

# HB3407



## 101ST GENERAL ASSEMBLY

### State of Illinois

2019 and 2020

HB3407

by Rep. Karina Villa

#### SYNOPSIS AS INTRODUCED:

35 ILCS 5/229 new

Amends the Illinois Income Tax Act. Provides that a taxpayer who has incurred at least \$20,000 in undergraduate student loan debt and has at least \$5,000 in outstanding undergraduate student loan debt at the time of the application is entitled to a credit as awarded by the Department of Revenue. Provides that Department of Revenue that the amount of the credit shall not exceed \$ 5,000 per taxpayer. Provides that the total amount of credits approved by the Department of Revenue under the provisions of the amendatory Act may not exceed \$5,000,000 in any taxable year. Contains recapture provisions. Effective immediately.

LRB101 08958 HLH 54049 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 5. The Illinois Income Tax Act is amended by adding  
5 Section 229 as follows:

6 (35 ILCS 5/229 new)

7 Sec. 229. Student loan payments.

8 (a) For taxable years beginning on or after January 1,  
9 2019, a qualified taxpayer is entitled to a credit against the  
10 tax imposed by subsections (a) and (b) of Section 201 for the  
11 taxable year in which the Department certifies a tax credit  
12 under this Section.

13 (b) By September 15 of each year, a qualified taxpayer  
14 shall submit an application to the Department for the credit  
15 allowed under this Section. The taxpayer shall submit with the  
16 application an assurance that the he or she will use any credit  
17 approved under this Section for the repayment of his or her  
18 undergraduate student loan debt as soon as practicable. By  
19 December 15 of each year, the Department shall certify to the  
20 individual the amount of any tax credit approved under this  
21 Section, not to exceed \$ 5,000. For any taxable year, the total  
22 amount of credits approved by the Department under this Section  
23 may not exceed \$5,000,000.

1       The total amount of the credit claimed under this Section  
2 shall be recaptured if the individual does not use the credit  
3 amount for the repayment of the individual's undergraduate  
4 student loan debt within 2 years from the close of the taxable  
5 year for which the credit is claimed. If the amount is  
6 recaptured, the individual who claimed the credit shall pay the  
7 total amount of the credit claimed as taxes payable to the  
8 State for the taxable year in which the event requiring  
9 recapture of the credit occurs.

10       The Department shall prioritize tax credit recipients and  
11 amounts based on qualified taxpayers who:

12             (1) have higher debt burden to income ratios;

13             (2) graduated from a public university located in the  
14 State;

15             (3) did not receive a tax credit in a prior year; or

16             (4) were eligible for in-State tuition.

17       (c) In no event shall a credit under this Section reduce  
18 the taxpayer's liability to less than zero. If the amount of  
19 the credit exceeds the tax liability for the year, the excess  
20 may be carried forward and applied to the tax liability of the  
21 5 taxable years following the excess credit year. The tax  
22 credit shall be applied to the earliest year for which there is  
23 a tax liability. If there are credits for more than one year  
24 that are available to offset a liability, the earlier credit  
25 shall be applied first.

26       (e) As used in this Section "qualified taxpayer" means a

1 taxpayer who:

2 (1) has incurred at least \$20,000 in undergraduate  
3 student loan debt; and

4 (2) has at least \$5,000 in outstanding undergraduate  
5 student loan debt when submitting an application under  
6 subsection (b) of this Section.

7 (f) This Section is exempt from the provisions of Section  
8 250.

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