



## 104TH GENERAL ASSEMBLY

### State of Illinois

2025 and 2026

HB4156

Introduced 10/15/2025, by Rep. Travis Weaver

#### SYNOPSIS AS INTRODUCED:

15 ILCS 505/16.5

Amends the State Treasurer Act. In provisions concerning the College Savings Pool, provides that trade schools and elementary or secondary public, private, or religious schools are also considered eligible educational institutions, subject to certain limitations. Provides that expenses, up to \$10,000 per taxable year, for tuition in connection with enrollment or attendance at an elementary or secondary public, private, or religious school are considered qualified expenses.

LRB104 15207 HLH 28354 b

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 5. The State Treasurer Act is amended by changing  
5 Section 16.5 as follows:

6 (15 ILCS 505/16.5)

7 Sec. 16.5. College Savings Pool.

8 (a) Definitions. As used in this Section:

9 "Account owner" means any person or entity who has opened  
10 an account or to whom ownership of an account has been  
11 transferred, as allowed by the Internal Revenue Code, and who  
12 has authority to withdraw funds, direct withdrawal of funds,  
13 change the designated beneficiary, or otherwise exercise  
14 control over an account in the College Savings Pool.

15 "Donor" means any person or entity who makes contributions  
16 to an account in the College Savings Pool.

17 "Designated beneficiary" means any individual designated  
18 as the beneficiary of an account in the College Savings Pool by  
19 an account owner. A designated beneficiary must have a valid  
20 social security number or taxpayer identification number. In  
21 the case of an account established as part of a scholarship  
22 program permitted under Section 529 of the Internal Revenue  
23 Code, the designated beneficiary is any individual receiving

1 benefits accumulated in the account as a scholarship.

2 "Eligible educational institution" means public and  
3 private colleges, trade schools, junior colleges, graduate  
4 schools, and certain vocational institutions that are  
5 described in Section 1001 of the Higher Education Resource and  
6 Student Assistance Chapter of Title 20 of the United States  
7 Code (20 U.S.C. 1001) and that are eligible to participate in  
8 Department of Education student aid programs. Subject to the  
9 limitations set forth in the definition of "qualified  
10 expenses", the term "eligible educational institution" also  
11 includes an elementary or secondary public, private, or  
12 religious school.

13 "Member of the family" has the same meaning ascribed to  
14 that term under Section 529 of the Internal Revenue Code.

15 "Nonqualified withdrawal" means a distribution from an  
16 account other than a distribution that (i) is used for the  
17 qualified expenses of the designated beneficiary; (ii) results  
18 from the beneficiary's death or disability; (iii) is a  
19 rollover to another account in the College Savings Pool; (iv)  
20 is a rollover to an ABLE account, as defined in Section 16.6 of  
21 this Act, or any distribution that, within 60 days after such  
22 distribution, is transferred to an ABLE account of the  
23 designated beneficiary or a member of the family of the  
24 designated beneficiary to the extent that the distribution,  
25 when added to all other contributions made to the ABLE account  
26 for the taxable year, does not exceed the limitation under

1 Section 529A(b) of the Internal Revenue Code; or (v) is a  
2 rollover to a Roth IRA account to the extent permitted by  
3 Section 529 of the Internal Revenue Code.

4 "Qualified expenses" means: (i) tuition, fees, and the  
5 costs of books, supplies, and equipment required for  
6 enrollment or attendance at an eligible educational  
7 institution; (ii) expenses for special needs services, in the  
8 case of a special needs beneficiary, which are incurred in  
9 connection with such enrollment or attendance; (iii) certain  
10 expenses, to the extent they qualify as qualified higher  
11 education expenses under Section 529 of the Internal Revenue  
12 Code, for the purchase of computer or peripheral equipment or  
13 Internet access and related services, if such equipment,  
14 software, or services are to be used primarily by the  
15 beneficiary during any of the years the beneficiary is  
16 enrolled at an eligible educational institution, except that,  
17 such expenses shall not include expenses for computer software  
18 designed for sports, games, or hobbies, unless the software is  
19 predominantly educational in nature; (iv) room and board  
20 expenses incurred while attending an eligible educational  
21 institution at least half-time; (v) expenses for fees, books,  
22 supplies, and equipment required for the participation of a  
23 designated beneficiary in an apprenticeship program registered  
24 and certified with the Secretary of Labor under the National  
25 Apprenticeship Act (29 U.S.C. 50); ~~and~~ (vi) amounts paid as  
26 principal or interest on any qualified education loan of the

1 designated beneficiary or a sibling of the designated  
2 beneficiary, as allowed under Section 529 of the Internal  
3 Revenue Code; and (vii) expenses, up to \$10,000 per taxable  
4 year, for tuition in connection with enrollment or attendance  
5 at an elementary or secondary public, private, or religious  
6 school. A student shall be considered to be enrolled at least  
7 half-time if the student is enrolled for at least half the  
8 full-time academic workload for the course of study the  
9 student is pursuing as determined under the standards of the  
10 institution at which the student is enrolled.

11 (b) Establishment of the Pool. The State Treasurer may  
12 establish and administer the College Savings Pool as a  
13 qualified tuition program under Section 529 of the Internal  
14 Revenue Code. The Pool may consist of one or more college  
15 savings programs. The State Treasurer, in administering the  
16 College Savings Pool, may: (1) receive, hold, and invest  
17 moneys paid into the Pool; and (2) perform any other action he  
18 or she deems necessary to administer the Pool, including any  
19 other actions necessary to ensure that the Pool operates as a  
20 qualified tuition program in accordance with Section 529 of  
21 the Internal Revenue Code.

22 (c) Administration of the College Savings Pool. The State  
23 Treasurer may delegate duties related to the College Savings  
24 Pool to one or more contractors. The contributions deposited  
25 in the Pool, and any earnings thereon, shall not constitute  
26 property of the State or be commingled with State funds and the

1 State shall have no claim to or against, or interest in, such  
2 funds; provided that the fees collected by the State Treasurer  
3 in accordance with this Act, scholarship programs administered  
4 by the State Treasurer, and seed funds deposited by the State  
5 Treasurer under Section 16.8 of the Act are State funds.

6 (c-5) College Savings Pool Account Summaries. The State  
7 Treasurer shall provide a separate accounting for each  
8 designated beneficiary. The separate accounting shall be  
9 provided to the account owner of the account for the  
10 designated beneficiary at least annually and shall show the  
11 account balance, the investment in the account, the investment  
12 earnings, and the distributions from the account.

13 (d) Availability of the College Savings Pool. The State  
14 Treasurer may permit persons, including trustees of trusts and  
15 custodians under a Uniform Transfers to Minors Act or Uniform  
16 Gifts to Minors Act account, and certain legal entities to be  
17 account owners, including as part of a scholarship program,  
18 provided that: (1) an individual, trustee or custodian must  
19 have a valid social security number or taxpayer identification  
20 number, be at least 18 years of age, and have a valid United  
21 States street address; and (2) a legal entity must have a valid  
22 taxpayer identification number and a valid United States  
23 street address. In-state and out-of-state persons, trustees,  
24 custodians, and legal entities may be account owners and  
25 donors, and both in-state and out-of-state individuals may be  
26 designated beneficiaries in the College Savings Pool.

1           (e) Fees. Any fees, costs, and expenses, including  
2 investment fees and expenses and payments to third parties,  
3 related to the College Savings Pool, shall be paid from the  
4 assets of the College Savings Pool. The State Treasurer shall  
5 establish fees to be imposed on accounts to cover such fees,  
6 costs, and expenses, to the extent not paid directly out of the  
7 investments of the College Savings Pool, and to maintain an  
8 adequate reserve fund in line with industry standards for  
9 government operated funds. The Treasurer must use his or her  
10 best efforts to keep these fees as low as possible and  
11 consistent with administration of high quality competitive  
12 college savings programs.

13           (f) Investments in the State. To enhance the safety and  
14 liquidity of the College Savings Pool, to ensure the  
15 diversification of the investment portfolio of the College  
16 Savings Pool, and in an effort to keep investment dollars in  
17 the State of Illinois, the State Treasurer may make a  
18 percentage of each account available for investment in  
19 participating financial institutions doing business in the  
20 State.

21           (g) Investment policy. The Treasurer shall develop,  
22 publish, and implement an investment policy covering the  
23 investment of the moneys in each of the programs in the College  
24 Savings Pool. The policy shall be published each year as part  
25 of the audit of the College Savings Pool by the Auditor  
26 General, which shall be distributed to all account owners in

1 such program. The Treasurer shall notify all account owners in  
2 such program in writing, and the Treasurer shall publish in a  
3 newspaper of general circulation in both Chicago and  
4 Springfield, any changes to the previously published  
5 investment policy at least 30 calendar days before  
6 implementing the policy. Any investment policy adopted by the  
7 Treasurer shall be reviewed and updated if necessary within 90  
8 days following the date that the State Treasurer takes office.

9 (h) Investment restrictions. An account owner may,  
10 directly or indirectly, direct the investment of his or her  
11 account only as provided in Section 529(b)(4) of the Internal  
12 Revenue Code. Donors and designated beneficiaries, in those  
13 capacities, may not, directly or indirectly, direct the  
14 investment of an account.

15 (i) Distributions. Distributions from an account in the  
16 College Savings Pool may be used for the designated  
17 beneficiary's qualified expenses, and if not used in that  
18 manner, may be considered a nonqualified withdrawal. Funds  
19 contained in a College Savings Pool account may be rolled over  
20 into:

21 (1) an eligible ABLE account, as defined in Section  
22 16.6 of this Act to the extent permitted by Section 529 of  
23 the Internal Revenue Code;

24 (2) another qualified tuition program, to the extent  
25 permitted by Section 529 of the Internal Revenue Code; or

26 (3) a Roth IRA account, to the extent permitted by

1 Section 529 of the Internal Revenue Code.

2 Distributions made from the College Savings Pool may be  
3 made directly to the eligible educational institution,  
4 directly to a vendor, in the form of a check payable to both  
5 the designated beneficiary and the institution or vendor,  
6 directly to the designated beneficiary or account owner, or in  
7 any other manner that is permissible under Section 529 of the  
8 Internal Revenue Code.

9 (j) Contributions. Contributions to the College Savings  
10 Pool shall be as follows:

11 (1) Contributions to an account in the College Savings  
12 Pool may be made only in cash.

13 (2) The Treasurer shall limit the contributions that  
14 may be made to the College Savings Pool on behalf of a  
15 designated beneficiary, as required under Section 529 of  
16 the Internal Revenue Code, to prevent contributions for  
17 the benefit of a designated beneficiary in excess of those  
18 necessary to provide for the qualified expenses of the  
19 designated beneficiary. The Pool shall not permit any  
20 additional contributions to an account as soon as the sum  
21 of (i) the aggregate balance in all accounts in the Pool  
22 for the designated beneficiary and (ii) the aggregate  
23 contributions in the Illinois Prepaid Tuition Program for  
24 the designated beneficiary reaches the specified balance  
25 limit established from time to time by the Treasurer.

26 (k) Illinois Student Assistance Commission. The Treasurer

1 and the Illinois Student Assistance Commission shall each  
2 cooperate in providing each other with account information, as  
3 necessary, to prevent contributions in excess of those  
4 necessary to provide for the qualified expenses of the  
5 designated beneficiary, as described in subsection (j).

6 The Treasurer shall work with the Illinois Student  
7 Assistance Commission to coordinate the marketing of the  
8 College Savings Pool and the Illinois Prepaid Tuition Program  
9 when considered beneficial by the Treasurer and the Director  
10 of the Illinois Student Assistance Commission.

11 (l) Prohibition; exemption. No interest in the program, or  
12 any portion thereof, may be used as security for a loan. Moneys  
13 held in an account invested in the College Savings Pool shall  
14 be exempt from all claims of the creditors of the account  
15 owner, donor, or designated beneficiary of that account,  
16 except for the non-exempt College Savings Pool transfers to or  
17 from the account as defined under subsection (j) of Section  
18 12-1001 of the Code of Civil Procedure.

19 (m) Taxation. The assets of the College Savings Pool and  
20 its income and operation shall be exempt from all taxation by  
21 the State of Illinois and any of its subdivisions. The accrued  
22 earnings on investments in the Pool once disbursed on behalf  
23 of a designated beneficiary shall be similarly exempt from all  
24 taxation by the State of Illinois and its subdivisions, so  
25 long as they are used for qualified expenses. Contributions to  
26 a College Savings Pool account during the taxable year may be

1 deducted from adjusted gross income as provided in Section 203  
2 of the Illinois Income Tax Act. The provisions of this  
3 paragraph are exempt from Section 250 of the Illinois Income  
4 Tax Act.

5 (n) Rules. The Treasurer shall adopt rules he or she  
6 considers necessary for the efficient administration of the  
7 College Savings Pool. The rules shall provide whatever  
8 additional parameters and restrictions are necessary to ensure  
9 that the College Savings Pool meets all the requirements for a  
10 qualified tuition program under Section 529 of the Internal  
11 Revenue Code.

12 Notice of any proposed amendments to the rules and  
13 regulations shall be provided to all account owners prior to  
14 adoption.

15 (o) Bond. The State Treasurer shall give bond with at  
16 least one surety, payable to and for the benefit of the account  
17 owners in the College Savings Pool, in the penal sum of  
18 \$10,000,000, conditioned upon the faithful discharge of his or  
19 her duties in relation to the College Savings Pool.

20 (p) The changes made to subsections (c) and (e) of this  
21 Section by Public Act 101-26 are intended to be a restatement  
22 and clarification of existing law.

23 (Source: P.A. 102-186, eff. 7-30-21; 103-778, eff. 8-2-24.)