



Invest In Kids Act

Illinois Scholarship Tax Credit

tax.illinois.gov/InvestInKids



Public Act 100-0465 Invest In Kids Act

On August 31, 2017, Public Act 100-0465 created the Invest In Kids Act (35 ILCS 40/1) which allows income tax credits for taxpayers who make authorized contributions to a Scholarship Granting Organization (SGO). The SGOs, in turn, provide scholarships for eligible Illinois students to attend non-public (private/parochial) schools in Illinois.

What does this mean?

This means low income families in Illinois have the opportunity for more choices in education by applying for scholarships that are funded by donors of whom receive a substantial tax credit for their donation. The donations are managed by an SGO. In turn, that SGO awards scholarships to qualified families.

The scholarships are available to K-12 students and are based on financial need. With this new legislation, families are able to choose to enroll in a non-public (private/parochial) school with scholarship money available for tuition and necessary fees. The scholarships will be capped at \$100 million per year, allowing for tax credits of \$75 million.



What is an SGO?

An SGO is a scholarship granting organization. SGOs must acquire non-profit 501(c)(3) status and receive approval from the Illinois Department of Revenue (IDOR) to operate as an SGO. SGOs receive qualified contributions from individuals and businesses that are then disbursed to qualified, non-public schools in Illinois in the form of scholarships to eligible students. They must distribute at least 95% of the qualified contributions received by donors towards scholarships.



How do our schools start an SGO?

The six Catholic dioceses in the state of Illinois have partnered with an SGO called EmpowerIllinois.org. Each of the six dioceses will have representatives who sit on the board of the SGO. Board members will be tasked with monitoring the effectiveness of the organization's programs and with their consistency to the mission.



Tax Credits for donations:

- The Invest in Kids Act allows state income tax credits for taxpayers who make authorized contributions to an SGO.
- IDOR can issue up to \$75 million in tax credits per calendar year.
- Credits shall be awarded on a first-come, first-serve basis in a manner that is geographically proportionate to enrollment in recognized non-public schools in Illinois. For this purpose, Illinois is divided into five regions whose boundaries are the same as the Illinois Appellate court districts. For a full-size map of districts, visit illinoiscourts.gov.
- The Diocese of Belleville in Illinois falls into the 5th district of Illinois. This district (red on the IL map) could potentially receive around 8% of the \$100 million in available scholarships under this Act, equaling about \$8.2 million in scholarships.



Important facts for Donors:

Any donating taxpayer will receive a **75% tax credit** on the amount they contribute to the SGO through empowerillinois.org.

Individual taxpayers may donate up to \$1 million and are allowed to restrict their

contribution to a **specific school of their choice**. Corporate donations cannot be specified except to a specific appellate court district.

The following website provides helpful information from IDOR:

<http://www.revenue.state.il.us/Publications/Bulletins/2018/FY-2018-07.pdf>



DONORS SHOULD REGISTER TODAY!

Many expect the tax credits to go fast, and they are available on a first come, first serve basis! We encourage all donors to begin the registration process with the Illinois Department of Revenue (IDOR) **TODAY** at mytax.illinois.gov. It takes at least 7-10 days to obtain a Letter ID, which will then be used to activate the donor's online account. Tax credits can be reserved starting January 2, 2018 **only if** donors have already activated their account. **NOTE:** Obtaining a Letter ID and then activating your online account are separate processes. Please reserve enough time to complete both steps.

Details of the process can be found in the donor section of empowerillinois.org.

Additional information about the program from IDOR is available at

<http://tax.illinois.gov/InvestInKids/Contributor.htm>.



Important facts for Families / Students:

Eligible students are members of a household whose federal adjusted gross income the year before he or she initially receives a scholarship under this program, as determined by IDOR, does not exceed 300% of the federal poverty level. Once the child receives a scholarship, the household does not exceed 400% of the federal poverty level.

The student must be eligible to attend a public elementary school or high school in Illinois in the semester immediately preceding the semester for which he or she first receives a scholarship or is starting school in Illinois for the first time when he or she first receives a scholarship. Students must reside in Illinois while receiving a scholarship. Students currently enrolled in Catholic schools can qualify!

To participate in the program, the parent/guardian and student:

- Must select a qualified school, apply, and be accepted by the school;
- Comply with the qualified school's published policies; and
- Authorize the SGO to access information needed for income eligibility determinations.

Families may choose to apply to any private or non-public school that is accredited by the State of Illinois. **All Catholic schools in the Diocese of Belleville in Illinois are accredited schools.**



STUDENT APPLICATIONS BEGIN JANUARY 24, 2018

Empowerillinois.org will begin accepting student applications for scholarships on January 24, 2018. The application portal will be available at empowerillinois.org. Families can begin preparing for the application process by collecting the following required documents:

- Copy of 2016 federal tax return, 1099, W-2, or year-end pay stubs.
- Verification of Illinois residence (utility bill, driver's license, etc.).
- Documentation of student age (birth certificate, federal/state ID or passport).
- Student's prior semester report card.
- If available, letter of acceptance or enrollment at an eligible school.