

SB3243



103RD GENERAL ASSEMBLY

State of Illinois

2023 and 2024

SB3243

Introduced 2/6/2024, by Sen. Tom Bennett

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 permanently (currently, the credit applies for taxable years ending before January 1, 2024). Effective immediately.

LRB103 36639 HLH 66748 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, 2024~~, each taxpayer for whom
10 a tax credit has been awarded by the Department under the
11 Invest in Kids Act is entitled to a credit against the tax
12 imposed under subsections (a) and (b) of Section 201 of this
13 Act in an amount equal to the amount awarded under the Invest
14 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 (e) This Section is exempt from the provisions of Section
17 250.

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

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

21 (35 ILCS 40/40)

22 (Section scheduled to be repealed on January 1, 2025)

23 Sec. 40. Scholarship granting organization
24 responsibilities.

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

4 (b) A scholarship granting organization shall grant
5 scholarships only to eligible students.

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

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

15 (1) (blank);

16 (2) eligible students who are members of a household
17 whose previous year's total annual income does not exceed
18 185% of the federal poverty level;

19 (3) eligible students who reside within a focus
20 district; and

21 (4) eligible students who are siblings of students
22 currently receiving a scholarship.

23 (d-5) A scholarship granting organization shall begin
24 granting scholarships no later than February 1 preceding the
25 school year for which the scholarship is sought. Each priority
26 group identified in subsection (d) of this Section shall be

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

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

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

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

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

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

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

23 (2) for students who are English learners, as defined
24 in subsection (d) of Section 14C-2 of the School Code,
25 1.2; and

26 (3) for students who are gifted and talented children,

1 as defined in Section 14A-20 of the School Code, 1.1.

2 (f) A scholarship granting organization shall distribute
3 scholarship payments to the participating school where the
4 student is enrolled.

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

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

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

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

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

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

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

16 (Source: P.A. 102-699, eff. 4-19-22; 102-1059, eff. 6-10-22;
17 103-154, eff. 6-30-23.)

18 (35 ILCS 40/65)

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

20 Sec. 65. Credit period; repeal.

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

1 this Act applies continuously on and after January 1, 2018,
2 including, but not limited to, during the period from January
3 1, 2024 through the effective date of this amendatory Act of
4 the 103rd General Assembly.

5 (b) This Act is exempt from the provisions of Section 250
6 of the Illinois Income Tax Act ~~repealed on January 1, 2025.~~

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

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