

HB3537



103RD GENERAL ASSEMBLY

State of Illinois

2023 and 2024

HB3537

Introduced 2/17/2023, by Rep. Amy L. Grant

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 for taxable years ending before January 1, 2034 (currently, January 1, 2024). Effective immediately.

LRB103 30930 HLH 57478 b

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
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, 2034 ~~January 1, 2024~~, each
10 taxpayer for whom a tax credit has been awarded by the
11 Department under the Invest in Kids Act is entitled to a credit
12 against the tax imposed under subsections (a) and (b) of
13 Section 201 of this Act in an amount equal to the amount
14 awarded under the Invest 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 (Source: P.A. 102-699, eff. 4-19-22.)

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

16 (35 ILCS 40/40)

17 (Section scheduled to be repealed on January 1, 2025)

18 Sec. 40. Scholarship granting organization
19 responsibilities.

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

23 (b) A scholarship granting organization shall grant
24 scholarships only to eligible students.

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

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

10 (1) (blank);

11 (2) eligible students who are members of a household
12 whose previous year's total annual income does not exceed
13 185% of the federal poverty level;

14 (3) eligible students who reside within a focus
15 district; and

16 (4) eligible students who are siblings of students
17 currently receiving a scholarship.

18 (d-5) A scholarship granting organization shall begin
19 granting scholarships no later than February 1 preceding the
20 school year for which the scholarship is sought. Each priority
21 group identified in subsection (d) of this Section shall be
22 eligible to receive scholarships on a first-come, first-served
23 basis until April 1 immediately preceding the school year for
24 which the scholarship is sought, starting with the first
25 priority group identified in subsection (d) of this Section.
26 Applications for scholarships for eligible students meeting

1 the qualifications of one or more priority groups that are
2 received before April 1 must be either approved or denied
3 within 10 business days after receipt. Beginning April 1, all
4 eligible students shall be eligible to receive scholarships
5 without regard to the priority groups identified in subsection
6 (d) of this Section.

7 (e) Except as provided in subsection (e-5) of this
8 Section, scholarships shall not exceed the lesser of (i) the
9 statewide average operational expense per student among public
10 schools or (ii) the necessary costs and fees for attendance at
11 the qualified school. A qualified school may set a lower
12 maximum scholarship amount for eligible students whose family
13 income falls within paragraphs (2) and (3) of this subsection
14 (e); that amount may not exceed the necessary costs and fees
15 for attendance at the qualified school and is subject to the
16 limitations on average scholarship amounts set forth in
17 paragraphs (2) and (3) of this subsection, as applicable. The
18 qualified school shall notify the scholarship granting
19 organization of its necessary costs and fees as well as any
20 maximum scholarship amount set by the school. Scholarships
21 shall be prorated as follows:

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

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

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

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

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

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

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

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

26 (g) For the 2018-2019 school year through the 2032-2033

1 ~~2022-2023~~ school year, each scholarship granting organization
2 shall expend no less than 75% of the qualified contributions
3 received during the calendar year in which the qualified
4 contributions were received. No more than 25% of the qualified
5 contributions may be carried forward to the following calendar
6 year.

7 (h) For the 2033-2034 ~~2023-2024~~ school year, each
8 scholarship granting organization shall expend all qualified
9 contributions received during the calendar year in which the
10 qualified contributions were received. No qualified
11 contributions may be carried forward to the following calendar
12 year.

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

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

26 (k) If the approval of a scholarship granting organization

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

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

11 (Source: P.A. 102-699, eff. 4-19-22; 102-1059, eff. 6-10-22;
12 revised 8-3-22.)

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, 2034 ~~January 1, 2024~~. A taxpayer may not take a
19 credit pursuant to this Act for tax years beginning on or after
20 January 1, 2034 ~~January 1, 2024~~.

21 (b) This Act is repealed on January 1, 2035 ~~January 1,~~
22 ~~2025~~.

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

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