



103RD GENERAL ASSEMBLY

State of Illinois

2023 and 2024

HB5614

Introduced 2/9/2024, by Rep. Tim Ozinga

SYNOPSIS AS INTRODUCED:

New Act
35 ILCS 5/541 new

Creates the Students in Need Scholarship Act. Provides that the Department of Revenue shall award income tax credits to taxpayers who make authorized contributions to scholarship granting organizations. Sets forth limitations with respect to the aggregate number of credits awarded by the Department in a calendar year and the amount of credits awarded to an individual taxpayer. Sets forth provisions concerning scholarship granting organizations and requirements for scholarship granting organizations. Specifies which students are eligible for a scholarship. Provides for reporting. Sets forth further provisions concerning administering the scholarship program created by the Act. Amends the Illinois Income Tax Act to make a conforming change. Effective immediately.

LRB103 38737 RJT 68874 b

1 AN ACT concerning finance.

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
5 Students in Need Scholarship Act.

6 Section 5. Definitions. As used in this Act:

7 "Authorized contribution" means the contribution amount
8 that is listed on the contribution authorization certificate
9 issued to the taxpayer.

10 "Board" means the State Board of Education.

11 "Contribution" means a donation made by the taxpayer
12 during the taxable year for providing scholarships as provided
13 in this Act.

14 "Custodian" means, with respect to eligible students, an
15 Illinois resident who is a parent or legal guardian of the
16 eligible student or students.

17 "Department" means the Department of Revenue.

18 "Eligible student" means a child who:

19 (1) is either:

20 (A) a member of a household whose federal adjusted
21 gross income the year before he or she initially
22 receives a scholarship under this program, as
23 determined by the Department, does not exceed 200% of

1 the amount required for the individual to qualify for
2 the federal free or reduced price lunch program;

3 (B) a student with an individualized education
4 program or Section 504 plan under the federal
5 Rehabilitation Act of 1973; or

6 (C) a student who had a sibling, whether by whole
7 blood, half blood, or adoption who was an eligible
8 student under subparagraph (A) or (B);

9 (2) is eligible to attend a public elementary school
10 or high school in Illinois in the semester immediately
11 preceding the semester for which he or she first receives
12 a scholarship or is starting school in Illinois for the
13 first time when he or she first receives a scholarship;
14 and

15 (3) resides in Illinois while receiving a scholarship.

16 "Federal poverty guidelines" means the poverty guidelines
17 updated periodically in the Federal Register by the U.S.
18 Department of Health and Human Services under the authority of
19 42 U.S.C. 9902(2).

20 "Family member" means a parent, child, or sibling, whether
21 by whole blood, half blood, or adoption; spouse; or stepchild

22 "Focus district" means a school district which has a
23 school that is either (i) a school that has one or more
24 subgroups in which the average student performance is at or
25 below the State average for the lowest 10% of student
26 performance in that subgroup or (ii) a school with an average

1 graduation rate of less than 60% and not identified for
2 priority.

3 "Necessary costs and fees" includes the customary charge
4 for instruction and use of facilities in general and the
5 additional fixed fees charged for specified purposes that are
6 required generally of non-scholarship recipients for each
7 academic period for which the scholarship applicant actually
8 enrolls, including costs associated with student assessments,
9 but does not include fees payable only once and other
10 contingent deposits that are refundable in whole or in part.
11 The Board may prescribe, by rules consistent with this Act,
12 detailed provisions concerning the computation of necessary
13 costs and fees.

14 "Scholarship granting organization" means an entity that:

15 (1) is exempt from taxation under Section 501(c)(3) of
16 the Internal Revenue Code;

17 (2) uses at least 95% of the qualified contributions
18 received during a taxable year for scholarships;

19 (3) provides scholarships to students according to the
20 guidelines of this Act;

21 (4) deposits and holds qualified contributions and any
22 income derived from qualified contributions in an account
23 that is separate from the organization's operating fund or
24 other funds until such qualified contributions or income
25 are withdrawn for use; and

26 (5) is approved to issue certificates of receipt.

1 "Qualified contribution" means the authorized contribution
2 made by a taxpayer to a scholarship granting organization for
3 which the taxpayer has received a certificate of receipt from
4 such organization.

5 "Qualified school" means a non-public school located in
6 Illinois and recognized by the Board pursuant to Section
7 2-3.250 of the School Code.

8 "Scholarship" means an educational scholarship awarded to
9 an eligible student to attend a qualified school of their
10 custodians' choice in an amount not exceeding the necessary
11 costs and fees to attend that school.

12 "Taxpayer" means any individual, corporation, partnership,
13 trust, or other entity subject to the Illinois income tax. For
14 the purposes of this Act, 2 individuals filing a joint return
15 shall be considered one taxpayer.

16 Section 10. Credit awards.

17 (a) The Department shall award credits against the tax
18 imposed under subsections (a) and (b) of Section 201 of the
19 Illinois Income Tax Act to taxpayers who make qualified
20 contributions.

21 (b) Contributions made by corporations, including
22 Subchapter S corporations, partnerships, and trusts under this
23 Act may not be directed to a particular subset of schools, a
24 particular school, a particular group of students, or a
25 particular student. Contributions made by individuals under

1 this Act may be directed to a particular subset of schools or a
2 particular school but may not be directed to a particular
3 group of students or a particular student.

4 (c) No credit shall be taken under this Act for any
5 qualified contribution for which the taxpayer claims a federal
6 income tax deduction.

7 (d) Credits shall be awarded in a manner, as determined by
8 the Department, that is geographically proportionate to
9 enrollment in recognized non-public schools in Illinois. If
10 the cap on the aggregate credits that may be awarded by the
11 Department is not reached by June 1 of a given year, the
12 Department shall award remaining credits on a first-come,
13 first-served basis, without regard to the limitation of this
14 subsection.

15 Section 15. Approval to issue certificates of receipt.

16 (a) A scholarship granting organization shall submit an
17 application for approval to issue certificates of receipt in
18 the form and manner prescribed by the Department, provided
19 that each application shall include:

20 (1) documentary evidence that the scholarship granting
21 organization has been granted an exemption from taxation
22 under Section 501(c)(3) of the Internal Revenue Code;

23 (2) certification that all qualified contributions and
24 any income derived from qualified contributions are
25 deposited and held in an account that is separate from the

1 scholarship granting organization's operating or other
2 funds until such qualified contributions or income are
3 withdrawn for use;

4 (3) certification that the scholarship granting
5 organization will use at least 95% of its annual revenue
6 from qualified contributions for scholarships;

7 (4) certification that the scholarship granting
8 organization will provide scholarships to eligible
9 students;

10 (5) a list of the names and addresses of all members of
11 the governing board of the scholarship granting
12 organization; and

13 (6) a copy of the most recent financial audit of the
14 scholarship granting organization's accounts and records
15 conducted by an independent certified public accountant in
16 accordance with auditing standards generally accepted in
17 the United States, government auditing standards, and
18 rules adopted by the Department.

19 (b) A scholarship granting organization whose owner or
20 operator in the last 7 years has filed for personal bankruptcy
21 or corporate bankruptcy in a corporation of which he or she
22 owned more than 20% shall not be eligible to provide
23 scholarships.

24 (c) A scholarship granting organization must not have an
25 owner or operator who owns or operates a qualified school or
26 has a family member who is a paid staff or board member of a

1 participating qualified school.

2 (d) A scholarship granting organization shall comply with
3 the anti-discrimination provisions of 42 U.S.C. 2000d.

4 (e) The Department shall review and either approve or deny
5 each application to issue certificates of receipt pursuant to
6 this Act. Approval or denial of an application shall be made on
7 a periodic basis. Applicants shall be notified of the
8 Department's determination within 30 business days after the
9 application is received.

10 (f) No scholarship granting organization shall issue any
11 certificates of receipt without first being approved to issue
12 certificates of receipt.

13 Section 20. Annual review.

14 (a) Each scholarship granting organization that receives
15 approval to issue certificates of receipt shall file an
16 application for recertification on an annual basis. Such
17 application for recertification shall be in the form and
18 manner prescribed by the Department and shall include:

19 (1) certification from the Director or Chief Executive
20 Officer of the organization that the organization has
21 complied with and continues to comply with the
22 requirements of this Act, including evidence of that
23 compliance; and

24 (2) a copy of the organization's current financial
25 statements.

1 (b) The Department may revoke the approval of a
2 scholarship granting organization to issue certificates of
3 receipt upon a finding that the organization has violated this
4 Act or any rules adopted under this Act. These violations
5 shall include, but need not be limited to, any of the
6 following:

7 (1) failure to meet the requirements of this Act;

8 (2) failure to maintain full and adequate records with
9 respect to the receipt of qualified contributions;

10 (3) failure to supply such records to the Department;

11 or

12 (4) failure to provide notice to the Department of the
13 issuance of certificates of receipt pursuant to Section 35
14 of this Act.

15 (c) Within 5 days after the determination to revoke
16 approval, the Department shall provide notice of the
17 determination to the scholarship granting organization and
18 information regarding the process to request a hearing to
19 appeal the determination.

20 Section 25. Contribution authorization certificates.

21 (a) A taxpayer shall not be allowed a credit pursuant to
22 this Act for any contribution to a scholarship granting
23 organization that was made prior to the Department's issuance
24 of a contribution authorization certificate for such
25 contribution to the taxpayer.

1 (b) Prior to making a contribution to a scholarship
2 granting organization, the taxpayer shall apply to the
3 Department for a contribution authorization certificate.

4 (c) A taxpayer who makes more than one contribution to a
5 scholarship granting organization must make a separate
6 application for each such contribution authorization
7 certificate. The application shall be in the form and manner
8 prescribed by the Department, provided that the application
9 includes:

10 (1) the taxpayer's name and address;

11 (2) the amount the taxpayer will contribute; and

12 (3) any other information the Department deems
13 necessary.

14 (d) The Department may allow taxpayers to make multiple
15 applications on the same form, provided that each application
16 shall be treated as a separate application.

17 (e) The Department shall issue credit authorization
18 certificates on a first-come, first-served basis based upon
19 the date that the Department received the taxpayer's
20 application for the certificate subject to the provisions of
21 subsection (e) of Section 10 of this Act.

22 (f) A taxpayer's aggregate authorized contribution amount
23 as listed on one or more authorized contribution certificates
24 issued to the taxpayer shall not exceed the aggregate of the
25 amounts listed on the taxpayer's applications submitted in
26 accordance with this Section.

1 (g) Each contribution authorization certificate shall
2 state: (1) the date such certificate was issued; (2) the date
3 by which the authorized contributions listed in the
4 certificate must be made, which shall be 60 days from the date
5 of the issuance of a credit authorization certificate; (3) the
6 total amount of authorized contributions; and (4) any other
7 information the Department deems necessary.

8 (h) Credit authorization certificates shall be mailed to
9 the appropriate taxpayers within 3 business days after their
10 issuance.

11 (i) A taxpayer may rescind all or part of an authorized
12 contribution approved under this Act by providing written
13 notice to the Department. Amounts rescinded shall no longer be
14 deducted from the cap prescribed in Section 10 of this Act.

15 (j) The Department shall maintain on its website a running
16 total of the amount of credits for which taxpayers may make
17 applications for contribution authorization certification. The
18 running total shall be updated every business day.

19 Section 30. Certificates of receipt.

20 (a) No scholarship granting organization shall issue a
21 certificate of receipt for any qualified contribution made by
22 a taxpayer under this Act unless that scholarship granting
23 organization has been approved to issue certificates of
24 receipt pursuant to Section 15 of this Act.

25 (b) No scholarship granting organization shall issue a

1 certificate of receipt for a contribution made by a taxpayer
2 unless the taxpayer has been issued a credit authorization
3 certificate by the Department.

4 (c) If a taxpayer makes a contribution to a scholarship
5 granting organization prior to the date by which the
6 authorized contribution shall be made, the scholarship
7 granting organization shall, within 30 days of receipt of the
8 authorized contribution, issue to the taxpayer a written
9 certificate of receipt.

10 (d) If a taxpayer fails to make all or a portion of a
11 contribution prior to the date by which such authorized
12 contribution is required to be made, the taxpayer shall not be
13 entitled to a certificate of receipt for that portion of the
14 authorized contribution not made.

15 (e) Each certificate of receipt shall state:

16 (1) the name and address of the issuing scholarship
17 granting organization;

18 (2) the taxpayer's name and address;

19 (3) the date for each qualified contribution;

20 (4) the amount of each qualified contribution;

21 (5) the total qualified contribution amount; and

22 (6) any other information that the Department may deem
23 necessary.

24 (f) Upon the issuance of a certificate of receipt, the
25 issuing scholarship granting organization shall, within 10
26 days after issuing the certificate of receipt, provide the

1 Department with notification of the issuance of such
2 certificate in the form and manner prescribed by the
3 Department, provided that such notification shall include:

4 (1) the taxpayer's name and address;

5 (2) the date of the issuance of a certificate of
6 receipt;

7 (3) the qualified contribution date or dates and the
8 amounts contributed on such dates;

9 (4) the total qualified contribution listed on such
10 certificates;

11 (5) the issuing scholarship granting organization's
12 name and address; and

13 (6) any other information the Department may deem
14 necessary.

15 (g) Any portion of a contribution that a taxpayer fails to
16 make by the date indicated on the authorized contribution
17 certificate shall no longer be deducted from the cap
18 prescribed in Section 10 of this Act.

19 Section 35. Reports.

20 (a) Within 180 days after the end of its fiscal year, each
21 scholarship granting organization must provide to the
22 Department a copy of a financial audit of its accounts and
23 records conducted by an independent certified public
24 accountant in accordance with auditing standards generally
25 accepted in the United States, government auditing standards,

1 and rules adopted by the Department. The audit must include a
2 report on financial statements presented in accordance with
3 generally accepted accounting principles. The audit must
4 include evidence that no less than 95% of qualified
5 contributions received were used to provide scholarships to
6 eligible students. The Department shall review all audits
7 submitted pursuant to this subsection. The Department shall
8 request any significant items that were omitted in violation
9 of a rule adopted by the Department. The items must be provided
10 within 45 days after the date of request. If a scholarship
11 granting organization does not comply with the Department's
12 request, the Department may revoke the scholarship granting
13 organization's ability to issue certificates of receipt.

14 (b) A scholarship granting organization that is approved
15 to receive qualified contributions shall report to the
16 Department, on a form prescribed by the Department, by January
17 31 of each calendar year. The report shall include:

18 (1) the total number of certificates of receipt issued
19 during the immediately preceding calendar year;

20 (2) the total dollar amount of qualified contributions
21 received, as set forth in the certificates of receipt
22 issued during the immediately preceding calendar year;

23 (3) the total number of eligible students utilizing
24 scholarships for the immediately preceding calendar year
25 and the school year in progress and the total dollar value
26 of the scholarships;

1 (4) the name and address of each qualified school for
2 which scholarships using qualified contributions were
3 issued during the immediately preceding calendar year,
4 detailing the number, grade, race, gender, income level,
5 and residency by zip code of eligible students and the
6 total dollar value of scholarships being utilized at each
7 qualified school by priority group, as identified in
8 subsection (d) of Section 40 of this Act; and

9 (5) any additional information requested by the
10 Department.

11 (c) On or before the last day of March for each calendar
12 year, for the immediately preceding calendar year, the
13 Department shall submit a written report to the Governor, the
14 President of the Senate, the Speaker of the House of
15 Representatives, the Minority Leader of the Senate, and the
16 Minority Leader of the House of Representatives regarding this
17 Act. The report shall include, but not be limited to, the
18 following information:

19 (1) the names and addresses of all scholarship
20 granting organizations approved to issue certificates of
21 receipt;

22 (2) the number and aggregate total of certificates of
23 receipt issued by each scholarship granting organization;
24 and

25 (3) the information reported to the Department
26 required by subsection (b) of this Section.

1 (d) The sharing and reporting of student data under this
2 Section must be in accordance with the requirements of the
3 Family Educational Rights and Privacy Act and the Illinois
4 School Student Records Act. All parties must preserve the
5 confidentiality of such information as required by law. Data
6 reported by the Department under subsection (c) of this
7 Section must not disaggregate data to a level that will
8 disclose demographic data of individual students.

9
10 Section 40. Scholarship granting organization
11 responsibilities.

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

15 (b) A scholarship granting organization shall grant
16 scholarships only to eligible students.

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

20 (d) In granting scholarships, beginning in the 2024-2025
21 school year and for each school year thereafter, a scholarship
22 granting organization shall give priority to eligible students
23 who received a scholarship from a scholarship granting
24 organization during the previous school year. Second priority
25 shall be given to the following priority groups:

1 (1) eligible students who are members of a household
2 whose previous year's total annual income does not exceed
3 185% of the federal poverty guidelines;

4 (2) eligible students who reside within a focus
5 district; and

6 (3) eligible students who are siblings of students
7 currently receiving a scholarship.

8 (e) A scholarship granting organization shall begin
9 granting scholarships no later than February 1 preceding the
10 school year for which the scholarship is sought. Each priority
11 group identified in subsection (d) of this Section shall be
12 eligible to receive scholarships on a first-come, first-served
13 basis until April 1 immediately preceding the school year for
14 which the scholarship is sought, starting with the first
15 priority group identified in subsection (d) of this Section.
16 Applications for scholarships for eligible students meeting
17 the qualifications of one or more priority groups that are
18 received before April 1 must be either approved or denied
19 within 10 business days after receipt. Beginning April 1, all
20 eligible students shall be eligible to receive scholarships
21 without regard to the priority groups identified in subsection
22 (d) of this Section.

23 (f) Except as provided in subsection (g) of this Section,
24 scholarships shall not exceed the lesser of (i) the statewide
25 average operational expense per student among public schools
26 or (ii) the necessary costs and fees for attendance at the

1 qualified school. A qualified school may set a lower maximum
2 scholarship amount for eligible students whose family income
3 falls within paragraphs (2) and (3) of this subsection (f);
4 that amount may not exceed the necessary costs and fees for
5 attendance at the qualified school and is subject to the
6 limitations on average scholarship amounts set forth in
7 paragraphs (2) and (3) of this subsection, as applicable. The
8 qualified school shall notify the scholarship granting
9 organization of its necessary costs and fees as well as any
10 maximum scholarship amount set by the school. Scholarships
11 shall be prorated as follows:

12 (1) for eligible students whose household income is
13 less than 185% of the federal poverty guidelines, the
14 scholarship shall be 100% of the amount determined
15 pursuant to this subsection (f) and subsection (g) of this
16 Section;

17 (2) for eligible students whose household income is
18 185% or more of the federal poverty guidelines but less
19 than 200% of the federal poverty guidelines, the average
20 of scholarships shall be 75% of the amount determined
21 pursuant to this subsection (f) and subsection (g) of this
22 Section.

23 (g) The statewide average operational expense per student
24 among public schools shall be multiplied by the following
25 factors:

26 (1) for students determined eligible to receive

1 services under the federal Individuals with Disabilities
2 Education Act, 2;

3 (2) for students who are English learners, as defined
4 in subsection (d) of Section 14C-2 of the School Code,
5 1.2; and

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

8 (h) A scholarship granting organization shall distribute
9 scholarship payments to the participating school where the
10 student is enrolled.

11 (i) For the 2024-2025 school year and each school year
12 thereafter, each scholarship granting organization shall
13 expend all qualified contributions received during the
14 calendar year in which the qualified contributions were
15 received. No qualified contributions may be carried forward to
16 the following calendar year.

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

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

1 organization into its scholarship accounts. All transferred
2 amounts received by any scholarship granting organization must
3 be separately disclosed to the Department.

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

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

15 Section 45. State Board responsibilities.

16 (a) Students who have been granted a scholarship under
17 this Act shall be annually assessed at the qualified school
18 where the student attends school in the same manner in which
19 students that attend public schools are annually assessed
20 pursuant to Section 2-3.64a-5 of the School Code. Such
21 qualified school shall pay costs associated with this
22 requirement.

23 (b) The Board shall select an independent research
24 organization, which may be a public or private entity or
25 university, to which participating qualified schools must

1 report the scores of students who are receiving scholarships
2 and are assessed pursuant to subsection (a) of this Section.
3 Costs associated with the independent research organization
4 shall be paid by the scholarship granting organizations on a
5 per-pupil basis or by gifts, grants, or donations received by
6 the Board under subsection (d) of this Section, as determined
7 by the Board. The independent research organization must
8 annually report to the Board on the year-to-year learning
9 gains of students receiving scholarships on a statewide basis.
10 The report shall also include, to the extent possible, a
11 comparison of these learning gains to the statewide learning
12 gains of public school students with socioeconomic backgrounds
13 similar to those of students receiving scholarships. The
14 annual report shall be delivered to the Board and published on
15 its website.

16 (c) Beginning within 120 days after the Board first
17 receives the annual report by the independent research
18 organization as provided in subsection (b) of this Section and
19 on an annual basis thereafter, the Board shall submit a
20 written report to the Governor, the President of the Senate,
21 the Speaker of the House of Representatives, the Minority
22 Leader of the Senate, and the Minority Leader of the House of
23 Representatives regarding this Act. Such report shall include
24 an evaluation of the academic performance of students
25 receiving scholarships and recommendations for improving
26 student performance.

1 (d) Subject to the State Officials and Employees Ethics
2 Act, the Board may receive and expend gifts, grants, and
3 donations of any kind from any public or private entity to
4 carry out the purposes of this Section, subject to the terms
5 and conditions under which the gifts are given, provided that
6 all such terms and conditions are permissible under law.

7 (e) The sharing and reporting of student learning gain
8 data under this Section must be in accordance with
9 requirements of the Family Educational Rights and Privacy Act
10 and the Illinois School Student Records Act. All parties must
11 preserve the confidentiality of such information as required
12 by law. The annual report must not disaggregate data to a level
13 that will disclose the academic level of individual students.

14 Section 50. Qualified school responsibilities. A qualified
15 school that accepts scholarship students must do all of the
16 following:

17 (1) provide to a scholarship granting organization, upon
18 request, all documentation required for the student's
19 participation, including the non-public school's cost and
20 student's fee schedules;

21 (2) be academically accountable to the custodian for
22 meeting the educational needs of the student by:

23 (A) at a minimum, annually providing to the custodian
24 a written explanation of the student's progress; and

25 (B) annually administering assessments required by

1 subsection (a) of Section 45 of this Act in the same manner
2 in which they are administered at public schools pursuant
3 to Section 2-3.64a-5 of the School Code; the Board shall
4 bill participating qualified schools for all costs
5 associated with administering assessments required by this
6 paragraph; the participating qualified schools shall
7 ensure that all test security and assessment
8 administration procedures are followed; participating
9 qualified schools must report individual student scores to
10 the custodians of the students; the independent research
11 organization described in subsection (b) of Section 45 of
12 this Act shall be provided all student score data in a
13 secure manner by the participating qualified school.

14 The inability of a qualified school to meet the
15 requirements of this Section shall constitute a basis for the
16 ineligibility of the qualified school to participate in the
17 scholarship program as determined by the Board.

18 Section 55. Custodian and student responsibilities.

19 (a) The custodian must select a qualified school and apply
20 for the admission of his or her child.

21 (b) The custodian shall ensure that the student
22 participating in the scholarship program takes the assessment
23 required by subsection (a) of Section 45 of this Act.

24 (c) Each custodian and each student has an obligation to
25 comply with the qualified school's published policies.

1 (d) The custodian shall authorize the scholarship granting
2 organization to access information needed for income
3 eligibility determinations.

4 Section 60. Recordkeeping; rulemaking; violations.

5 (a) Each taxpayer shall, for each taxable year for which
6 the tax credit provided for under this Act is claimed,
7 maintain records of the following information: (i)
8 contribution authorization certificates obtained under Section
9 25 of this Act and (ii) certificates of receipt obtained under
10 Section 30 of this Act.

11 (b) The Board and the Department may adopt rules
12 consistent with and necessary for the implementation of this
13 Act.

14 (c) Violations of State laws or rules and complaints
15 relating to program participation shall be referred to the
16 Attorney General.

17 Section 65. Credit period. A taxpayer may take a credit
18 under this Act for tax years beginning on or after January 1,
19 2024.

20 Section 900. The Illinois Income Tax Act is amended by
21 adding Section 541 as follows:

22 (35 ILCS 5/541 new)

1 Sec. 541. Students in Need Scholarship Act credit.

2 (a) For taxable years beginning on or after January 1,
3 2024, each taxpayer for whom a tax credit has been awarded by
4 the Department under the Students in Need Scholarship Act is
5 entitled to a credit against the tax imposed under subsections
6 (a) and (b) of Section 201 of this Act in an amount equal to
7 the amount awarded under the Students in Need Scholarship Act.

8 (b) For taxable years ending before December 31, 2023, for
9 partners, shareholders of subchapter S corporations, and
10 owners of limited liability companies, if the liability
11 company is treated as a partnership for purposes of federal
12 and State income taxation, the credit under this Section shall
13 be determined in accordance with the determination of income
14 and distributive share of income under Sections 702 and 704
15 and subchapter S of the Internal Revenue Code.

16 (c) The credit may not be carried back and may not reduce
17 the taxpayer's liability to less than zero. If the amount of
18 the credit exceeds the tax liability for the year, the excess
19 may be carried forward and applied to the tax liability of the
20 5 taxable years following the excess credit year. The tax
21 credit shall be applied to the earliest year for which there is
22 a tax liability. If there are credits for more than one year
23 that are available to offset the liability, the earlier credit
24 shall be applied first.

25 (d) A tax credit awarded by the Department under the
26 Students in Need Scholarship Act may not be claimed for any

1 qualified contribution for which the taxpayer claims a federal
2 income tax deduction.

3 Section 995. Inseverability. The provisions of this Act
4 are mutually dependent and inseverable. If any provision is
5 held invalid other than as applied to a particular person or
6 circumstance, then this entire Act is invalid.

7 Section 997. Saving clause. Any repeal or amendment made
8 by this Act shall not affect or impair any of the following:
9 suits pending or rights existing at the time this Act takes
10 effect; any grant or conveyance made or right acquired or
11 cause of action now existing under any Section, Article, or
12 Act repealed or amended by this Act; the validity of any bonds
13 or other obligations issued or sold and constituting valid
14 obligations of the issuing authority at the time this Act
15 takes effect; the validity of any contract; the validity of
16 any tax levied under any law in effect prior to the effective
17 date of this Act; or any offense committed, act done, penalty,
18 punishment, or forfeiture incurred or any claim, right, power,
19 or remedy accrued under any law in effect prior to the
20 effective date of this Act.

21 Section 999. Effective date. This Act takes effect upon
22 becoming law.