

HB4691



103RD GENERAL ASSEMBLY

State of Illinois

2023 and 2024

HB4691

Introduced 2/6/2024, by Rep. Tim Ozinga

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, 2035 (currently, January 1, 2024). Effective immediately.

LRB103 36310 HLH 66408 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, 2035 ~~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 taxable years ending before December 31, 2023, for
16 partners, shareholders of subchapter S corporations, and
17 owners of limited liability companies, if the liability
18 company is treated as a partnership for purposes of federal
19 and State income taxation, the credit under this Section shall
20 be determined in accordance with the determination of income
21 and distributive share of income under Sections 702 and 704
22 and subchapter S of the Internal Revenue Code. For taxable
23 years ending on or after December 31, 2023, partners and

1 shareholders of subchapter S corporations are entitled to a
2 credit under this Section as provided in Section 251.

3 (c) The credit may not be carried back and may not reduce
4 the taxpayer's liability to less than zero. If the amount of
5 the credit exceeds the tax liability for the year, the excess
6 may be carried forward and applied to the tax liability of the
7 5 taxable years following the excess credit year. The tax
8 credit shall be applied to the earliest year for which there is
9 a tax liability. If there are credits for more than one year
10 that are available to offset the liability, the earlier credit
11 shall be applied first.

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

16 (Source: P.A. 102-699, eff. 4-19-22; 103-396, eff. 1-1-24.)

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

19 (35 ILCS 40/40)

20 (Section scheduled to be repealed on January 1, 2025)

21 Sec. 40. Scholarship granting organization
22 responsibilities.

23 (a) Before granting a scholarship for an academic year,
24 all scholarship granting organizations shall assess and

1 document each student's eligibility for the academic year.

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

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

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

13 (1) (blank);

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

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

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

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

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

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

25 (1) for eligible students whose household income is
26 less than 185% of the federal poverty level, the

1 scholarship shall be 100% of the amount determined
2 pursuant to this subsection (e) and subsection (e-5) of
3 this Section;

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

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

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

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

21 (2) for students who are English learners, as defined
22 in subsection (d) of Section 14C-2 of the School Code,
23 1.2; and

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

26 (f) A scholarship granting organization shall distribute

1 scholarship payments to the participating school where the
2 student is enrolled.

3 (g) For the 2018-2019 school year through the 2033-2034
4 ~~2022-2023~~ school year, each scholarship granting organization
5 shall expend no less than 75% of the qualified contributions
6 received during the calendar year in which the qualified
7 contributions were received. No more than 25% of the qualified
8 contributions may be carried forward to the following calendar
9 year.

10 (h) For the 2034-2035 ~~2023-2024~~ school year, each
11 scholarship granting organization shall expend all qualified
12 contributions received during the calendar year in which the
13 qualified contributions were received. No qualified
14 contributions may be carried forward to the following calendar
15 year.

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

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

1 amounts received by any scholarship granting organization must
2 be separately disclosed to the Department.

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

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

14 (Source: P.A. 102-699, eff. 4-19-22; 102-1059, eff. 6-10-22;
15 103-154, eff. 6-30-23.)

16 (35 ILCS 40/65)

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

18 Sec. 65. Credit period; repeal.

19 (a) A taxpayer may take a credit under this Act for tax
20 years beginning on or after January 1, 2018 and ending before
21 January 1, 2035 ~~January 1, 2024~~. A taxpayer may not take a
22 credit pursuant to this Act for tax years beginning on or after
23 January 1, 2035 ~~January 1, 2024~~. It is the intent of the
24 General Assembly that the credit under this Act applies
25 continuously for all periods beginning on or after January 1,

1 2018 and ending before January 1, 2035, including, but not
2 limited to, the period from January 1, 2024 through the
3 effective date of this amendatory Act of the 103rd General
4 Assembly.

5 (b) This Act is repealed on January 1, 2036 ~~January 1,~~
6 ~~2025.~~

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

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