Savings Program Act. The Director may exchange information with the State Treasurer's Office for the purpose of administering the Revised Uniform Unclaimed Property Act or successor Acts. The Director may exchange information with the State Treasurer's Office for the purpose of administering the Illinois Higher Education Savings Program established under Section 16.8 of the State Treasurer Act.

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

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

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

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

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

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

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

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

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

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

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

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

Public Act 102-0129

HB0573 Enrolled

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

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