



102ND GENERAL ASSEMBLY

State of Illinois

2021 and 2022

HB5817

Introduced 11/16/2022, by Rep. Michael J. Zalewski - Norine K. Hammond, Joe Sosnowski, Michael Halpin, Denyse Wang Stoneback, et al.

SYNOPSIS AS INTRODUCED:

New Act
35 ILCS 5/234 new

Creates the Endow Illinois Tax Credit Act. Creates an income tax credit for taxpayers who provide an endowment gift to a permanent endowment fund. Provides that the amount of the credit is an amount equal to 50% of the endowment gift. Sets forth the aggregate amount of the credit. Provides that the Department of Revenue shall administer the credit. Provides that the Department of Revenue shall submit an annual report to the Governor and the General Assembly concerning the activities conducted under the Act during the previous calendar year. Amends the Illinois Income Tax Act to make conforming changes. Effective immediately.

LRB102 29155 HLH 41097 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 1. Short title. This Act may be cited as the Endow
5 Illinois Tax Credit Act.

6 Section 5. Definitions. For the purposes of this Act:

7 "Consumer Price Index" means the index published by the
8 Bureau of Labor Statistics of the United States Department of
9 Labor that measures the average change in prices of goods and
10 services purchased by all urban consumers, United States city
11 average, all items, 1982-84 = 100.

12 "Department" means the Department of Revenue.

13 "Donor advised fund" has the meaning given to that term in
14 subsection (d) of Section 4966 of the Internal Revenue Code of
15 1986.

16 "Endowment gift" means an irrevocable contribution to a
17 permanent endowment fund held by a qualified community
18 foundation.

19 "Permanent endowment fund" means a fund that (i) is held
20 by a qualified community foundation, (ii) provides charitable
21 assistance exclusively for the benefit of residents of the
22 State or projects located in the State, (iii) is intended to
23 exist in perpetuity, (iv) has an annual spending rate based on

1 the foundation spending policy, but not to exceed 7%, and (v)
2 is not a donor advised fund.

3 "Qualified community foundation" means a community
4 foundation or similar publicly supported organization
5 described in Section 170 (b) (1) (A) (vi) of the Internal Revenue
6 Code of 1986 that is organized or operating in this State and
7 that substantially complies with the national standards for
8 U.S. community foundations that are established by the
9 National Council on Foundations, as determined by the
10 Department.

11 Section 10. Tax credit awards.

12 (a) For taxable years ending on or after December 31,
13 2024, the Department shall award income tax credits to
14 taxpayers who provide an endowment gift to a permanent
15 endowment fund. The amount of the credit that may be awarded to
16 a taxpayer by the Department under this Act is an amount equal
17 to 50% of the endowment gift. A taxpayer that is a business
18 entity is not eligible to receive a credit under this Act for
19 the taxable year if the taxpayer's federal adjusted gross
20 income for the previous taxable year exceeds the following:

21 (1) \$10,000,000 if the taxable year for which the
22 credit is sought begins on or after January 1, 2024 and
23 begins prior to January 1, 2025;

24 (2) \$25,000,000 if the taxable year for which the
25 credit is sought begins on or after January 1, 2025 and

1 begins prior to January 1, 2026; or

2 (3) \$50,000,000 if the taxable year for which the
3 credit is sought begins on or after January 1, 2026.

4 (b) No credit may be awarded under this Act for an
5 endowment gift that does not exceed the greater of (i) \$100 or
6 (ii) the minimum contribution amount accepted by the permanent
7 endowment fund by rule or policy of the qualified community
8 foundation.

9 (c) The aggregate amount of all credits awarded by the
10 Department under this Act may not exceed \$10,000,000 in 2024,
11 \$25,000,000 in 2025, or \$50,000,000 in 2026 and each calendar
12 year thereafter. The aggregate amount of all credits that the
13 Department may award to any single taxpayer under this Act in
14 calendar year 2024 may not exceed \$100,000 for single filers
15 or \$200,000 for spouses filing a joint return. In calendar
16 year 2025 and each calendar year thereafter, the aggregate
17 amount of all credits that the Department may award to any
18 single taxpayer under this Act may not exceed the maximum
19 credit amount authorized under this Act for single taxpayers
20 in the immediately preceding calendar year, multiplied by the
21 sum of one plus the percentage increase, if any, in the
22 Consumer Price Index during the 12-month period ending in
23 September of that preceding calendar year and rounded to the
24 nearest \$25,000. The aggregate amount of all credits that the
25 Department may authorize in any calendar year based on
26 endowment gifts to any specific community foundation may not

1 exceed 10% of the aggregate amount of all Endow Illinois
2 credits authorized by the Department under this Act in that
3 calendar year.

4 (d) If the Department receives applications for tax
5 credits in excess of the amount available, then the
6 applications must be prioritized by the date that the
7 Department received them. If the number of applications
8 exceeds the amount of annual tax credits available, then the
9 Department must establish a wait list for the next year's
10 allocation of tax credits, and applications must first be
11 funded in the order listed on that wait list.

12 (e) To the extent possible, the Department shall award
13 credits under this Act in a geographically equitable manner
14 based on the service area and the population served by each
15 qualified community foundation in the State.

16 Section 15. Applications for tax credits.

17 (a) The Department shall develop and make available a
18 standardized application for the allocation of tax credits
19 under this Act.

20 (b) Of the annual amount available for tax credits, 10%
21 must be reserved for endowment gifts that do not exceed the
22 small gift maximum set forth under this subsection. If the
23 entire 10% that is reserved for permanent endowment gifts that
24 do not exceed the small gift maximum is not allocated in any
25 year, then the remaining amount is available in the following

1 years for endowment gifts that do not exceed the small gift
2 maximum established by the Department for the calendar year in
3 which the remaining amount is used. For the calendar year
4 ending on December 31, 2024, the small gift maximum is
5 \$30,000. For subsequent calendar years, the small gift maximum
6 is the small gift maximum for the immediately preceding
7 calendar year, multiplied by the sum of one plus the
8 percentage increase, if any, in the Consumer Price Index
9 during the 12-month period ending in September of that
10 immediately preceding calendar year and rounded to the nearest
11 \$100.

12 (c) The Department shall accept applications during the
13 application period established by the Department by rule.
14 Applications that are properly submitted during the
15 application period shall be processed, and credits shall be
16 awarded, within 90 days after the application is submitted.
17 The Department must make public, by June 1 and by December 1 of
18 each year, the total number of requests for tax credits and the
19 total amount of requested tax credits that have been submitted
20 and awarded during the calendar year.

21 Section 20. Annual report. By January 31 of each year, the
22 Department must submit an annual report to the Governor and
23 the General Assembly concerning the activities conducted under
24 this Act during the previous calendar year. The report must
25 include a detailed listing of tax credits authorized under

1 this Act by the Department.

2 Section 90. The Illinois Income Tax Act is amended by
3 adding Section 234 as follows:

4 (35 ILCS 5/234 new)

5 Sec. 234. The Endow Illinois tax credit.

6 (a) For taxable years ending on or after December 31,
7 2024, each taxpayer for whom a tax credit has been authorized
8 by the Department of Revenue under the Endow Illinois Tax
9 Credit Act is entitled to a credit against the tax imposed
10 under subsections (a) and (b) of Section 201 in an amount equal
11 to the amount authorized under that Act.

12 (b) For partners, shareholders of Subchapter S
13 corporations, and members of limited liability companies, if
14 the liability company is treated as a partnership for purposes
15 of federal and State income taxation, there is allowed a
16 credit under this Section to be determined in accordance with
17 the determination of income and distributive share of income
18 under Sections 702 and 704 and Subchapter S of the Internal
19 Revenue Code.

20 (c) The credit may not be carried back and may not reduce
21 the taxpayer's liability to less than zero. If the amount of
22 the credit exceeds the tax liability for the year, the excess
23 may be carried forward and applied to the tax liability of the
24 5 taxable years following the excess credit year. The tax

1 credit shall be applied to the earliest year for which there is
2 a tax liability. If there are credits for more than one year
3 that are available to offset a liability, the earlier credit
4 shall be applied first.

5 (d) This Section is exempt from the provisions of Section
6 250.

7 Section 99. Effective date. This Act takes effect upon
8 becoming law.