

TITLE 86: REVENUE
CHAPTER I: DEPARTMENT OF REVENUE

PART 1000
INVEST IN KIDS ACT

Section

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1000. ILLUSTRATION A Invest in Kids: The Five Regions of the State of Illinois

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for a maximum of 150 days.

Section 1000.100 Definitions**EMERGENCY**

“Act” means the Invest in Kids Act, 35 ILCS 40 *et seq.*

“Authorized contribution” means the contribution amount that is listed on the contribution authorization certificate issued to the taxpayer.

“Board” means the State Board of Education.

“Certificate of receipt” or “COR” means a certificate issued by the scholarship granting organization to a taxpayer pursuant to Section 1000.500 of this Part.

“Contribution” means a donation made by the taxpayer during the taxable year for providing scholarships as provided in the Act.

“Contribution authorization certificate” or “CAC” means a certificate issued by the Department to a taxpayer pursuant to Section 1000.400 of this Part.

“Custodian” means, with respect to eligible students, an Illinois resident who is a parent or legal guardian of the eligible student or students. In cases where the parent or legal guardian is unwilling or unable to act for the eligible student for purposes of the Invest in Kids Act, the person with whom the eligible student is living, such as a foster parent, will be considered the custodian.

“Department” means the Department of Revenue.

“Eligible student” means a child who (1) is a member of a household whose federal adjusted gross income the year before he or she initially receives a scholarship under this program, as determined by the Department, does not exceed 300% of the federal poverty level and, once the child receives a scholarship, does not exceed 400% of the federal poverty level; (2) is 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; and (3) resides in Illinois while receiving a scholarship.

“Eligible student” also means foster children who are under the legal responsibility of a foster care agency or court.

“Family member” means a parent, child, or sibling, whether by whole blood, half blood, or adoption; spouse; or stepchild.

“Federal poverty level” means the poverty guidelines established each year by the U.S. Department of Health and Human Services under the authority of 42 U.S.C. 9902(2) and published in the Federal Register.

“Focus district” means a school district, as determined by the Illinois State Board of Education, which has a school that is either (1) a school that has one or more subgroups in which the average student performance is at or below the State average for the lowest 10% of student performance in that subgroup; or (2) a school with an average graduation rate of less than 60% and not identified for priority. For purposes of this definition, “subgroups” means “subgroup of students” as defined in the Every Student Succeeds Act, Public Law 114-95.

“Household” means an individual or group of individuals living together in a room or group of rooms as a housing unit.

“Household income” means the combined federal adjusted gross income of the members of a household. Household income does not include the federal adjusted gross income of a child residing in a household who is under 18 years of age and attending an elementary or secondary school on a full time basis. Foster children under the legal responsibility of a foster care agency or court are deemed to have a household income that does not exceed 185% of the poverty level.

“Necessary costs and fees” includes the customary charge for instruction and use of facilities in general and the additional fixed fees charged for specified purposes that are required generally of non-scholarship recipients for each academic period for which the scholarship applicant actually enrolls, including costs associated with student assessments, but does not include fees payable only once and other contingent deposits that are refundable in whole or in part. Necessary costs and fees are determined by the Board pursuant to 23 Ill. Adm. Code 425.100.

“Participating qualified school” or “participating school” means a qualified school that has not been determined to be ineligible by the Board under Section 1000.700(c).

“Person” means an individual, corporation, company, association, partnership, unit of local government, state agency, federal agency, or other legal entity.

“Qualified contribution” means the authorized contribution made by a taxpayer to a scholarship granting organization for which the taxpayer has received a certificate of receipt from such organization.

“Qualified school” means a non-public school located in Illinois and recognized by the Board pursuant to Section 2-3.25o of the School Code.

“Scholarship” means an educational scholarship awarded by an SGO to an eligible student to attend a qualified school of their custodians’ choice in an amount not exceeding the lesser of the necessary costs and fees to attend that school or the statewide average operational expense per student among public schools, except as provided in subsection (f)(2) of Section 1000.600.

“Scholarship granting organization” or “SGO” means an entity that (1) is exempt from taxation under Section 501(c)(3) of the Internal Revenue Code; (2) uses at least 95% of the qualified contributions received during a taxable year for scholarships; (3) provides scholarships to students according to the guidelines of the Invest in Kids Act; (4) deposits and holds qualified contributions and any income derived from qualified contributions in an account that is separate from the organization’s operating fund or other funds until such qualified contributions or income are withdrawn for use; and (5) is approved to issue certificates of receipts.

“Taxpayer” means any individual, corporation, partnership, trust, or other entity subject to the Illinois income tax. For purposes of the Act, 2 individuals filing a joint return shall be considered one taxpayer. [35 ILCS 40/5]

**Section 1000.200 Invest In Kids Act: Program Overview and Award of Credits
EMERGENCY**

- a) Program Overview. The Act authorizes taxpayers, subject to specific limitations and requirements, to receive an income tax credit for qualified contributions made to scholarship granting organizations. Taxpayers wishing to make qualified contributions must first apply to the Department for approval to make qualified contributions. Once approved, taxpayers are issued contribution authorization certificates by the Department, which must be provided to scholarship granting organizations by taxpayers when making their qualified contributions. A scholarship granting organization must apply to the Department for approval before it can issue certificates of receipt to taxpayers making qualified contributions. Certificates of receipt issued to the taxpayer by an SGO may be used to document the tax credit claimed by the taxpayer under subsection (b).
- b) Award of Credits by the Department – Requirements and Limitations. *The Department shall award credits against the tax imposed under subsections (a) and (b) of Section 201 of the Illinois Income Tax Act to taxpayers who make qualified contributions. The credit shall be equal to 75% of the total amount of qualified contributions made by the taxpayer during a taxable year, not to exceed a credit of \$1,000,000 per taxpayer (i.e., total qualified contributions made by a taxpayer for which a credit may be obtained may not exceed \$1,333,333 during a taxable year).*
- 1) *The aggregate amount of all credits the Department may award in any calendar year may not exceed \$75,000,000 (i.e., the total qualified contributions made by all taxpayers for which credits may be obtained may not exceed \$100,000,000 in the aggregate during a taxable year).*
 - 2) *Contributions made by corporations (including Subchapter S corporations), partnerships, and trusts may not be directed to a particular subset of schools, a particular school, a particular group of students, or a particular student. Contributions made by corporations (including Subchapter S corporations), partnerships, and trusts must specify a region under subsection (b)(6) of this Section to which the contribution will be directed. Contributions made to a scholarship granting organization without conditions will satisfy the requirements of this subsection.*
 - 3) *Contributions made by individuals may be directed to a particular subset of schools or a particular school but may not be directed to a particular group of students or a particular student. Contributions made by individuals must specify a region under subsection (b)(6) of this Section to which the contribution will be directed.*

- 4) *Two individuals filing a joint return shall be considered one taxpayer for purposes of making qualified contributions.* For instance, if two married individuals each contribute \$1,333,333 intending at the time of the contribution to file separate returns but subsequently file a joint return, the maximum credit allowed is \$1,000,000.
- 5) *No credit shall be taken for any qualified contribution for which the taxpayer claims a federal income tax deduction.*
- 6) *Credits shall be awarded in a manner that is geographically proportionate to enrollment in recognized non-public schools in Illinois.* For purposes of awarding credits in a manner that is geographically proportionate to enrollment in recognized non-public schools, the State of Illinois shall be divided into 5 regions. The boundaries of the regions shall be coterminous with the districts established for the Illinois Appellate courts. See Section 1000.Illustration A for a listing of counties in each region.
 - A) On or before December 1 of each year, the State Board of Education shall provide the Department with a list of non-public schools that are recognized under Section 2-3.25o of the School Code. This list shall contain enrollment numbers for each recognized non-public school, and shall be used by the Department to determine enrollment in recognized non-public schools in each region for purposes of calculating the geographic distribution of credits.
 - B) For purposes of awarding credits in a manner that is geographically proportionate to enrollment in recognized non-public schools, the Department shall track the amount of qualified contributions designated in each region by taxpayers. See 1000.400(c)(3).
 - C) If the \$75,000,000 cap in aggregate credits that can be awarded by the Department (i.e., \$100,000,000 in qualified contributions made by taxpayers) is not reached by June 1 of a given year, the Department shall award remaining credits on a first-come, first-served basis, without regard to the requirement that the credits be awarded in a manner that is geographically proportionate to enrollment in recognized non-public schools. [35 ILCS 40/10]

**Section 1000.250 Electronic Notice and Filing Requirements; Books and Records
EMERGENCY**

- a) Unless otherwise provided, all applications, notices, filings, certificates, or other documents required by this Part to be submitted to or issued by the Department shall be made by electronic means.
- b) Scholarship granting organizations and taxpayers shall maintain books and records under this Part and make them available upon request by the Department.
- c) Scholarship granting organizations shall maintain their books and records for no less than three years. Taxpayers shall maintain their books and records in accordance with the Illinois Income Tax Act and regulations promulgated thereunder.

Section 1000.300 Scholarship Granting Organization: Approval to Issue Certificates of Receipt
EMERGENCY

- a) *No scholarship granting organization shall issue any certificates of receipt without first being approved by the Department to issue certificates of receipt.*
- b) *A scholarship granting organization shall submit an application for approval to issue certificates of receipt in the form and manner prescribed by the Department. Applications for approval to issue CORs must be received by the Department no later than January 15 preceding the school year for which the scholarships will be granted. Each application shall be submitted electronically, shall be signed and verified by a board member, officer, executive director, or employee with managerial authority of the scholarship granting organization, or a board member, officer, executive director, or employee with managerial authority of any entity retained by the scholarship granting organization to operate the scholarship granting organization, and shall include:*
 - 1) *a copy of the letter issued by the Internal Revenue Service to the scholarship granting organization demonstrating that the scholarship granting organization has been granted an exemption from taxation under Section 501(c)(3) of the Internal Revenue Code;*
 - 2) *certification that all qualified contributions and any income derived from qualified contributions are or will be deposited and held in an account that is separate from the scholarship granting organization's operating or other funds until such qualified contributions or income are withdrawn for use;*
 - 3) *certification that the scholarship granting organization will use at least 95% of its annual revenue from qualified contributions for scholarships;*
 - 4) *certification that the scholarship granting organization will provide scholarships to eligible students;*
 - 5) *the region or regions in which it will grant scholarships;*
 - 6) *a list of the names and addresses of all members of the governing board of the SGO;*
 - 7) *a list of the names, addresses, and social security numbers of the officers, executive director, and employees with managerial authority of the scholarship granting organization, and the officers, executive director, and employees with managerial authority of any entity retained by the*

scholarship granting organization to operate the scholarship granting organization;

- 8) certification that, in the last 7 years, no officers, executive director, or employees with managerial authority of the scholarship granting organization, or officers, executive director, or employees with managerial authority of any entity retained by the scholarship granting organization to operate the scholarship granting organization *have filed for personal bankruptcy or corporate bankruptcy in a corporation of which they owned more than 20%. An SGO that cannot make the certification required by this subsection (b)(8) shall not be eligible to provide scholarships;*
- 9) certification that the officers, executive director, and employees with managerial authority of the scholarship granting organization, or the officers, executive director, and employees with managerial authority of any entity retained by the scholarship granting organization to operate the scholarship granting organization are not board members or paid staff members of a participating qualifying school, *do not own or operate a qualified school, and do not have a family member who is a board member or a paid staff member of a participating qualified school;*
- 10) certification that *the scholarship granting organization is and will remain in compliance with the anti-discrimination provisions of 42 U.S.C. 2000d;*
- 11) the primary email address to which notices and other documents provided for under the Act shall be sent;
- 12) *a copy of the most recent financial audit of the scholarship granting organization's accounts and records conducted by an independent certified public accountant in accordance with government auditing standards and auditing standards generally accepted in the United States.* For the initial application to be approved to issue CORs, an SGO registered under Section 2 of the Solicitation for Charity Act who is subject to the provisions of subsection (b) of Section 4 of that Act and who files with the Attorney General a summary financial statement or written report in accordance with that subsection may satisfy the requirements of this subsection (b)(12) by submitting to the Department a copy of the most recent summary financial statement or written report. No application will be approved unless the requirements of this subsection (b)(12) have been met; and
- 13) the beginning and ending dates of the SGO's fiscal year.

- c) *The Department shall review and either approve or deny each application to issue certificates of receipt pursuant to the Act. Each SGO that has been approved will be assigned a unique identifier. Applicants shall be notified of the Department's determination within 30 business days after the application is received.*
- d) An SGO whose application to issue CORs is denied by the Department may reapply subject to the deadlines in this Section. [35 ILCS 40/15]

Section 1000.400 Taxpayer Contribution Authorization Certificates**EMERGENCY**

- a) *A taxpayer shall not be allowed a credit pursuant to the Act for any contribution to a scholarship granting organization that was made prior to the Department's issuance of a contribution authorization certificate for such contribution to the taxpayer.*
- b) *Prior to making a contribution to a scholarship granting organization, the taxpayer shall apply to the Department for a contribution authorization certificate.*
- c) *A taxpayer who makes more than one contribution to one or more scholarship granting organizations must make a separate application for each contribution authorization certificate. The application shall include:*
 - 1) *the taxpayer's name and address;*
 - 2) *the amount the taxpayer will contribute;*
 - 3) *the region for which the contribution will be made;*
 - 4) *the SGO to which the contribution will be made; and*
 - 5) *an acknowledgement that no credit may be taken for any qualified contribution for which the taxpayer claims a federal income tax deduction.*
- d) Multiple applications for contribution authorization certificates cannot be made on the same form.
- e) Applications shall be reviewed by the Department and shall either be approved or denied.
- f) *If approved, the Department shall issue contribution authorization certificates on a first-come, first-served basis based upon the date and time that the Department received the taxpayer's application for the certificate, subject to the requirement that credits must be awarded in a manner that is geographically proportionate to enrollment in recognized non-public schools in Illinois contained in subsection (e) of Section 10 of the Act (see Section 1000.200(b)(6)).*
- g) *A taxpayer's aggregate authorized contribution amount as listed on one or more contribution authorization certificates issued to the taxpayer shall not exceed the aggregate of the amounts listed on the taxpayer's application or applications submitted in accordance with this Section.*

- h) A separate CAC shall be issued for each application submitted in accordance with this Section. *Each contribution authorization certificate shall include:*
- 1) *the date such certificate was issued;*
 - 2) *the date by which the authorized contribution listed in the certificate must be made, which shall be 60 days from the date of the issuance of a contribution authorization certificate;*
 - 3) *the amount of the authorized contribution;*
 - 4) the region for which the contribution authorization certificate is issued;
 - 5) the name and unique identifier of the SGO which the taxpayer has designated as the recipient of the qualified contribution;
 - 6) a statement that no credit may be taken for any qualified contribution for which the taxpayer claims a federal income tax deduction; and
 - 7) a unique identifier for each CAC issued to the taxpayer.
- i) *Each contribution authorization certificate shall be sent to the taxpayer within 3 business days after its issuance.*
- j) *A taxpayer may rescind all or part of an authorized contribution approved under the Act by providing notice to the Department. Amounts rescinded shall no longer be deducted from the caps prescribed in Section 10 of the Act. See Section 1000.200.*
- k) *The Department shall maintain on its website a running total of the amount of credits, in the aggregate and by region, for which taxpayers may make applications for contribution authorization certifications. The running total shall be updated every business day. [35 ILCS 40/25]*

**Section 1000.500 Scholarship Granting Organizations: Issuance of Certificates of Receipt
EMERGENCY**

- a) *No scholarship granting organization shall issue a certificate of receipt for any qualified contribution made by a taxpayer under the Act unless that scholarship granting organization has been approved to issue certificates of receipt pursuant to Section 15 of the Act. See Section 1000.300.*
- b) *No scholarship granting organization shall issue a certificate of receipt for a contribution made by a taxpayer unless the taxpayer has been issued a contribution authorization certificate by the Department.*
- c) *If a taxpayer makes a contribution to a scholarship granting organization on or before the date by which the authorized contribution is required to be made (see Section 1000.400(h)(2)), the scholarship granting organization shall, within 30 days of receipt of the authorized contribution, issue to the taxpayer a written certificate of receipt. Upon the issuance of a certificate of receipt, the issuing scholarship granting organization shall, within 10 days after issuing the certificate of receipt, provide the Department with notification of the issuance of such certificate. SGOs shall issue CORs to taxpayers by means of electronically completing a COR on the Department's website, but only after payment is confirmed (e.g., the payment has cleared). Online completion of the COR on the Department's website satisfies both the requirement to issue the COR to the taxpayer and to provide the Department with notification of the issuance of the COR.*
- d) *Each certificate of receipt shall state:*
 - 1) *the name and address of the issuing scholarship granting organization;*
 - 2) *the taxpayer's name and address;*
 - 3) *the date of each qualified contribution;*
 - 4) *the amount of each qualified contribution;*
 - 5) *the total qualified contribution amount;*
 - 6) *the unique identifier for the CAC provided to the SGO for the qualified contribution; and*
 - 7) *the region for which the COR is issued.*
- e) *The notification to the Department shall include:*

- 1) *the taxpayer's name and address;*
 - 2) *the date of the issuance of a certificate of receipt;*
 - 3) *the date or dates on which the qualified contribution was made and the amounts contributed on such dates;*
 - 4) *the total qualified contribution listed on such certificates;*
 - 5) *the issuing scholarship granting organization's name and address;*
 - 6) the unique identifier for the CAC provided to the SGO for the qualified contribution; and
 - 7) the region for which the COR was issued.
- f) *If a taxpayer fails to make all or a portion of an authorized contribution on or before the date by which such authorized contribution is required to be made (see Section 1000.400(h)(2)), the taxpayer shall not be entitled to a certificate of receipt for that portion of the authorized contribution not made. In other words, each COR issued by an SGO may only be issued in the amount of the authorized contribution actually made by the taxpayer on or before the 60-day deadline.*

Example: A CAC in the amount of \$1000 is issued by the Department to the taxpayer on January 20. The taxpayer has 60 days from the date of the CAC to make the authorized contribution. On January 21 the taxpayer sends the CAC and a check in the amount of \$500 to an SGO. The SGO receives the check on January 23. The SGO must provide a COR to the taxpayer in the amount of \$500 no later than February 22. On February 25 the taxpayer sends a check in the amount of \$250 to the same SGO. The SGO receives the check on February 27. The SGO must provide a COR to the taxpayer in the amount of \$250 no later than March 29. On March 23 the taxpayer sends a check in the amount of \$250 to the SGO. The SGO cannot issue the taxpayer a COR for the \$250 payment because the payment was made more than 60 days after the issuance of the CAC.

- g) *Any portion of a contribution that a taxpayer fails to make by the date indicated on the contribution authorization certificate shall no longer be deducted from the caps prescribed in Section 10 of the Act. See Section 1000.200. The Department will restore the amounts previously deducted after the last date has passed by which the SGO must notify the Department of the issuance of the COR for any given CAC. [35 ILCS 40/30]*

**Section 1000.600 Scholarship Granting Organizations: Issuance of Scholarships
EMERGENCY**

- a) *Before granting a scholarship for an academic year, all scholarship granting organizations shall assess and document each student's eligibility for the academic year. For purposes of determining eligibility for the 2018-2019 school year, SGOs shall use 2016 federal adjusted gross income.*
- b) *A scholarship granting organization shall grant scholarships only to eligible students.*
- c) *A scholarship granting organization shall allow an eligible student to attend any qualified school of the student's choosing, subject to the availability of funds.*
- d) *In granting scholarships, a scholarship granting organization shall give priority to the following priority groups:*
 - 1) *eligible students who received a scholarship from a scholarship granting organization during the previous school year;*
 - 2) *eligible students who are members of a household whose previous year's total annual income does not exceed 185% of the federal poverty level;*
 - 3) *eligible students who reside within a focus district; on or before December 1 each year, the Board shall provide the list of focus districts to the Department; and*
 - 4) *eligible students who are siblings of students currently receiving a scholarship from a scholarship granting organization.*

The priorities identified in subsection (d)(1) and (d)(4) apply only for scholarships awarded for the 2019-2020 school year and thereafter.

- e) Granting of Scholarships by SGOs

A scholarship granting organization shall begin granting scholarships no later than February 1 preceding the school year for which the scholarship is sought. The priority groups identified in subsection (d) of this Section shall be eligible to receive scholarships on a first-come, first-served basis until the April 1 immediately preceding the school year for which the scholarship is sought. Applications for scholarships for eligible students meeting the qualifications of one or more priority groups that are received before April 1 must be either approved or denied within 10 business days after receipt. Beginning April 1, all

eligible students shall be eligible to receive scholarships without regard to the priority groups identified in subsection (d) of this Section.

- 1) For purposes of this subsection, “granting scholarships” means that the SGO has reviewed an application, determined the applicant is an eligible student, and has notified the applicant that he or she will receive a scholarship to attend the school chosen by the student, subject to availability of funds.
- 2) An SGO may begin accepting applications after it has been approved by the Department to issue CORs. See Section 1000.300.
- 3) An applicant may file applications with more than 1 SGO. However, an eligible student may accept only 1 scholarship provided for under the terms of the Act. Nothing in the Act prohibits an eligible student from receiving other scholarships from an SGO or other source that are paid from funds not subject to the Act.
- 4) An SGO must stamp all applications with the date and time they are actually received.
- 5) For a student to receive priority under subsection (d) due to his or her status as a member of a priority group, the SGO must receive the student’s application before April 1.
- 6) An SGO must review all applications to determine if an applicant meets the qualifications of one or more priority groups identified in subsection (d). Applicants who meet the qualifications of one or more priority groups shall be placed in Category 1. Applicants who do not meet the qualifications of one or more priority groups will be placed in Category 2.
- 7) Prior to April 1, SGOs shall grant scholarships to applicants in Category 1 in the order in which the applications were received.
- 8) On and after April 1, SGOs shall grant scholarships to applicants in the following order based on the order in which they were received:
 - A) Category 1 applications received prior to April 1;
 - B) Category 2 applications received prior to April 1; and
 - C) all applications received on or after April 1.

Example: Applications are received by an SGO in the following order: Student A on March 27. Student B on March 28. Student C on March 29. Student D on March 30. Student E on March 31. Student F on April 1. Student G on April 2. Student H on April 3. Student I on April 4. Students A, C, E and G are in one of the priority groups identified in subsection (d). The SGO has 10 business days from receipt of application to notify priority Students A, C and E whether their applications are granted or denied. Even though Student G fell within one of the priority groups identified in subsection (d), his application was received after April 1 and thus does not receive priority treatment (see subsection (e)(5)). Scholarships must be granted in the following order: A, C, E, B, D, F, G, H, I.

f) Determination of Scholarship Amounts by SGO

Except as provided in subsection (f)(2), scholarships shall not exceed the lesser of (i) the statewide average operational expense per student among public schools, or (ii) the necessary costs and fees for attendance at the qualified school.

- 1) On or before January 15 each year, the Board shall provide to the Department the statewide average operational expense per student among public schools. For the 2018-2019 school year, the statewide average operational expense per student among public schools is \$12,973.00.
- 2) *The statewide average operational expense per student among public schools shall be multiplied by the following factors:*
 - A) *for students determined eligible to receive services under the federal Individuals with Disabilities Education Act, 2;*
 - B) *for students who are English learners, as defined in subsection (d) of Section 14C-2 of the School Code, 1.2; and*
 - C) *for students who are gifted and talented children, as defined in Section 14A-20 of the School Code, 1.1.*
- 3) After determining the lesser of the statewide average operational expense per student among public schools (adjusted as necessary for each applicant in accordance with subsection (f)(2)) and the necessary costs and fees for attendance at the qualified school selected by an applicant, the SGO shall calculate the scholarship amount as follows:

- A) *for eligible students whose household income is less than 185% of the federal poverty level, the scholarship shall be 100% of the amount determined.*
 - B) *for eligible students whose household income is 185% or more of the federal poverty level but less than 250% of the federal poverty level, the average of scholarships shall be 75% of the amount determined. An SGO is presumed to meet the requirements of this subsection (f)(3)(B) if it provides a scholarship to each eligible student meeting these income levels in the amount of 75% of the amount determined.*
 - C) *for eligible students whose household income is 250% or more of the federal poverty level, the average of scholarships shall be 50% of the amount determined. An SGO is presumed to meet the requirements of this subsection (f)(3)(C) if it provides a scholarship to each eligible student meeting these income levels in the amount of 50% of the amount determined.*
- g) *A scholarship granting organization shall distribute scholarship payments to the participating school where the student is enrolled.*
 - h) *For the 2018-2019 school year through the 2021-2022 school year, each scholarship granting organization shall expend no less than 75% of the qualified contributions received during the calendar year in which the qualified contributions were received. No more than 25% of the qualified contributions may be carried forward to the following calendar year.*
 - i) *For the 2022-2023 school year, each scholarship granting organization shall expend all qualified contributions received during the calendar year in which the qualified contributions were received, as well as any amount carried forward from the previous year. No qualified contributions may be carried forward to the following calendar year.*
 - j) *A scholarship granting organization shall allow an eligible student to transfer a scholarship during a school year to any other participating school of the custodian's choice. Such scholarships shall be prorated.*
 - k) *With the prior approval of the Department, a scholarship granting organization may transfer funds to another scholarship granting organization if additional funds are required to meet scholarship demands at the receiving scholarship granting organization. Funds transferred before June 1 must be used for scholarships in the same region to which the funds were originally directed in the CAC issued to the taxpayer. All transferred funds must be deposited by the*

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

- l) *If the approval of a scholarship granting organization is revoked as provided in Section 20 of the Act or the scholarship granting organization is dissolved, all remaining qualified contributions of the scholarship granting organization shall be transferred to another scholarship granting organization. Funds must be transferred within 10 business days. Within 3 business days after the transfer, the revoked SGO must notify the Department of the amount transferred and the name and address of the receiving SGO or SGOs. Funds transferred before June 1 must be used for scholarships in the same region to which the funds were originally directed in the CAC issued to the taxpayer. All transferred funds must be deposited by the receiving scholarship granting organization into its scholarship accounts.*
- m) *Scholarship granting organizations shall make reasonable efforts to advertise the availability of scholarships to eligible students. [35 ILCS 40/40]*

Section 1000.700 Qualified Schools Responsibilities**EMERGENCY**

- a) *A qualified school that accepts scholarship students must do all of the following:*
 - 1) *provide to a scholarship granting organization, upon request, but no later than April 1, all documentation required for the student's participation, including the non-public school's necessary costs and fees;*
 - 2) *be academically accountable to the custodian for meeting the educational needs of the student by:*
 - A) *at a minimum, annually providing to the custodian a written explanation of the student's progress; and*
 - B) *annually administering assessments required by subsection (a) of Section 45 of the Act in the same manner in which they are administered at public schools pursuant to Section 2-3.64a-5 of the School Code.*
- b) *The Board shall bill participating qualified schools for all costs associated with administering assessments required by this paragraph. The participating qualified schools shall ensure that all test security and assessment administration procedures are followed and must report individual student scores to the custodians of the students. The independent research organization described in subsection (b) of Section 45 of the Act shall be provided all student score data in a secure manner by the participating qualified school.*
- c) *The inability of a qualified school to meet the requirements of this Section shall constitute a basis for the ineligibility of the qualified school to participate in the scholarship program as determined by the Board. [35 ILCS 40/50]*

Section 1000.800 Custodian and Student Responsibilities**EMERGENCY**

- a) *The custodian must select a qualified school and apply for the admission of his or her child.*
- b) *The custodian shall ensure that the student participating in the scholarship program takes the assessment required by subsection (a) of Section 45 of the Act.*
- c) *Each custodian and each student has an obligation to comply with the qualified school's published policies.*
- d) *The custodian shall authorize the scholarship granting organization to access information needed for income eligibility determinations. [35 ILCS 40/55]*

**Section 1000.900 Scholarship Granting Organizations: Reports
EMERGENCY**

- a) *Within 180 days after the end of its fiscal year, each scholarship granting organization must provide to the Department a copy of a financial audit of its accounts and records conducted by an independent certified public accountant in accordance with auditing standards generally accepted in the United States, government auditing standards, and rules adopted by the Department. The audit must include a report on financial statements presented in accordance with generally accepted accounting principles. The audit must include evidence that no less than 95% of qualified contributions received were used to provide scholarships to eligible students. The audit must include an attestation that the SGO awarded scholarships in compliance with the definition of “eligible student” and the guidelines contained in Section 1000.600. The Department shall review all audits submitted pursuant to this subsection. The Department shall request any significant items that were omitted in violation of a rule adopted by the Department (see subsection (b)). The items must be provided within 45 days after the date of request. If a scholarship granting organization does not comply with the Department’s request, the department may revoke the scholarship granting organization’s ability to issue certificates of receipt.*
- b) *A scholarship granting organization that is approved to receive qualified contributions shall report to the Department, on a form prescribed by the Department, by January 31 of each calendar year beginning in the year 2019. The report shall include:*
- 1) *the total number of certificates of receipt issued during the immediately preceding calendar year;*
 - 2) *the total dollar amount of qualified contributions received, as set forth in the certificates of receipt issued during the immediately preceding calendar year;*
 - 3) *the total number of eligible students utilizing scholarships for the immediately preceding calendar year and the school year in progress and the total dollar value of the scholarships;*
 - 4) *the name and address of each qualified school for which scholarships using qualified contributions were issued during the immediately preceding calendar year, detailing the number, grade, race, gender, income level, and residency by Zip Code of eligible students and the total dollar value of scholarships being utilized at each qualified school by priority group, as identified in subsection (d) of Section 40 of the Act; and*

- 5) a list of all transfers of funds made pursuant to subsections (k) and (l) of Section 1000.600 and the names and addresses of the SGOs who received the funds. [35 ILCS 40/35]

**Section 1000.1000 Scholarship Granting Organizations: Annual Recertification;
Revocation
EMERGENCY**

- a) *Each scholarship granting organization that receives approval to issue certificates of receipt shall file an application for recertification on an annual basis. Such application for recertification shall be in the form and manner prescribed by the Department and shall include:*
 - 1) *certification from the Director or Chief Executive Officer of the organization that the organization has complied with and continues to comply with the requirements of the Act, including evidence of that compliance; and*
 - 2) *a copy of the organization's current financial statements.*
- b) *The Department may revoke the approval of a scholarship granting organization to issue certificates of receipt upon a finding that the organization has violated the Act or any rules adopted under the Act. These violations shall include, but need not be limited to, any of the following:*
 - 1) *failure to meet the requirements of the Act;*
 - 2) *failure to maintain full and adequate records with respect to the receipt of qualified contributions;*
 - 3) *failure to supply such records to the Department; or*
 - 4) *failure to provide notice to the Department of the issuance of certificates of receipt pursuant to Section 35 of the Act.*
- c) *Within 5 days after the determination to deny recertification or to revoke approval, the Department shall provide notice of the determination to the scholarship granting organization and information regarding the process to request a hearing to appeal the determination. An SGO whose recertification was denied or approval revoked may, within 20 days after notice of the determination, protest the Department's determination by making a written request for a hearing. After receipt of the request for a hearing, the Department shall give notice to the SGO of the time and place fixed for the hearing, shall hold a hearing, and shall issue its final administrative decision to the SGO. In the absence of a protest within 20 days, the Department's decision shall become final without any further determination being made or notice given. [35 ILCS 40/20]*

**Section 1000.ILLUSTRATION A Invest In Kids: The Five Regions of the State of Illinois
EMERGENCY**

This Illustration A sets forth the 5 regions into which the State of Illinois will be divided for purposes of awarding income tax credits under the Invest in Kids Act in a manner that is geographically proportionate to enrollment in recognized non-public schools. The boundaries of these regions are coterminous with the districts established for the Illinois Appellate courts.

- a) Region 1 consists of the following county: Cook;
- b) Region 2 consists of the following counties: Boone, Carroll, DeKalb, DuPage, Joe Daviess, Kane, Kendall, Lake, Lee, McHenry, Ogle, Stephenson and Winnebago;
- c) Region 3 consists of the following counties: Bureau, Fulton, Grundy, Hancock, Henderson, Henry, Iroquois, Kankakee, Knox, LaSalle, Marshall, McDonough, Mercer, Peoria, Putnam, Rock Island, Stark, Tazewell, Warren, Whiteside and Will;
- d) Region 4 consists of the following counties: Adams, Brown, Calhoun, Cass, Champaign, Clark, Coles, Cumberland, De Witt, Douglas, Edgar, Ford, Greene, Jersey, Livingston, Logan, Macon, Macoupin, Mason, McLean, Menard, Morgan, Moultrie, Piatt, Pike, Sangamon, Schuyler, Scott, Vermillion and Woodford; and
- e) Region 5 consists of the following counties: Alexander, Bond, Christian, Clay, Clinton, Crawford, Edwards, Effingham, Fayette, Franklin, Gallatin, Hamilton, Hardin, Jackson, Jasper, Jefferson, Johnson, Lawrence, Madison, Marion, Massac, Monroe, Montgomery, Perry, Pope, Pulaski, Randolph, Richland, Saline, Shelby, St. Clair, Union, Wabash, Washington, Wayne, White and Williamson.