



## 101ST GENERAL ASSEMBLY

### State of Illinois

2019 and 2020

HB4615

Introduced 2/5/2020, by Rep. Robyn Gabel

#### SYNOPSIS AS INTRODUCED:

15 ILCS 505/16.8

30 ILCS 105/5.930 new

35 ILCS 5/917

from Ch. 120, par. 9-917

Amends the State Treasurer Act. Establishes the Illinois Higher Education Savings Program as a part of the College Savings Pool (currently, not a part of the College Savings Pool), subject to appropriation by the General Assembly. Requires the Department of Public Health and the Department of Revenue to provide the State Treasurer with specified information concerning eligible children under the Program. Modifies provisions concerning seed funds, unclaimed seed funds, and incentives and partnerships. Establishes the Illinois Higher Education Savings Program Fund as a special fund in the State treasury (currently, held outside of the State treasury). Allows the State Treasurer to deposit up to \$10,000,000 into the Fund from earnings generated from investment and safekeeping of funds in the State treasury. Amends the Illinois Income Tax Act. Provides that the Director of Revenue may exchange information with the State Treasurer's Office for the purpose of administering the Illinois Higher Education Savings Program. Amends the State Finance Act to provide for the Illinois Higher Education Savings Program Fund. Modifies defined terms. Makes conforming and other changes. Effective immediately.

LRB101 18603 RJF 68058 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 State Treasurer Act is amended by changing  
5 Section 16.8 as follows:

6 (15 ILCS 505/16.8)

7 Sec. 16.8. Illinois Higher Education Savings Program.

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

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

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

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

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

23 "Fund" means the Illinois Higher Education Savings Program

1 Fund.

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

5 "Program" means the Illinois Higher Education Savings  
6 Program.

7 "Qualified higher education expense" means the following:

8 (i) tuition, fees, and the costs of books, supplies, and  
9 equipment required for enrollment or attendance at an eligible  
10 educational institution; (ii) expenses for special needs  
11 services, in the case of a special needs beneficiary, which are  
12 incurred in connection with such enrollment or attendance;  
13 (iii) certain expenses for the purchase of computer or  
14 peripheral equipment, computer software, or Internet access  
15 and related services as defined under Section 529 of the  
16 Internal Revenue Code; ~~and~~ (iv) room and board expenses  
17 incurred while attending an eligible educational institution  
18 at least half-time; (v) expenses for fees, books, supplies, and  
19 equipment required for the participation of a designated  
20 beneficiary in an apprenticeship program registered and  
21 certified with the Secretary of Labor under the National  
22 Apprenticeship Act (29 U.S.C. 50); and (vi) amounts paid as  
23 principal or interest on any qualified education loan of the  
24 designated beneficiary or a sibling of the designated  
25 beneficiary, as allowed under Section 529 of the Internal  
26 Revenue Code.

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

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

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

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

1 child and the full name and residential address of the  
2 child's parent or legal guardian for the purpose of  
3 enrolling eligible children in the Program. This data shall  
4 be provided to the State Treasurer by ~~the Department of~~  
5 ~~Revenue and~~ the Department of Public Health on a quarterly  
6 basis, no later than 30 days after the end of each quarter.

7 (1.5) Beginning in 2022, the Department of Revenue  
8 shall provide the State Treasurer with information on tax  
9 filers claiming dependents or the adoption tax credit  
10 including, but not limited to: the full name, residential  
11 address, email address, phone number, birth date, and  
12 social security number or taxpayer identification number  
13 of the dependent child and of the child's parent or legal  
14 guardian for the purpose of enrolling eligible children in  
15 the Program. This data shall be provided to the State  
16 Treasurer by the Department of Revenue on at least an  
17 annual basis, by July 1 of each year or another date  
18 jointly determined by the State Treasurer and the  
19 Department of Revenue. Notwithstanding anything to the  
20 contrary contained within this paragraph (2), the  
21 Department of Revenue shall not be required to share any  
22 information that would be contrary to federal law,  
23 regulation, or Internal Revenue Service Publication 1075.

24 (2) The State Treasurer shall ensure the security and  
25 confidentiality of the information provided by the  
26 Department of Revenue, the Department of Public Health, or

1 another State or local government agency, and it shall not  
2 be subject to release under the Freedom of Information Act.

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

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

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

23 (1) Deposit amount. The seed fund deposit for each  
24 eligible child shall be in the amount of \$50. This amount  
25 may be increased by the State Treasurer by rule. The State  
26 Treasurer may use or deposit funds appropriated by the

1 General Assembly together with moneys received as gifts,  
2 grants, or contributions into the Fund. If insufficient  
3 funds are available in the Fund, the State Treasurer may  
4 reduce the deposit amount or forego deposits.

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

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

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

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

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

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

1 account for future beneficiaries.

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

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

15 (g) Illinois Higher Education Savings Program Fund. The  
16 Illinois Higher Education Savings Program Fund is hereby  
17 established as a special fund in the State treasury. The Fund  
18 shall be the official repository of all contributions,  
19 appropriated funds ~~appropriations~~, interest, and dividend  
20 payments, gifts, or other financial assets received by the  
21 State Treasurer in connection with the operation of the Program  
22 or related partnerships. All such moneys shall be deposited in  
23 the Fund and held by the State Treasurer as custodian thereof,  
24 ~~outside of the State treasury, separate and apart from all~~  
25 ~~public moneys or funds of this State~~. The State Treasurer may  
26 accept gifts, grants, awards, matching contributions, interest



1 income, and appropriated funds ~~appropriations~~ from  
2 individuals, businesses, governments, and other third-party  
3 sources to implement the Program on terms that the Treasurer  
4 deems advisable. All interest or other earnings accruing or  
5 received on amounts in the Illinois Higher Education Savings  
6 Program Fund shall be credited to and retained by the Fund and  
7 used for the benefit of the Program. Assets of the Fund must at  
8 all times be preserved, invested, and expended only for the  
9 purposes of the Program and must be held for the benefit of the  
10 beneficiaries. Assets may not be transferred or used by the  
11 State or the State Treasurer for any purposes other than the  
12 purposes of the Program. In addition, no moneys, interest, or  
13 other earnings paid into the Fund shall be used, temporarily or  
14 otherwise, for inter-fund borrowing or be otherwise used or  
15 appropriated except as expressly authorized by this Act.  
16 Notwithstanding the requirements of this subsection (g) ~~(f)~~,  
17 amounts in the Fund may be used by the State Treasurer to pay  
18 the administrative costs of the Program.

19 (g-5) Deposits into the Illinois Higher Education Savings  
20 Program Fund. The State Treasurer shall retain and deposit up  
21 to \$10,000,000 into the Fund from earnings generated from  
22 investment and safekeeping of funds in the State treasury if  
23 the prior fiscal year earnings are in excess of \$100,000,000.  
24 After the State Treasurer has retained and deposited a total of  
25 \$100,000,000 into the Fund, no further funds from earnings  
26 generated from investment and safekeeping of funds in the State

1 treasury will be deposited into the Fund.

2 (h) Audits and reports. The State Treasurer shall include  
3 the Illinois Higher Education Savings Program as part of the  
4 audit of the College Savings Pool described in Section 16.5.  
5 The State Treasurer shall annually prepare a report that  
6 includes a summary of the Program operations for the preceding  
7 fiscal year, including the number of children enrolled in the  
8 Program, the total amount of seed fund deposits, and such other  
9 information that is relevant to make a full disclosure of the  
10 operations of the Program and Fund. The report shall be made  
11 available on the Treasurer's website by January 31 each year,  
12 starting in January of 2022. The State Treasurer may include  
13 the Program in other reports as warranted.

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

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

17 Section 10. The State Finance Act is amended by adding  
18 Section 5.930 as follows:

19 (30 ILCS 105/5.930 new)

20 Sec. 5.930. The Illinois Higher Education Savings Program  
21 Fund.

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

1 (35 ILCS 5/917) (from Ch. 120, par. 9-917)

2 Sec. 917. Confidentiality and information sharing.

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

1           (b) Public information. Nothing contained in this Act shall  
2 prevent the Director from publishing or making available to the  
3 public the names and addresses of persons filing returns under  
4 this Act, or from publishing or making available reasonable  
5 statistics concerning the operation of the tax wherein the  
6 contents of returns are grouped into aggregates in such a way  
7 that the information contained in any individual return shall  
8 not be disclosed.

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

1 verifying sources and amounts of income and for other purposes  
2 directly connected with the administration of this Act and Acts  
3 administered by the Department of Employment Security. The  
4 Director may make available to the Illinois Workers'  
5 Compensation Commission information regarding employers for  
6 the purpose of verifying the insurance coverage required under  
7 the Workers' Compensation Act and Workers' Occupational  
8 Diseases Act. The Director may exchange information with the  
9 Illinois Department on Aging for the purpose of verifying  
10 sources and amounts of income for purposes directly related to  
11 confirming eligibility for participation in the programs of  
12 benefits authorized by the Senior Citizens and Persons with  
13 Disabilities Property Tax Relief and Pharmaceutical Assistance  
14 Act. The Director may exchange information with the State  
15 Treasurer's Office and the Department of Employment Security  
16 for the purpose of implementing, administering, and enforcing  
17 the Illinois Secure Choice Savings Program Act. The Director  
18 may exchange information with the State Treasurer's Office for  
19 the purpose of administering the Revised Uniform Unclaimed  
20 Property Act or successor Acts. The Director may exchange  
21 information with the State Treasurer's Office for the purpose  
22 of administering the Illinois Higher Education Savings Program  
23 established under Section 16.8 of the State Treasurer Act.

24 The Director may make available to any State agency,  
25 including the Illinois Supreme Court, which licenses persons to  
26 engage in any occupation, information that a person licensed by

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

26 The Director may make available to any State agency,

1 including the Illinois Supreme Court, units of local  
2 government, and school districts, information regarding  
3 whether a bidder or contractor is an affiliate of a person who  
4 is not collecting and remitting Illinois Use taxes, for the  
5 limited purpose of enforcing bidder and contractor  
6 certifications.

7 The Director may also make available to the Secretary of  
8 State information that a corporation which has been issued a  
9 certificate of incorporation by the Secretary of State has  
10 failed to file returns under this Act or pay the tax, penalty  
11 and interest shown therein, or has failed to pay any final  
12 assessment of tax, penalty or interest due under this Act. An  
13 assessment is final when all proceedings in court for review of  
14 such assessment have terminated or the time for the taking  
15 thereof has expired without such proceedings being instituted.  
16 For taxable years ending on or after December 31, 1987, the  
17 Director may make available to the Director or principal  
18 officer of any Department of the State of Illinois, information  
19 that a person employed by such Department has failed to file  
20 returns under this Act or pay the tax, penalty and interest  
21 shown therein. For purposes of this paragraph, the word  
22 "Department" shall have the same meaning as provided in Section  
23 3 of the State Employees Group Insurance Act of 1971.

24 (d) The Director shall make available for public inspection  
25 in the Department's principal office and for publication, at  
26 cost, administrative decisions issued on or after January 1,

1 1995. These decisions are to be made available in a manner so  
2 that the following taxpayer information is not disclosed:

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

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

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

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

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



1 (Source: P.A. 99-143, eff. 7-27-15; 99-571, eff. 7-15-16;  
2 100-47, eff. 8-11-17; 100-863, eff. 8-14-18.)

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