



College Tuition Tax Credit

State of the State 2006 – Project Overview – Page 1

Governor Rod Blagojevich, State of Illinois

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What is our proposal?

- The proposed college tuition tax credit would provide every family up to a \$1,000 annual credit per student attending a qualified school in Illinois, based on tuition paid
- The tax credit would start July 1, 2006, meaning that families would be able to claim the credit on their April 2007 tax form for tuition paid after July 1, 2006

Who is eligible for the tax credit?

- Students must be Illinois residents attending Illinois public and private colleges and universities that participate in the Illinois Monetary Award Program (MAP).
- Students must be in their Freshman or Sophomore years only, and must be enrolled at least half time in an undergraduate degree program like an Associate's or Bachelor's.
- Freshmen must have obtained at least a "B" grade point average throughout high school and Sophomores must have obtained at least a "B" average in their first year of college to qualify.
- Student in certificate and graduate programs will not qualify.

How is the tax credit calculated?

- A parent can claim the tax credit for each child listed as a dependant on their tax forms.
- The credit will cover tuition and mandatory fees paid to the qualified school, net of any financial aid received.
- For each eligible student, a family can claim the \$1,000 tax credit or the full amount of their qualified out-of-pocket expenses paid during the tax year, whichever is less.
 - If tuition and fees cost \$3000 for a year of school and the student received \$2000 in financial aid and had to pay the \$1000 balance, s/he could claim the full credit.
 - But if school cost \$3000 and s/he got \$2500 in financial aid and only paid \$500 in expenses, that \$500 is the maximum credit they could claim on their tax form.
- The credit is refundable, so families whose credit is larger than the total tax they owe the State at the end of the year will get a check for the difference.

How can families sign up for the tuition tax credit?

- Enroll in an Illinois college or university and meet the eligibility requirements above.
- Apply for any available financial aid.
- Indicate to the financial aid office that you wish to be considered for the Tuition Tax Credit.
- The school will then maintain data on your grade point average each semester and the amount of tuition and mandatory fees you paid.
- The financial aid office will send to the Department of Revenue the total tuition and fees paid by a student in the prior year and verify the student met GPA and enrollment requirements.
- Families will claim the tax credit in the appropriate section of their annual state tax return.