101ST GENERAL ASSEMBLY
State of Illinois
2019 and 2020
HB2959


SYNOPSIS AS INTRODUCED:

35 ILCS 5/229 new
35 ILCS 5/230 new
35 ILCS 5/231 new

Amends the Illinois Income Tax Act. Creates an income tax credit for each taxpayer (i) whose federal adjusted gross income is less than 185% of the federal poverty level and (ii) who is the custodian of a child who attends a high quality early childhood education program during the taxable year. Provides that the term "high quality early childhood education program" means a program that is rated in the Gold Circle of Quality or the Silver Circle of Quality under the ExceleRate Illinois rating system. Creates an income tax credit for a business that (i) provides an early childhood program that is rated in the Gold Circle of Quality or the Silver Circle of Quality under the ExceleRate Illinois rating system and (ii) enrolls a student for at least 6 months during the taxable year who (A) is eligible for the child care assistance program, (B) receives foster care services, or (C) both (A) and (B). Creates an income tax credit for employees of a licensed day care center, day care home, or group day care home who obtain certain certifications. Effective immediately.

FISCAL NOTE ACT
MAY APPLY
AN ACT concerning revenue.

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

Section 5. The Illinois Income Tax Act is amended by adding Sections 229, 230, and 231 as follows:

(35 ILCS 5/229 new)

Sec. 229. Early childhood education credit.

(a) For taxable years beginning on or after January 1, 2018, each taxpayer (i) whose federal adjusted gross income is less than 185% of the federal poverty level and (ii) who is the custodian of a child who attends a high quality early childhood education program during the taxable year is allowed a credit against the taxes imposed under subsections (a) and (b) of Section 201 as provided in this Section. The amount of the credit for taxable years beginning on or after January 1, 2019 and beginning prior to January 1, 2020 is as follows:

(1) $3,000 per taxable year for each child who, during the taxable year, is enrolled in an early childhood education program that is rated in the Gold Circle of Quality under the ExceleRate Illinois rating system as of July 1 of the taxable year; and

(2) $2,000 per taxable year for each child who, during the taxable year, is enrolled in an early childhood education program that is not rated in the Gold Circle of Quality under the ExceleRate Illinois rating system.
education program that is rated in the Silver Circle of Quality under the ExceleRate Illinois rating system as of July 1 of the taxable year.

For taxable years beginning on or after January 1, 2020, the amount of the credit set forth under items (1) and (2) shall be adjusted on January 1 of the taxable year by an amount equal to the increase, if any, in the Employment Cost Index, published by the Bureau of Labor Statistics of the U.S. Department of Labor, for the calendar year immediately preceding the increase date.

If the child attends more than one high quality early childhood education program during the taxable year, the taxpayer shall be allowed a credit for only one program per child, and the program with the highest applicable quality rating shall be used to calculate the credit.

(b) The credit may not be carried forward or 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, and if the taxpayer's federal adjusted gross income is less than 100% of the federal poverty level, then the excess amount shall be refunded to the taxpayer.

(c) As used in this Section:

"Custodian" means an Illinois resident who is a parent, the parents, a legal guardian, or the legal guardians of a child who attends a high quality early childhood education program during the taxable year.
"High quality early childhood education program" means a program that is rated in the Gold Circle of Quality or the Silver Circle of Quality under the ExceleRate Illinois rating system.

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

(35 ILCS 5/230 new)

Sec. 230. Child care provider tax credit.

(a) For taxable years beginning on or after January 1, 2019, each qualified child care provider is entitled to a credit against the taxes imposed under subsections (a) and (b) of Section 201 for each child enrolled with the child care provider for at least 6 months during the taxable year who (i) is enrolled in the child care assistance program under Section 9A-11 of the Illinois Public Aid Code, (ii) receives foster care services, or (iii) both (i) and (ii). The amount of the credit for taxable years beginning on or after January 1, 2019 and beginning prior to January 1, 2020 is as follows:

(1) $1,500 for each such child if the child care provider is rated in the Gold Circle of Quality under the ExceleRate Illinois rating system as of July 1 of the taxable year; and

(2) $1,000 for each such child if the child care provider is rated in the Silver Circle of Quality under the ExceleRate Illinois rating system as of July 1 of the
taxable year.

For taxable years beginning on or after January 1, 2020, the amount of the credit set forth under items (1) and (2) shall be adjusted on January 1 of the taxable year by an amount equal to the increase, if any, in the Employment Cost Index, published by the Bureau of Labor Statistics of the U.S. Department of Labor, for the calendar year immediately preceding the increase date.

(b) If the amount of the credit exceeds the tax liability for the year, then the excess amount shall be refunded to the taxpayer.

(c) As used in this Section:

"Qualified child care provider" means a business that provides an early childhood education program that is rated in the Gold Circle of Quality or the Silver Circle of Quality under the ExceleRate Illinois rating system.

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

(35 ILCS 5/231 new)

Sec. 231. Child care center employees.

(a) For taxable years beginning on or after January 1, 2019, each taxpayer who is employed at a licensed day care center, licensed day care home, or licensed group day care home, as defined in the Child Care Act of 1969, for at least 6 months during the taxable year is entitled to a credit against
the taxes imposed under subsections (a) and (b) of Section 201 as provided in this Section if the taxpayer has one or more of the following credentials under the Gateways to Opportunity professional development support system, as recognized by the Department of Human Services, Bureau of Child Care and Development:

   (1) Infant Toddler;
   (2) ECE;
   (3) School Age;
   (4) Family Child Care;
   (5) Family Specialist;
   (6) Technical Assistance; or
   (7) Illinois Director.

(b) For taxpayers with credentials other than Illinois Director, the amount of the credit for taxable years beginning on or after January 1, 2019 and beginning prior to January 1, 2020 is as follows:

   (1) if the taxpayer is a Level 6 with respect to any of those credentials, then the taxpayer is entitled to a credit of $3,500 for the taxable year;
   
   (2) if the taxpayer is a Level 5 with respect to any of those credentials, then the taxpayer is entitled to a credit of $3,000 for the taxable year;
   
   (3) if the taxpayer is a Level 4 with respect to any of those credentials, then the taxpayer is entitled to a credit of $2,500 for the taxable year;
(4) if the taxpayer is a Level 3 with respect to any of those credentials, then the taxpayer is entitled to a credit of $2,000 for the taxable year;

(5) if the taxpayer is a Level 2 with respect to any of those credentials, then the taxpayer is entitled to a credit of $1,500 for the taxable year; and

(6) no credit is allowed if the taxpayer is a Level 1 with respect to any of those credentials.

(c) For taxpayers with the Illinois Director credential, the amount of the credit for taxable years beginning on or after January 1, 2019 and beginning prior to January 1, 2020 is as follows:

(1) if the taxpayer is an Illinois Director Level 3, then the taxpayer is entitled to a credit of $3,500 for the taxable year;

(2) if the taxpayer is an Illinois Director Level 2, then the taxpayer is entitled to a credit of $3,000 for the taxable year; and

(3) if the taxpayer is an Illinois Director Level 1, then the taxpayer is entitled to a credit of $2,500 for the taxable year.

(d) Each taxpayer shall be allowed a credit with respect to only one credential in any taxable year; the credential with the highest credit amount shall be used. For taxable years beginning on or after January 1, 2020, the amount of the credit set forth in subsections (b) and (c) shall be adjusted on
January 1 of the taxable year by an amount equal to the increase, if any, in the Employment Cost Index, published by the Bureau of Labor Statistics of the U.S. Department of Labor, for the calendar year immediately preceding the increase date.

(e) If the amount of the credit exceeds the tax liability for the year, then the excess amount shall be refunded to the taxpayer.

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

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