



## 98TH GENERAL ASSEMBLY

### State of Illinois

2013 and 2014

HB4740

by Rep. Cynthia Soto

#### SYNOPSIS AS INTRODUCED:

New Act  
35 ILCS 5/224 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 \$5,000,000 in 2014, \$12,500,000 in 2015, or \$25,000,000 in 2016 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 5 years. Exempts the credit from the Act's sunset provisions. Effective immediately.

LRB098 16526 HLH 54254 b

FISCAL NOTE ACT  
MAY APPLY

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

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

7 "Department" means the Department of Commerce and Economic  
8 Opportunity.

9 "Endowment gift" means an irrevocable contribution, made  
10 in cash or stock, to a permanent endowment fund held by a  
11 qualified community foundation.

12 "Permanent endowment fund" means a fund that (i) is held by  
13 a qualified community foundation to provide benefit only to  
14 charitable causes in the State, (ii) is intended to exist in  
15 perpetuity, and (iii) has an annual spend rate based on the  
16 foundation spending policy, but not to exceed 7%.

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

1 Section 10. Tax credit awards.

2 (a) The Department shall award an income tax credit to  
3 taxpayers who make an endowment gift to a permanent endowment  
4 fund. The amount of the credit that may be awarded to a  
5 taxpayer by the Department under this Act is an amount equal to  
6 50% of the endowment gift. Except in the case of an individual,  
7 a taxpayer is not eligible to receive a credit under this Act  
8 for the taxable year if the taxpayer's average gross business  
9 receipts for the 3 taxable years prior to the taxable year for  
10 which the taxpayer applies for a credit under this Act exceed  
11 \$5,000,000 for taxable years ending in 2014, \$12,500,000 for  
12 taxable years ending in 2015, or \$25,000,000 for taxable years  
13 ending in 2016 or thereafter.

14 (b) The aggregate amount of all credits that the Department  
15 may award under this Act in any calendar year may not exceed  
16 \$5,000,000 in 2014, \$12,500,000 in 2015, or \$25,000,000 in 2016  
17 and each calendar year thereafter. The aggregate amount of all  
18 credits that the Department may authorize to any single  
19 taxpayer in a calendar year may not exceed \$500,000 in 2014,  
20 \$1,250,000 in 2015, or \$2,500,000 in 2016 and each calendar  
21 year thereafter. The aggregate amount of all credits that the  
22 Department may authorize based on endowment gifts to any  
23 specific community foundation may not exceed \$2,500,000 in  
24 2014, \$6,250,000 in 2015, or \$12,500,000 in 2016 and each  
25 calendar year thereafter.

1           (c) If the Department receives applications for tax credits  
2 in excess of the aggregate limitation under subsection (b),  
3 then the applications must be prioritized by the date that the  
4 Department received them, and the Department must establish a  
5 wait list for the next year's allocation of tax credits and  
6 fund applications in the order listed on that wait list.

7           Section 15. Applications for tax credits.

8           (a) The Department shall develop and make available a  
9 standardized application pertaining to the allocation of tax  
10 credits under this Act. A separate application for tax credit  
11 must be made for each endowment gift, and shall be submitted  
12 jointly by the taxpayer and the qualified community foundation  
13 to which the endowment gift is to be made. The application  
14 shall include such information as the Department deems  
15 necessary to determine that the taxpayer is eligible to receive  
16 a credit under this Act, and such other information as the  
17 Department deems necessary to the administration of this Act.  
18 If an application for tax credit is approved, the Department  
19 shall issue the taxpayer a certificate of verification that  
20 states the amount of the tax credit to which the taxpayer is  
21 entitled and the taxable year to which such credit applies. A  
22 taxpayer claiming a credit under this Act shall submit to the  
23 Department of Revenue a copy of the certificate of verification  
24 under this Act.

25           (b) Of the annual amount available for tax credits under

1 subsection (b) of Section 10 of this Act, 10% must be reserved  
2 for those endowment gifts of \$30,000 or less. If the entire 10%  
3 that is reserved for permanent endowment gifts totalling  
4 \$30,000 or less is not allocated, then the remaining amount is  
5 available in the following years for endowment gifts of \$30,000  
6 or less.

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

12 (d) Notwithstanding any other law to the contrary, the  
13 Director of Revenue may make available to the Department  
14 information received by the Director from tax returns filed  
15 under the Illinois Income Tax Act, for the limited purpose of  
16 determining the taxpayer's eligibility for credit under this  
17 Act.

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

24 Section 90. The Illinois Income Tax Act is amended by

1 adding Section 224 as follows:

2 (35 ILCS 5/224 new)

3 Sec. 224. The Endow Illinois Tax Credit.

4 (a) For taxable years ending on or after December 31, 2014,  
5 each taxpayer for whom a tax credit has been awarded by the  
6 Department of Commerce and Economic Opportunity under the Endow  
7 Illinois Tax Credit Act is entitled to a credit against the tax  
8 imposed under subsections (a) and (b) of Section 201 in an  
9 amount equal to the amount awarded under that Act.

10 (b) If the taxpayer is a partnership or a Subchapter S  
11 corporation, the credit is allowed to the partners or  
12 shareholders in accordance with the determination of income and  
13 distributive share of income under Sections 702 and 704 and  
14 Subchapter S of the Internal Revenue Code.

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

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