



## 104TH GENERAL ASSEMBLY

### State of Illinois

2025 and 2026

SB3778

Introduced 2/5/2026, by Sen. Mike Simmons

#### SYNOPSIS AS INTRODUCED:

See Index

Creates the Extremely High Wealth Mark-to-Market Tax Act. Provides that a resident taxpayer with net assets worth \$1,000,000,000 or more on December 31 of a tax year shall recognize gains or losses as if each asset owned by that taxpayer on December 31 of the tax year had been sold for its fair market value on December 31 of the tax year but with adjustment made for taxes paid on gains in previous years. Provides that money collected under the Act, other than for administration and enforcement, shall be deposited into the Community College Tuition Fund. Amends the Public Community College Act. Beginning with the 2028-2029 academic year, prohibits a community college district from charging a student tuition and fees, unless the student is not a resident of this State. Requires the Illinois Community College Board to establish a grant program to fully reimburse community college districts for the loss of tuition and fee revenue. Repeals certain provisions related to community college tuition and fees. Amends the State Finance Act to create the Community College Tuition Fund as a special fund in the State treasury. Makes conforming changes.

LRB104 18100 LNS 31539 b

STATE MANDATES  
ACT MAY REQUIRE  
REIMBURSEMENT

A BILL FOR

1 AN ACT concerning public community colleges.

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  
5 Extremely High Wealth Mark-to-Market Tax Act.

6 Section 5. Definitions. As used in this Act:

7 "Asset", to the extent allowable under the Illinois  
8 Constitution, the United States Constitution, and any other  
9 governing federal law, means:

10 (1) all real or personal property, whether tangible or  
11 intangible and wherever situated, that is:

12 (A) owned by the taxpayer;

13 (B) owned by the taxpayer's spouse, minor  
14 children, or any trust or estate of which the taxpayer  
15 is a beneficiary; or

16 (C) contributed by the taxpayer, or the taxpayer's  
17 spouse, minor children, or any trust or estate of  
18 which the taxpayer is a beneficiary, to any private  
19 foundation, donor advised fund, and any other entity  
20 described in Section 501(c) or Section 527 of the  
21 Internal Revenue Code of which the taxpayer, or the  
22 taxpayer's spouse, minor children, or any trust or  
23 estate of which the taxpayer is a beneficiary, is a

1           substantial contributor (as such term is defined in  
2           Section 4958(c)(3)(B)(i) of the Internal Revenue  
3           Code); and

4           (2) without duplication, all gifts and donations made  
5           within the past 5 years by the taxpayer, or the taxpayer's  
6           spouse, minor children, or any trust or estate of which  
7           the taxpayer is a beneficiary, as if such gifts and  
8           donations were still owned by the taxpayer.

9           "Basis" means the fair market value of an asset on  
10          December 31 of the taxable year immediately preceding the  
11          taxable year in which the gain or loss is calculated under this  
12          Act. If the asset is acquired by the taxpayer during the  
13          taxable year, then the basis shall be the taxpayer's basis in  
14          the asset for the purpose of calculating capital gains under  
15          the federal Internal Revenue Code.

16          "Net assets" means the fair market value of the taxpayer's  
17          assets less the fair market value of the taxpayer's  
18          liabilities and, in appropriate cases as determined by the  
19          Department of Revenue, liabilities of such other persons  
20          described in the definition of "asset" under this Section.

21          "Net income" has the meaning given to that term in Section  
22          202 of the Illinois Income Tax Act.

23          "Phase-in cap amount" means an amount equal to one-fourth  
24          of the worth of a taxpayer's net assets in excess of  
25          \$1,000,000,000 on December 31 of the taxable year for which  
26          gains or losses are calculated under this Act.

1 "Resident taxpayer" means an individual, other than a  
2 nonresident of the State or a part-year resident of the State,  
3 who is subject to the tax imposed under subsections (a) and (b)  
4 of Section 201 of the Illinois Income Tax Act for the taxable  
5 year.

6 "Taxable year" or "tax year" has the meaning ascribed to  
7 the term "taxable year" in Section 1501 of the Illinois Income  
8 Tax Act.

9 Section 10. Tax imposed; tax years ending on or after  
10 December 31, 2027 and ending prior to December 31, 2028.

11 (a) Notwithstanding any other provision of law to the  
12 contrary, for tax years ending on or after December 31, 2027  
13 and ending prior to December 31, 2028, a resident taxpayer  
14 with net assets worth \$1,000,000,000 or more on December 31,  
15 2027 shall recognize gains or losses as if each asset owned by  
16 that taxpayer had been sold for its fair market value on  
17 December 31, 2027. An amount equal to the lesser of (i) the  
18 difference between the total fair market value, on December  
19 31, 2027, of all assets held by the taxpayer on that date and  
20 the combined basis of all assets held by the taxpayer on that  
21 date or (ii) the phase-in cap amount shall be included in the  
22 taxpayer's net income for that tax year for the purpose of  
23 calculating the tax due under the Illinois Income Tax Act.  
24 Proper adjustment shall be made in the amount of any gain or  
25 loss subsequently realized for gains or losses taken into

1 account under this subsection. At the taxpayer's option, the  
2 tax payable as a result of this Section shall either be payable  
3 in one installment or else shall be payable annually in 10  
4 equal installments beginning in the year of the effective date  
5 of this Act and with all such installment payments commencing  
6 after the initial installment payment also being subject to an  
7 annual nondeductible deferral charge of 7.5% annually.

8 (b) For resident taxpayers who would recognize net gains  
9 as a result of this Section except for the operation of this  
10 sentence, if the taxpayer can show that any portion of those  
11 gains was accumulated prior to the taxpayer becoming a  
12 resident taxpayer of Illinois, and if the taxpayer can also  
13 show that a portion of those gains was previously taxed by any  
14 state or jurisdiction in which the taxpayer was a resident  
15 prior to becoming a resident of Illinois, then credit shall be  
16 provided in the amount of the tax on those gains that was paid  
17 to any such prior state or jurisdiction. Any credits so  
18 provided by this subsection, however, shall not exceed the  
19 lesser of the total tax owed under this Section on such gains  
20 and the tax imposed on such gains by such other prior states or  
21 jurisdictions in which the taxpayer was a resident prior to  
22 becoming a resident individual of Illinois.

23 Section 15. Tax imposed; tax years ending on or after  
24 December 31, 2028.

25 (a) For taxable years ending on or after December 31,

1 2028, a resident taxpayer with net assets worth \$1,000,000,000  
2 or more on December 31 of the tax year shall recognize gains or  
3 losses as if each asset owned by that taxpayer on December 31  
4 of the tax year had been sold for its fair market value on  
5 December 31 of the tax year but with adjustment made for taxes  
6 paid on gains in previous years. Any resulting net gains from  
7 these deemed sales, up to the phase-in cap amount, shall be  
8 included in the taxpayer's income for such taxable year.  
9 Proper adjustment shall be made in the amount of any gain or  
10 loss subsequently realized for gain or loss taken into account  
11 under the preceding sentence. To the extent that the losses of  
12 a taxpayer exceed the taxpayer's gains, such net losses shall  
13 not be recognized in such taxable year and shall instead carry  
14 forward indefinitely.

15 (b) For resident taxpayers who would recognize net gains  
16 as a result of this Section except for the operation of this  
17 sentence, if the taxpayer can show that any portion of those  
18 gains was accumulated prior to the taxpayer becoming a  
19 resident taxpayer of Illinois, and if the taxpayer can also  
20 show that a portion of those gains was previously taxed by any  
21 state or jurisdiction in which the taxpayer was a resident  
22 prior to becoming a resident of Illinois, then credit shall be  
23 provided in the amount of the tax on those gains that was paid  
24 to any such prior state or jurisdiction. Any credits so  
25 provided by this subsection, however, shall not exceed the  
26 lesser of the total tax owed under this Section on such gains

1 and the tax imposed on such gains by such other prior states or  
2 jurisdictions in which the taxpayer was a resident prior to  
3 becoming a resident individual of Illinois.

4 Section 20. Fair market value.

5 (a) The fair market value of each asset owned by the  
6 taxpayer shall be the price at which the asset would change  
7 hands between a willing buyer and a willing seller, neither  
8 being under any compulsion to buy or to sell and both having  
9 reasonable knowledge of relevant facts. The value of a  
10 particular asset shall not be the price that a forced sale of  
11 the property would produce. Further, the fair market value of  
12 an asset shall not be its sale price in a market other than a  
13 market in which the item is most commonly sold to the public,  
14 taking into account the location of the item wherever  
15 appropriate. In the case of an asset that is generally  
16 obtained by the public in the retail market, the fair market  
17 value of such an asset shall be the price at which the item or  
18 a comparable item would be sold at retail.

19 (b) For purposes of this Section, any feature of an asset,  
20 such as a poison pill, that was added with the intent, and has  
21 the effect, of reducing the value of the asset shall be  
22 disregarded, and no valuation or other discount shall be taken  
23 into account if it would have the effect of reducing the value  
24 of a pro rata economic interest in an asset below the pro rata  
25 portion of the value of the entire asset.

1 Section 25. Administration.

2 (a) The Department of Revenue shall amend or create tax  
3 forms as necessary for the reporting of gains by assets.  
4 Assets shall be listed with (i) a description of the asset,  
5 (ii) the asset category, (iii) the year the asset was  
6 acquired, (iv) the adjusted Illinois basis of the asset as of  
7 December 31 of the tax year, (v) the fair market value of the  
8 asset as of December 31 of the tax year, and (vi) the amount of  
9 gain that would be taxable under this Act, unless the  
10 Department determines that one or more categories is not  
11 appropriate for a particular type of asset.

12 (b) Asset categories separately listed shall include, but  
13 shall not be limited to, the following:

- 14 (1) stock held in any publicly traded corporation;  
15 (2) stock held in any private C corporation;  
16 (3) stock held in any S corporation;  
17 (4) interests in any private equity or hedge fund  
18 organized as a partnership;  
19 (5) interests in any other partnerships;  
20 (6) interests in any other noncorporate businesses;  
21 (7) bonds and interest-bearing savings accounts, cash,  
22 and deposits;  
23 (8) interests in mutual funds or index funds;  
24 (9) put and call options;  
25 (10) futures contracts;

1           (11) financial assets held offshore reported on IRS  
2 tax form 8938;

3           (12) real property;

4           (13) art and collectibles;

5           (14) pension funds;

6           (15) other assets;

7           (16) debts and liabilities; and

8           (17) assets not owned by the taxpayer but which count  
9 toward the \$1,000,000,000 threshold pursuant to this Act.

10          (c) The Department shall specifically request the filing  
11 of such forms by any resident individual expected to have net  
12 assets in excess of \$1,000,000,000. Such taxpayers shall  
13 include, but not be limited to, taxpayers with an adjusted  
14 gross income summed over the previous 10 years in excess of  
15 \$600,000,000.

16          Section 30. Mark-to-market in other states. If a resident  
17 taxpayer becomes an Illinois resident subsequent to paying tax  
18 to another state as a result of recognizing gain or loss  
19 pursuant to any mark-to-market or deemed-realization regime of  
20 that other state, proper adjustment shall be made in the  
21 amount of any gain or loss subsequently realized for gain or  
22 loss taken into account under such mark-to-market or  
23 deemed-realization regime of that other state for purposes of  
24 computing gain or loss under Section 10 or 15.

1 Section 35. Collection. The Department of Revenue shall  
2 collect the taxes imposed under this Act. Money collected  
3 under this Act, after deducting amounts necessary for  
4 administration and enforcement by the Department, shall be  
5 deposited into the Community College Tuition Fund.

6 Section 90. Rules. The Department of Revenue shall adopt  
7 any rules necessary or appropriate to carry out the purposes  
8 of this Act, including rules to prevent the use of year-end  
9 transfers, related parties, or other arrangements to avoid  
10 this Act's provisions.

11 Section 900. The State Finance Act is amended by adding  
12 Section 5.1038 as follows:

13 (30 ILCS 105/5.1038 new)

14 Sec. 5.1038. The Community College Tuition Fund.

15 Section 905. The Public Community College Act is amended  
16 by changing Sections 2-16.02 and 7-1.1 and by adding Section  
17 6-1.2 as follows:

18 (110 ILCS 805/2-16.02) (from Ch. 122, par. 102-16.02)

19 Sec. 2-16.02. Grants. Any community college district that  
20 maintains a community college recognized by the State Board  
21 shall receive, when eligible, grants enumerated in this

1 Section. Funded semester credit hours or other measures or  
2 both as specified by the State Board shall be used to  
3 distribute grants to community colleges. Funded semester  
4 credit hours shall be defined, for purposes of this Section,  
5 as the greater of (1) the number of semester credit hours, or  
6 equivalent, in all funded instructional categories of students  
7 who have been certified as being in attendance at midterm  
8 during the respective terms of the base fiscal year or (2) the  
9 average of semester credit hours, or equivalent, in all funded  
10 instructional categories of students who have been certified  
11 as being in attendance at midterm during the respective terms  
12 of the base fiscal year and the 2 prior fiscal years. For  
13 purposes of this Section, "base fiscal year" means the fiscal  
14 year 2 years prior to the fiscal year for which the grants are  
15 appropriated. Such students shall have been residents of  
16 Illinois and shall have been enrolled in courses that are part  
17 of instructional program categories approved by the State  
18 Board and that are applicable toward an associate degree or  
19 certificate. Courses that are eligible for reimbursement are  
20 those courses for which the district pays 50% or more of the  
21 program costs from unrestricted revenue sources, with the  
22 exception of dual credit courses and courses offered by  
23 contract with the Department of Corrections in correctional  
24 institutions. For the purposes of this Section, "unrestricted  
25 revenue sources" means those revenues in which the provider of  
26 the revenue imposes no financial limitations upon the district

1 as it relates to the expenditure of the funds. Except for  
2 Fiscal Year 2012, base operating grants shall be paid based on  
3 rates per funded semester credit hour or equivalent calculated  
4 by the State Board for funded instructional categories using  
5 cost of instruction, enrollment, inflation, and other relevant  
6 factors. For Fiscal Year 2012, the allocations for base  
7 operating grants to community college districts shall be the  
8 same as they were in Fiscal Year 2011, reduced or increased  
9 proportionately according to the appropriation for base  
10 operating grants for Fiscal Year 2012.

11 Equalization grants shall be calculated by the State Board  
12 by determining a local revenue factor for each district by:  
13 (A) adding (1) each district's Corporate Personal Property  
14 Replacement Fund allocations from the base fiscal year or the  
15 average of the base fiscal year and prior year, whichever is  
16 less, divided by the applicable statewide average tax rate to  
17 (2) the district's most recently audited year's equalized  
18 assessed valuation or the average of the most recently audited  
19 year and prior year, whichever is less, (B) then dividing by  
20 the district's audited full-time equivalent resident students  
21 for the base fiscal year or the average for the base fiscal  
22 year and the 2 prior fiscal years, whichever is greater, and  
23 (C) then multiplying by the applicable statewide average tax  
24 rate. The State Board shall calculate a statewide weighted  
25 average threshold by applying the same methodology to the  
26 totals of all districts' Corporate Personal Property Tax

1 Replacement Fund allocations, equalized assessed valuations,  
2 and audited full-time equivalent district resident students  
3 and multiplying by the applicable statewide average tax rate.  
4 The difference between the statewide weighted average  
5 threshold and the local revenue factor, multiplied by the  
6 number of full-time equivalent resident students, shall  
7 determine the amount of equalization funding that each  
8 district is eligible to receive. A percentage factor, as  
9 determined by the State Board, may be applied to the statewide  
10 threshold as a method for allocating equalization funding. A  
11 minimum equalization grant of an amount per district as  
12 determined by the State Board shall be established for any  
13 community college district which qualifies for an equalization  
14 grant based upon the preceding criteria, but becomes  
15 ineligible for equalization funding, or would have received a  
16 grant of less than the minimum equalization grant, due to  
17 threshold prorations applied to reduce equalization funding.  
18 As of July 1, 2013, a community college district eligible to  
19 receive an equalization grant based upon the preceding  
20 criteria must maintain a minimum required combined in-district  
21 tuition and universal fee rate per semester credit hour equal  
22 to 70% of the State-average combined rate, as determined by  
23 the State Board, or the total revenue received by the  
24 community college district from combined in-district tuition  
25 and universal fees must be at least 30% of the total revenue  
26 received by the community college district, as determined by

1 the State Board, for equalization funding. As of July 1, 2004,  
2 a community college district must maintain a minimum required  
3 operating tax rate equal to at least 95% of its maximum  
4 authorized tax rate to qualify for equalization funding. This  
5 95% minimum tax rate requirement shall be based upon the  
6 maximum operating tax rate as limited by the Property Tax  
7 Extension Limitation Law.

8 The State Board shall distribute such other grants as may  
9 be authorized or appropriated by the General Assembly. The  
10 State Board may adopt any rules necessary for the purposes of  
11 implementing and distributing funds pursuant to an authorized  
12 or appropriated grant.

13 Each community college district entitled to State grants  
14 under this Section must submit a report of its enrollment to  
15 the State Board not later than 30 days following the end of  
16 each semester or term in a format prescribed by the State  
17 Board. These semester credit hours, or equivalent, shall be  
18 certified by each district on forms provided by the State  
19 Board. Each district's certified semester credit hours, or  
20 equivalent, are subject to audit pursuant to Section 3-22.1.

21 The State Board shall certify, prepare, and submit monthly  
22 vouchers to the State Comptroller setting forth an amount  
23 equal to one-twelfth of the grants approved by the State Board  
24 for base operating grants and equalization grants. The State  
25 Board shall prepare and submit to the State Comptroller  
26 vouchers for payments of other grants as appropriated by the

1 General Assembly. If the amount appropriated for grants is  
2 different from the amount provided for such grants under this  
3 Act, the grants shall be proportionately reduced or increased  
4 accordingly.

5 For the purposes of this Section, "resident student" means  
6 a student in a community college district who maintains  
7 residency in that district or meets other residency  
8 definitions established by the State Board, and who was  
9 enrolled either in one of the approved instructional program  
10 categories in that district, or in another community college  
11 district ~~to which the resident's district is paying tuition~~  
12 ~~under Section 6-2 or with which the resident's district has~~  
13 ~~entered into a cooperative agreement in lieu of such tuition.~~  
14 Students shall be classified as residents of the community  
15 college district without meeting the 30-day residency  
16 requirement of the district if they are currently residing in  
17 the district and are youth (i) who are currently under the  
18 legal guardianship of the Illinois Department of Children and  
19 Family Services or have recently been emancipated from the  
20 Department and (ii) who had previously met the 30-day  
21 residency requirement of the district but who had a placement  
22 change into a new community college district. The student, a  
23 caseworker or other personnel of the Department, or the  
24 student's attorney or guardian ad litem appointed under the  
25 Juvenile Court Act of 1987 shall provide the district with  
26 proof of current in-district residency.

1 For the purposes of this Section, a "full-time equivalent"  
2 student is equal to 30 semester credit hours.

3 The Illinois Community College Board Contracts and Grants  
4 Fund is hereby created in the State Treasury. Items of income  
5 to this fund shall include any grants, awards, endowments, or  
6 like proceeds, and where appropriate, other funds made  
7 available through contracts with governmental, public, and  
8 private agencies or persons. The General Assembly shall from  
9 time to time make appropriations payable from such fund for  
10 the support, improvement, and expenses of the State Board and  
11 Illinois community college districts.

12 (Source: P.A. 103-8, eff. 6-7-23.)

13 (110 ILCS 805/6-1.2 new)

14 Sec. 6-1.2. Free community college; State reimbursement.

15 (a) Beginning with the 2028-2029 academic year, a  
16 community college district is prohibited from charging a  
17 student tuition and fees, unless the student is not a resident  
18 of this State.

19 (b) The State Board shall establish a grant program to  
20 fully reimburse community college districts for the loss of  
21 tuition and fee revenue under subsection (a). Grants shall be  
22 awarded annually beginning with the 2028-2029 academic year.

23 (c) The Community College Tuition Fund is created as a  
24 special fund in the State treasury. Money in the Fund shall be  
25 used, subject to appropriation, by the State Board to award

1 grants under this Section.

2 (110 ILCS 805/7-1.1) (from Ch. 122, par. 107-1.1)

3 Sec. 7-1.1. Additional powers.

4 (a) In addition to other powers and authority now  
5 possessed by it, the board shall have power (1) to lease from  
6 any public building commission created pursuant to the  
7 provisions of the "Public Building Commission Act", approved  
8 July 5, 1955, as now or hereafter amended, any real or personal  
9 property for the purpose of securing office or other space for  
10 its administrative functions or for community college purposes  
11 for a period of time not exceeding 40 years; and (2) to pay for  
12 the use of this leased property in accordance with the terms of  
13 the lease and with the provisions of the "Public Building  
14 Commission Act", approved July 5, 1955, as now or hereafter  
15 amended.

16 Such lease may be entered into without making a previous  
17 appropriation for the expense thereby incurred; provided,  
18 however, that if the board undertakes to pay all or any part of  
19 the costs of operating and maintaining the property of a  
20 public building commission as authorized in this Section, such  
21 expenses of operation and maintenance shall be included in the  
22 annual budget of such board annually during the term of such  
23 undertaking.

24 In addition, the board may undertake, either in the lease  
25 with a public building commission or by separate agreement or

1 contract with a public building commission, to pay all or any  
2 part of the costs of maintaining and operating the property of  
3 a public building commission for any period of time not  
4 exceeding 40 years.

5 (b) In addition, the board shall have power to borrow  
6 money (including, without limitation, in the form of a line of  
7 credit which may vary from time to time as to outstanding  
8 principal amount) from any source, public or private, for the  
9 purpose of refunding or continuing to refund bonds, notes or  
10 other indebtedness when they become due and payable, and to  
11 enter into agreements in connection with such borrowing,  
12 ~~including agreements providing for the issuance of~~  
13 ~~indebtedness to evidence the obligation to repay such~~  
14 ~~borrowing and agreements providing for the pledge of and the~~  
15 ~~granting of a lien on tuition and fees established and~~  
16 ~~collected by the board pursuant to Section 6-4;~~ provided that  
17 the proceeds of any such indebtedness shall be used only to  
18 refund or continue to refund bonds, notes or other  
19 indebtedness initially issued between February 1, 1994 and  
20 March 1, 1994 in an amount not exceeding \$34,000,000, and that  
21 any such indebtedness be repaid within 20 years.

22 (Source: P.A. 89-281, eff. 8-10-95.)

23 (110 ILCS 805/3-45 rep.)

24 (110 ILCS 805/6-1.5 rep.)

25 (110 ILCS 805/6-2 rep.)

1 (110 ILCS 805/6-4 rep.)

2 (110 ILCS 805/6-4a rep.)

3 (110 ILCS 805/6-4.1 rep.)

4 (110 ILCS 805/6-4.2 rep.)

5 Section 910. The Public Community College Act is amended  
6 by repealing Sections 3-45, 6-1.5, 6-2, 6-4, 6-4a, 6-4.1, and  
7 6-4.2.

1 INDEX

2 Statutes amended in order of appearance

3 New Act

4 30 ILCS 105/5.1038 new

5 110 ILCS 805/2-16.02 from Ch. 122, par. 102-16.02

6 110 ILCS 805/6-1.2 new

7 110 ILCS 805/7-1.1 from Ch. 122, par. 107-1.1

8 110 ILCS 805/3-45 rep.

9 110 ILCS 805/6-1.5 rep.

10 110 ILCS 805/6-2 rep.

11 110 ILCS 805/6-4 rep.

12 110 ILCS 805/6-4a rep.

13 110 ILCS 805/6-4.1 rep.

14 110 ILCS 805/6-4.2 rep.