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New charitable programs will increase giving and funding for nonprofits; retain dollars and talent in Illinois

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The Alliance of Illinois Community Foundations (AICF) and Forefront commend the General Assembly for enacting the Illinois Gives Tax Credit Act ("Illinois Gives") and the Workforce Development Through Charitable Loan Repayment Act ("Loan Repayment"). Both programs were included in the FY25 revenue omnibus (HB4951 / Public Act 103-0592, Articles 170 and 10 respectively). Previously, they generated strong bicameral and bipartisan support with sponsors from every organized Caucus in the General Assembly (see SB172-Feigenholtz/ HB1241-Croke and SB3273-Villanueva/HB4736-Stuart).

Illinois Gives will incentivize up to $100 million in new charitable giving over the next 5 years by authorizing a 25% state income tax credit for charitable donations to eligible permanent endowments held by dozens of qualified community foundations across Illinois. The program, which begins 1/1/25, includes equity provisions and reporting requirements and will be administered by Illinois Department of Revenue (IDOR).

In addition to Illinois Gives, the new Loan Repayment program will use private charitable dollars to lure and retain locally needed workers into Illinois communities. Eligible community foundations will directly repay part or all of a worker’s student loans directly to the lender, and the worker will not pay state income tax on that charitable loan repayment. State income tax-free loan repayment will become available to workers after 1/1/26, and will be overseen by the Illinois Student Assistance Commission (ISAC) with support from IDOR and AICF.

Endowed funds at community foundations provide a predictable source of general operating and capital funding for a wide range of nonprofit organizations and programs in every part of the state. "By incentivizing endowment gifts through Illinois Gives, we are creating a permanent funding stream to sustain our nonprofits for generations to come," said Joshua Gibb, AICF President.
Similar tax credit programs in other states increased both the number of donors and total charitable dollars given. "Nonprofit organizations are the heart of our communities all over Illinois, providing vital services and strengthening communities,” said Andrea Sáenz, President and CEO of The Chicago Community Trust.

Changes to federal tax laws since 2017 reduced incentives for charitable contributions, resulting in both fewer donors and donations nationwide. Illinois Gives will help reverse that trend in Illinois. "The Illinois Gives Act leverages four private dollars for every one state dollar, and represents a historic investment in the nonprofit sector, which typically is not included in the General Assembly’s annual revenue package," said Holly Ambuehl, Director of Policy and Government Affairs at Forefront.

Taxpayers eligible for Illinois Gives include individuals, corporations, partnerships, trusts, and estates. For individual taxpayers, Illinois Gives provides new tax relief for those who do not itemize their taxes. "In enacting Illinois Gives, the State of Illinois recognizes that nonprofit businesses, which collectively employ 11% of our workforce, are vital contributors to our economy," said Monique B. Jones, CEO of Forefront.

Notably, the Loan Repayment Program will leverage the Illinois Gives Tax Credit incentive. Beginning in tax year 2025, donors may give to an endowed fund that will be used for Loan Repayment and receive an IL Gives Tax Credit. “The Workforce Development Through Charitable Loan Repayment program is a powerful tool to help Illinois communities stimulate economic growth by attracting and retaining a talented workforce, while lessening the student loan debt burden for many.” said Mark Roberts, CEO of the Community Foundation of Central Illinois.

In the coming months, the Alliance of Illinois Community Foundations is poised to help educate donors and employers about how to participate in both of these new programs. Similarly, Forefront will help educate organizations, communities and individuals that historically have not benefited from such tax policy to ensure equitable implementation. Both programs will undergo a public rulemaking process in advance of their effective dates.

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