The Illinois Gives Act - SUPPORT


SB172 Sen. Sara Feigenholtz - Omar Aquino - Michael W. Halpin - David Koehler - Dale Fowler, Doris Turner, Jil Tracy, Sue Rezin, Sally J. Turner, Mattie Hunter, Tom Bennett, Ram Villivalam, Linda Holmes, Andrew S. Chesney, Robert Peters, and Javier Cervantes

SUMMARY

- Authorizes a 25% state charitable income tax credit beginning January 1, 2024
- To any Illinois taxpayer who makes a charitable gift(s) to a permanent endowment administered by ~40 qualified community foundations (CF) in Illinois that serve every county in the state
- Must benefit charitable causes in this state
- Includes a statewide cap to limit budget impact and a sunset provision
- May not be carried back and is not refundable; may be carried forward up to 5 years
- Includes public reporting requirements to ensure accountability and transparency

EQUITY PROVISIONS

- Amount available to a single taxpayer capped at $100,000; No minimum
- Includes reserve for small gifts; in Iowa’s similar program, 60%+ of gifts are <$1,000
- No community foundation can receive more than 15% of total
- Available statewide in every county, rural and urban communities
- Federal tax benefits for charitable giving currently only benefit itemizers; IL Gives Act ensures lower/middle-income taxpayers receive an equitable tax reward for their charitable giving
- 88% of taxpayers do not itemize their tax return; when lower income / non-itemizers give, they do not receive a tax benefit like their wealthier counterparts; that is unfair

RATIONALE / NEED

- IL has ~70,000 501c(3) public charities with ~600,000 employees (11.4% of private employment)
- IL Gives Act offers a permanent, stable source of unrestricted/capital funding for any of those 501c3s, including efforts to advance racial equity, churches, mosques, synagogues, arts, humanities, human services, environment, legal, museums, health care, legislative caucus foundations, etc.
- Provides middle-class tax relief: Makes state income tax code more fair
- Targeted credit thru a few institutions for endowments, makes program administratively simple
- Modeled after other Midwestern states’ best practices
- Evidence shows a decline in giving since federal deduction lapsed, while conversely, similar tax policy in other states increases the # of those that give, and the total $ given
- Leverages $4 private dollars for every $1 state investment
- Every $1 of universal charitable giving tax benefit delivers ROI of $2.50 to communities

Illinois Gives Act = FAIR + Simple + Statewide + Equitable + For Any Charitable Cause

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1 Also known as “Endow IL Tax Credit”
2 Family foundations and donor advised funds are not eligible.
3 See Endow Iowa, which has leveraged over $300 million in charitable giving; in 2020, 96% of donors in IA Iowa gave <$30,000 (2021 report).