



104TH GENERAL ASSEMBLY

State of Illinois

2025 and 2026

SB2855

Introduced 1/16/2026, by Sen. Paul Faraci

SYNOPSIS AS INTRODUCED:

5 ILCS 340/3 from Ch. 15, par. 503
35 ILCS 60/170-10
35 ILCS 5/246 new
5 ILCS 100/5-45.70 new

Amends the Voluntary Payroll Deductions Act of 1983. Provides that a qualified community foundation that has been approved by the Department of Revenue to issue certificates of receipt under the Illinois Gives Tax Credit Act shall automatically be considered a qualified organization under the Voluntary Payroll Deductions Act of 1983. Amends the Illinois Income Tax Act. Creates an income tax credit for individuals who (i) serve as a volunteer for 100 hours during the taxable year, (ii) do not receive any compensation for their services as a volunteer for the taxable year, and (iii) do not serve on a full-time or part-time career basis for the entity for which they volunteer. Provides that the Department of Revenue may award not more than \$5,000,000 in credits under those provisions in any calendar year. Effective immediately.

LRB104 15565 HLH 28731 b

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 Voluntary Payroll Deductions Act of 1983 is
5 amended by changing Section 3 as follows:

6 (5 ILCS 340/3) (from Ch. 15, par. 503)

7 Sec. 3. Definitions. As used in this Act unless the
8 context otherwise requires:

9 (a) "Employee" means any regular officer or employee who
10 receives salary or wages for personal services rendered to the
11 State of Illinois, and includes an individual hired as an
12 employee by contract with that individual.

13 (b) "Qualified organization" means an organization
14 representing one or more benefiting agencies, which
15 organization is designated by the State Comptroller as
16 qualified to receive payroll deductions under this Act. An
17 organization desiring to be designated as a qualified
18 organization shall:

19 (1) Submit written or electronic designations on forms
20 approved by the State Comptroller by 500 or more employees
21 or State annuitants, in which such employees or State
22 annuitants indicate that the organization is one for which
23 the employee or State annuitant intends to authorize

1 withholding. The forms shall require the name, last 4
2 digits only of the social security number, and employing
3 State agency for each employee. Upon notification by the
4 Comptroller that such forms have been approved, the
5 organization shall, within 30 days, notify in writing the
6 Comptroller or his or her designee of its intention to
7 obtain the required number of designations. Such
8 organization shall have 12 months from that date to obtain
9 the necessary designations and return to the State
10 Comptroller's office the completed designations, which
11 shall be subject to verification procedures established by
12 the State Comptroller;

13 (2) Certify that all benefiting agencies are tax
14 exempt under Section 501(c)(3) of the Internal Revenue
15 Code;

16 (3) Certify that all benefiting agencies are in
17 compliance with the Illinois Human Rights Act;

18 (4) Certify that all benefiting agencies are in
19 compliance with the Charitable Trust Act and the
20 Solicitation for Charity Act;

21 (5) Certify that all benefiting agencies actively
22 conduct health or welfare programs and provide services to
23 individuals directed at one or more of the following
24 common human needs within a community: service, research,
25 and education in the health fields; family and child care
26 services; protective services for children and adults;

1 services for children and adults in foster care; services
2 related to the management and maintenance of the home; day
3 care services for adults; transportation services;
4 information, referral and counseling services; services to
5 eliminate illiteracy; the preparation and delivery of
6 meals; adoption services; emergency shelter care and
7 relief services; disaster relief services; safety
8 services; neighborhood and community organization
9 services; recreation services; social adjustment and
10 rehabilitation services; health support services; or a
11 combination of such services designed to meet the special
12 needs of specific groups, such as children and youth, the
13 ill and infirm, and persons with physical disabilities;
14 and that all such benefiting agencies provide the above
15 described services to individuals and their families in
16 the community and surrounding area in which the
17 organization conducts its fund drive, or that such
18 benefiting agencies provide relief to victims of natural
19 disasters and other emergencies on a where and as needed
20 basis;

21 (6) Certify that the organization has disclosed the
22 percentage of the organization's total collected receipts
23 from employees or State annuitants that are distributed to
24 the benefiting agencies and the percentage of the
25 organization's total collected receipts from employees or
26 State annuitants that are expended for fund-raising and

1 overhead costs. These percentages shall be the same
2 percentage figures annually disclosed by the organization
3 to the Attorney General. The disclosure shall be made to
4 all solicited employees and State annuitants and shall be
5 in the form of a factual statement on all petitions and in
6 the campaign's brochures for employees and State
7 annuitants;

8 (7) Certify that all benefiting agencies receiving
9 funds which the employee or State annuitant has requested
10 or designated for distribution to a particular community
11 and surrounding area use a majority of such funds
12 distributed for services in the actual provision of
13 services in that community and surrounding area;

14 (8) Certify that neither it nor its member
15 organizations will solicit State employees for
16 contributions at their workplace, except pursuant to this
17 Act and the rules promulgated thereunder. Each qualified
18 organization, and each participating United Fund, is
19 encouraged to cooperate with all others and with all State
20 agencies and educational institutions so as to simplify
21 procedures, to resolve differences and to minimize costs;

22 (9) Certify that it will pay its share of the campaign
23 costs and will comply with the Code of Campaign Conduct as
24 approved by the Comptroller or other agency as designated
25 by the Comptroller; and

26 (10) Certify that it maintains a year-round office,

1 the telephone number, and person responsible for the
2 operations of the organization in Illinois. That
3 information shall be provided to the State Comptroller at
4 the time the organization is seeking participation under
5 this Act.

6 Each qualified organization shall submit to the State
7 Comptroller between January 1 and March 1 of each year, a
8 statement that the organization is in compliance with all of
9 the requirements set forth in paragraphs (2) through (10). The
10 State Comptroller shall exclude any organization that fails to
11 submit the statement from the next solicitation period.

12 In order to be designated as a qualified organization, the
13 organization shall have existed at least 2 years prior to
14 submitting the written or electronic designation forms
15 required in paragraph (1) and shall certify to the State
16 Comptroller that such organization has been providing services
17 described in paragraph (5) in Illinois. If the organization
18 seeking designation represents more than one benefiting
19 agency, it need not have existed for 2 years but shall certify
20 to the State Comptroller that each of its benefiting agencies
21 has existed for at least 2 years prior to submitting the
22 written or electronic designation forms required in paragraph
23 (1) and that each has been providing services described in
24 paragraph (5) in Illinois.

25 Organizations which have met the requirements of this Act
26 shall be permitted to participate in the State and

1 Universities Combined Appeal as of January 1st of the year
2 immediately following their approval by the Comptroller.

3 Where the certifications described in paragraphs (2), (3),
4 (4), (5), (6), (7), (8), (9), and (10) above are made by an
5 organization representing more than one benefiting agency they
6 shall be based upon the knowledge and belief of such qualified
7 organization. Any qualified organization shall immediately
8 notify the State Comptroller in writing if the qualified
9 organization receives information or otherwise believes that a
10 benefiting agency is no longer in compliance with the
11 certification of the qualified organization. A qualified
12 organization representing more than one benefiting agency
13 shall thereafter withhold and refrain from distributing to
14 such benefiting agency those funds received pursuant to this
15 Act until the benefiting agency is again in compliance with
16 the qualified organization's certification. The qualified
17 organization shall immediately notify the State Comptroller of
18 the benefiting agency's resumed compliance with the
19 certification, based upon the qualified organization's
20 knowledge and belief, and shall pay over to the benefiting
21 agency those funds previously withheld.

22 In order to qualify, a qualified organization must receive
23 250 deduction pledges from the immediately preceding
24 solicitation period as set forth in Section 6. The Comptroller
25 shall, by February 1st of each year, so notify any qualified
26 organization that failed to receive the minimum deduction

1 requirement. The notification shall give such qualified
2 organization until March 1st to provide the Comptroller with
3 documentation that the minimum deduction requirement has been
4 met. On the basis of all the documentation, the Comptroller
5 shall, by March 15th of each year, make publicly available a
6 list of all organizations which have met the minimum payroll
7 deduction requirement. Only those organizations which have met
8 such requirements, as well as the other requirements of this
9 Section, shall be permitted to solicit State employees or
10 State annuitants for voluntary contributions, and the
11 Comptroller shall discontinue withholding for any such
12 organization which fails to meet these requirements, except
13 qualified organizations that received deduction pledges during
14 the 2004 solicitation period are deemed to be qualified for
15 the 2005 solicitation period.

16 On and after the effective date of this amendatory Act of
17 the 104th General Assembly, a qualified community foundation
18 that has been approved by the Department of Revenue to issue
19 certificates of receipt under the Illinois Gives Tax Credit
20 Act shall automatically be considered a qualified organization
21 without the necessity of complying with the provisions of this
22 subsection (b).

23 (c) "United Fund" means the organization conducting the
24 single, annual, consolidated effort to secure funds for
25 distribution to agencies engaged in charitable and public
26 health, welfare and services purposes, which is commonly known

1 as the United Fund, or the organization which serves in place
2 of the United Fund organization in communities where an
3 organization known as the United Fund is not organized.

4 In order for a United Fund to participate in the State and
5 Universities Employees Combined Appeal, it shall comply with
6 the provisions of paragraph (9) of subsection (b).

7 (d) "State and Universities Employees Combined Appeal",
8 otherwise known as "SECA", means the State-directed joint
9 effort of all of the qualified organizations, together with
10 the United Funds, for the solicitation of voluntary
11 contributions from State and University employees and State
12 annuitants.

13 (e) "Retirement system" means any or all of the following:
14 the General Assembly Retirement System, the State Employees'
15 Retirement System of Illinois, the State Universities
16 Retirement System, the Teachers' Retirement System of the
17 State of Illinois, and the Judges Retirement System.

18 (f) "State annuitant" means a person receiving an annuity
19 or disability benefit under Article 2, 14, 15, 16, or 18 of the
20 Illinois Pension Code.

21 (Source: P.A. 102-291, eff. 8-6-21.)

22 Section 10. The Illinois Gives Tax Credit Act is amended
23 by changing Section 170-10 as follows:

24 (35 ILCS 60/170-10)

1 Sec. 170-10. Tax credit awards; limitations.

2 (a) For taxable years ending on or after December 31, 2025
3 and ending before December 31, 2030, the Department shall
4 award, in accordance with this Act, income tax credits to
5 taxpayers who provide an endowment gift to a permanent
6 endowment fund during the taxable year and receive a
7 certificate of receipt under Section 170-15 for that gift,
8 including, but not limited to, an endowment gift made to a
9 permanent endowment fund under the provisions of the Voluntary
10 Payroll Deductions Act of 1983. Subject to the limitations in
11 this Section, the amount of the credit that may be awarded to a
12 taxpayer by the Department under this Act is an amount equal to
13 25% of the endowment gift. For the purposes of this Section,
14 taxpayers filing a joint return shall be considered one
15 taxpayer.

16 (b) The aggregate amount of all Illinois Gives tax credits
17 awarded by the Department under this Act in any calendar year
18 may not exceed \$5,000,000.

19 (c) The aggregate amount of all Illinois Gives tax credits
20 that the Department may award to any taxpayer under this Act in
21 any calendar year may not exceed \$100,000 for taxpayers who
22 are not spouses filing a joint return or \$200,000 for
23 taxpayers who are spouses filing a joint return.

24 (d) The amount of contributions to any specific qualified
25 community foundation that are eligible for Illinois Gives tax
26 credits under this Section in any calendar year shall not

1 exceed \$3,000,000.

2 (e) Of the annual amount available for tax credits, 25%
3 must be reserved for endowment gifts that do not exceed the
4 small gift maximum set forth in this subsection. The small
5 gift maximum is \$25,000. For purposes of determining if a
6 donation meets the small gift maximum, the amount of the
7 credit authorization certificate under Section 170-15 shall be
8 used.

9 (f) For the purpose of this Section, a credit is
10 considered to be awarded on the date the Department issues an
11 approved contribution authorization certificate under Section
12 170-15.

13 (Source: P.A. 103-592, eff. 6-7-24; 104-6, eff. 6-16-25.)

14 Section 15. The Illinois Income Tax Act is amended by
15 adding Section 246 as follows:

16 (35 ILCS 5/246 new)

17 Sec. 246. Volunteer tax credit.

18 (a) For taxable years beginning on or after January 1,
19 2026 and beginning prior to January 1, 2031, each individual
20 who (i) serves as a volunteer for 100 hours during the taxable
21 year, (ii) does not receive any compensation for his or her
22 services as a volunteer for the taxable year, and (iii) does
23 not serve on a full-time or part-time career basis for the
24 entity for which he or she volunteers may apply to the

1 Department for a credit against the taxes imposed by
2 subsections (a) and (b) of Section 201. The amount of the
3 credit shall be \$500 per eligible individual. The aggregate
4 amount of all tax credits awarded by the Department under this
5 Section in any calendar year may not exceed \$5,000,000.
6 Credits shall be awarded on a first-come, first-served basis.

7 (b) A credit under this Section may not reduce a
8 taxpayer's liability to less than zero.

9 (c) By January 24 of each year, entities that are
10 organized and operated exclusively for charitable, religious,
11 or educational purposes and possess an active Exemption
12 Identification Number issued by the Department pursuant to the
13 Retailers' Occupation Tax Act must notify the Department of
14 volunteers who (i) volunteered for at least 100 hours during
15 the immediately preceding calendar year and (ii) did not
16 receive compensation for their services as a volunteer during
17 the immediately preceding calendar year. Notification shall be
18 submitted in the manner specified by the Department.

19 (d) The Department shall adopt rules to implement and
20 administer this Section, including rules concerning
21 applications for the tax credit.

22 (e) As used in this Section, "volunteer" means a person
23 who serves, other than on a full-time career basis, for an
24 entity that is organized and operated exclusively for
25 charitable, religious, or educational purposes and who possess
26 an active Exemption Identification Number issued by the

1 Department of Revenue pursuant to the Retailers' Occupation
2 Tax Act.

3 Section 20. The Illinois Administrative Procedure Act is
4 amended by adding Section 5-45.70 as follows:

5 (5 ILCS 100/5-45.70 new)

6 Sec. 5-45.70. Emergency rulemaking; Illinois Income Tax
7 Act. To provide for the expeditious and timely implementation
8 of this amendatory Act of the 104th General Assembly,
9 emergency rules implementing Section 246 of the Illinois
10 Income Tax Act may be adopted in accordance with Section 5-45
11 by the Department of Revenue. The adoption of emergency rules
12 authorized by Section 5-45 and this Section is deemed to be
13 necessary for the public interest, safety, and welfare.

14 This Section is repealed one year after the effective date
15 of this amendatory Act of the 104th General Assembly.

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