



102ND GENERAL ASSEMBLY

State of Illinois

2021 and 2022

SB4181

Introduced 2/23/2022, by Sen. Jil Tracy

SYNOPSIS AS INTRODUCED:

35 ILCS 5/224
35 ILCS 40/40
35 ILCS 40/65

Amends the Illinois Income Tax Act and the Invest in Kids Act. Provides that the Invest in Kids credit applies permanently (currently, the credit applies for taxable years ending before January 1, 2023). Makes a formatting change to create a first priority group for eligible students who received a scholarship from a scholarship granting organization during the previous school year. Provides that qualified schools may establish a maximum scholarship amount, which may not exceed the necessary costs and fees for attendance at the qualified school. Provides that the qualified school shall notify the scholarship granting organization of its necessary costs and fees as well as any maximum scholarship amount set by the school. Effective immediately.

LRB102 26377 HLH 36584 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 5. The Illinois Income Tax Act is amended by
5 changing Section 224 as follows:

6 (35 ILCS 5/224)

7 Sec. 224. Invest in Kids credit.

8 (a) For taxable years beginning on or after January 1,
9 2018 ~~and ending before January 1, 2023~~, each taxpayer for whom
10 a tax credit has been awarded by the Department under the
11 Invest in Kids Act is entitled to a credit against the tax
12 imposed under subsections (a) and (b) of Section 201 of this
13 Act in an amount equal to the amount awarded under the Invest
14 in Kids Act.

15 (b) For partners, shareholders of subchapter S
16 corporations, and owners of limited liability companies, if
17 the liability company is treated as a partnership for purposes
18 of federal and State income taxation, the credit under this
19 Section shall be determined in accordance with the
20 determination of income and distributive share of income under
21 Sections 702 and 704 and subchapter S of the Internal Revenue
22 Code.

23 (c) The credit may not be carried back and may not reduce

1 the taxpayer's liability to less than zero. If the amount of
2 the credit exceeds the tax liability for the year, the excess
3 may be carried forward and applied to the tax liability of the
4 5 taxable years following the excess credit year. The tax
5 credit shall be applied to the earliest year for which there is
6 a tax liability. If there are credits for more than one year
7 that are available to offset the liability, the earlier credit
8 shall be applied first.

9 (d) A tax credit awarded by the Department under the
10 Invest in Kids Act may not be claimed for any qualified
11 contribution for which the taxpayer claims a federal income
12 tax deduction.

13 (e) This Section is exempt from the provisions of Section
14 250.

15 (Source: P.A. 100-465, eff. 8-31-17.)

16 Section 10. The Invest in Kids Act is amended by changing
17 Sections 40 and 65 as follows:

18 (35 ILCS 40/40)

19 (Section scheduled to be repealed on January 1, 2025)

20 Sec. 40. Scholarship granting organization
21 responsibilities.

22 (a) Before granting a scholarship for an academic year,
23 all scholarship granting organizations shall assess and
24 document each student's eligibility for the academic year.

1 (b) A scholarship granting organization shall grant
2 scholarships only to eligible students.

3 (c) A scholarship granting organization shall allow an
4 eligible student to attend any qualified school of the
5 student's choosing, subject to the availability of funds.

6 (d) In granting scholarships, beginning in the 2022-2023
7 school year and for each school year thereafter, a scholarship
8 granting organization shall give priority to eligible students
9 who received a scholarship from a scholarship granting
10 organization during the previous school year. Second priority
11 shall be given to the following priority groups:

12 (1) (blank); ~~eligible students who received a~~
13 ~~scholarship from a scholarship granting organization~~
14 ~~during the previous school year;~~

15 (2) eligible students who are members of a household
16 whose previous year's total annual income does not exceed
17 185% of the federal poverty level;

18 (3) eligible students who reside within a focus
19 district; and

20 (4) eligible students who are siblings of students
21 currently receiving a scholarship.

22 (d-5) A scholarship granting organization shall begin
23 granting scholarships no later than February 1 preceding the
24 school year for which the scholarship is sought. Each ~~The~~
25 priority group ~~groups~~ identified in subsection (d) of this
26 Section shall be eligible to receive scholarships on a

1 first-come, first-served basis until ~~the~~ April 1 immediately
2 preceding the school year for which the scholarship is sought
3 starting with the first priority group identified in
4 subsection (d) of this Section. Applications for scholarships
5 for eligible students meeting the qualifications of one or
6 more priority groups that are received before April 1 must be
7 either approved or denied within 10 business days after
8 receipt. Beginning April 1, all eligible students shall be
9 eligible to receive scholarships without regard to the
10 priority groups identified in subsection (d) of this Section.

11 (e) Except as provided in subsection (e-5) of this
12 Section, scholarships shall not exceed the lesser of: (i) the
13 statewide average operational expense per student among public
14 schools; ~~or~~ (ii) the necessary costs and fees for attendance
15 at the qualified school; or (iii) the maximum scholarship
16 amount set by the qualified school, if the qualified school
17 chooses to set such an amount, which may not exceed the
18 necessary costs and fees for attendance at the qualified
19 school. The qualified school shall notify the scholarship
20 granting organization of its necessary costs and fees as well
21 as any maximum scholarship amount set by the school.

22 Scholarships shall be prorated as follows:

23 (1) for eligible students whose household income is
24 less than 185% of the federal poverty level, the
25 scholarship shall be 100% of the amount determined
26 pursuant to this subsection (e) and subsection (e-5) of

1 this Section;

2 (2) for eligible students whose household income is
3 185% or more of the federal poverty level but less than
4 250% of the federal poverty level, the average of
5 scholarships shall be 75% of the amount determined
6 pursuant to this subsection (e) and subsection (e-5) of
7 this Section; and

8 (3) for eligible students whose household income is
9 250% or more of the federal poverty level, the average of
10 scholarships shall be 50% of the amount determined
11 pursuant to this subsection (e) and subsection (e-5) of
12 this Section.

13 (e-5) The statewide average operational expense per
14 student among public schools shall be multiplied by the
15 following factors:

16 (1) for students determined eligible to receive
17 services under the federal Individuals with Disabilities
18 Education Act, 2;

19 (2) for students who are English learners, as defined
20 in subsection (d) of Section 14C-2 of the School Code,
21 1.2; and

22 (3) for students who are gifted and talented children,
23 as defined in Section 14A-20 of the School Code, 1.1.

24 (f) A scholarship granting organization shall distribute
25 scholarship payments to the participating school where the
26 student is enrolled.

1 (g) ~~Each~~ For the 2018-2019 school year through the
2 ~~2021-2022 school year,~~ each scholarship granting organization
3 shall expend no less than 75% of the qualified contributions
4 received during the calendar year in which the qualified
5 contributions were received. No more than 25% of the qualified
6 contributions may be carried forward to the following calendar
7 year.

8 (h) (Blank). ~~For the 2022-2023 school year,~~ each
9 ~~scholarship granting organization shall expend all qualified~~
10 ~~contributions received during the calendar year in which the~~
11 ~~qualified contributions were received. No qualified~~
12 ~~contributions may be carried forward to the following calendar~~
13 ~~year.~~

14 (i) A scholarship granting organization shall allow an
15 eligible student to transfer a scholarship during a school
16 year to any other participating school of the custodian's
17 choice. Such scholarships shall be prorated.

18 (j) With the prior approval of the Department, a
19 scholarship granting organization may transfer funds to
20 another scholarship granting organization if additional funds
21 are required to meet scholarship demands at the receiving
22 scholarship granting organization. All transferred funds must
23 be deposited by the receiving scholarship granting
24 organization into its scholarship accounts. All transferred
25 amounts received by any scholarship granting organization must
26 be separately disclosed to the Department.

1 (k) If the approval of a scholarship granting organization
2 is revoked as provided in Section 20 of this Act or the
3 scholarship granting organization is dissolved, all remaining
4 qualified contributions of the scholarship granting
5 organization shall be transferred to another scholarship
6 granting organization. All transferred funds must be deposited
7 by the receiving scholarship granting organization into its
8 scholarship accounts.

9 (l) Scholarship granting organizations shall make
10 reasonable efforts to advertise the availability of
11 scholarships to eligible students.

12 (Source: P.A. 100-465, eff. 8-31-17.)

13 (35 ILCS 40/65)

14 (Section scheduled to be repealed on January 1, 2025)

15 Sec. 65. Credit period; repeal.

16 (a) A taxpayer may take a credit under this Act for tax
17 years beginning on or after January 1, 2018 ~~and ending before~~
18 ~~January 1, 2024. A taxpayer may not take a credit pursuant to~~
19 ~~this Act for tax years beginning on or after January 1, 2024.~~

20 (b) This Act is exempt from the provisions of Section 250
21 of the Illinois Income Tax Act ~~repealed on January 1, 2025.~~

22 (Source: P.A. 102-16, eff. 6-17-21.)

23 Section 99. Effective date. This Act takes effect upon
24 becoming law.