HB4714

LRB09615627HLH30858b

96TH GENERAL ASSEMBLY

State of Illinois

2009 and 2010

HB4714

Introduced 1/4/2010, by Rep. Robert W. Pritchard

SYNOPSIS AS INTRODUCED:

New Act
35 ILCS 5/219 new

Creates the Endow Illinois Tax Credit Act and amends the Illinois Income Tax Act. Requires the Department of Revenue to authorize an income tax credit to taxpayers who provide an endowment gift to a permanent endowment fund. Sets forth procedures and criteria for authorizing the credits. Provides that the aggregate amount of all credits that the Department may authorize may not exceed $50,000,000 in 2010, $75,000,000 in 2011, or $100,000,000 in 2012 and each calendar year thereafter. Provides conditions for eligibility. Requires the Department to make an annual report concerning the credits. Provides that the credit may be carried forward for 3 years. Exempts the credit from the Act's sunset provisions. Effective immediately.

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FISCAL NOTE ACT
MAY APPLY

A BILL FOR

AN ACT concerning revenue.

Be it enacted by the People of the State of Illinois, represented in the General Assembly:

Section 1. Short title. This Act may be cited as the Endow Illinois Tax Credit Act.

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

"Department" means the Department of Revenue.

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

"Permanent endowment fund" means a fund that (i) is held by a qualified community foundation to provide benefit to charitable causes in the State, (ii) is intended to exist in perpetuity, and (iii) has an annual spend rate based on the foundation spending policy.

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

Section 10. Tax credit awards.

(a) The Department shall authorize an income tax credit to taxpayers who provide an endowment gift to a permanent endowment fund. The amount of the credit that may be authorized to a taxpayer by the Department under this Act is an amount equal to 50% of the endowment gift, but may not exceed $125,000. A taxpayer that is a business entity is not eligible to receive a credit under this Act for the taxable year if the taxpayer's gross business receipts exceed $30,000,000 for taxable years ending in 2010, $40,000,000 for taxable years ending in 2011, or $50,000,000 for taxable years ending in 2012 or thereafter.

(b) The aggregate amount of all credits that the Department may authorize under this Act may not exceed $50,000,000 in 2010, $75,000,000 in 2011, or $100,000,000 in 2012 and each calendar year thereafter. The aggregate amount of all credits that the Department may authorize to any single taxpayer in a calendar year may not exceed 5% of the aggregate amount of all credits authorized by the Department in that calendar year. The aggregate amount of all credits that the Department may authorize in any calendar year based on endowment gifts to any specific permanent endowment fund may not exceed 25% of aggregate credits authorized for that year.

(c) If the Department receives applications for tax credit in excess of the amount available, then the applications must be prioritized by the date that the Department received them.

If the number of applications exceeds the amount of annual tax credits available, then the Department must establish a wait list for the next year's allocation of tax credits, and applications must first be funded in the order listed on that wait list.

Section 15. Applications for tax credits.

(a) The Department shall develop and make available a standardized application pertaining to the allocation of tax credits under this Act.

(b) Of the annual amount available for tax credits, 10% must be reserved for those endowment gifts of $30,000 or less. If the entire 10% that is reserved for permanent endowment gifts totalling $30,000 or less is not allocated, then the remaining amount is available in the following years for endowment gifts of $30,000 or less.

(c) The Department must accepts applications and authorize credits in an ongoing basis. The Department must make public, by June 1 and by December 1 of each year, the total number of requests for tax credits and the total amount of requested tax credits that have been submitted and awarded.

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

Section 90. The Illinois Income Tax Act is amended by adding Section 219 as follows:

(35 ILCS 5/219 new)

Sec. 219. The Endow Illinois Tax Credit.

(a) For taxable years ending on or after December 31, 2010, each taxpayer for whom a tax credit has been authorized by the Department of Revenue under the Endow Illinois Tax Credit Act, is entitled to a credit against the tax imposed under subsections (a) and (b) of Section 201 in an amount equal to the amount authorized under that Act.

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

(c) The credit may not be carried back and may not reduce the taxpayer's liability to less than zero. If the amount of the credit exceeds the tax liability for the year, the excess may be carried forward and applied to the tax liability of the

3 taxable years following the excess credit year. The tax credit shall be applied to the earliest year for which there is a tax liability. If there are credits for more than one year that are available to offset a liability, the earlier credit shall be applied first.

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

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