



Illinois State Board of Education

100 North First Street • Springfield, Illinois 62777-0001
www.isbe.net

Darren Reisberg
Chair of the Board

Dr. Carmen I. Ayala
State Superintendent of Education

MEMORANDUM

TO: Interested Parties

FROM: Tim Imler
Director
Division of Funding and Disbursement Services

SUBJECT: Steps for Becoming a Legal Entity

This memorandum is being distributed to inform you of the general steps required to become a legal entity. Please note that this memorandum should not be construed to encompass all the details of becoming a legal entity. Please seek clarification from appropriate legal counsel as well as the state and federal agencies listed in this memorandum where applicable.

1. If you are a cooperative or joint agreement as formed under 105 ILCS 5/10-22.31 (Special Education), 105 ILCS 5/10-22.31a (Joint Educational Programs), 105 ILCS 5/3-15.14. (Cooperative Educational Programs) and 5 ILCS 220/1 (Intergovernmental Cooperation Act) you must refer to your current Articles of Agreement for specific details to either change to a different administrative/fiscal agent or to incorporate as a recognized legal entity. A resolution by the board of your cooperative or joint agreement must be submitted to the appropriate Illinois State Board of Education (ISBE) program division if a change occurs.
2. Contact the Illinois Department of Revenue regarding business registration instructions <https://www2.illinois.gov/rev/businesses/Registration/Pages/default.aspx>. You must register with the Illinois Department of Revenue if you conduct business in Illinois, or with Illinois customers. This includes sole proprietors (individual or husband/wife/civil union), exempt organizations, or government agencies withholding for Illinois employees.
3. If you are forming an organization OTHER than a sole proprietorship, you need to contact the Internal Revenue Service (IRS) at 1-800-829-4933 or their website at <https://www.irs.gov/Businesses/Small-Businesses-&-Self-Employed>. They will provide information in order for a Federal Employee Identification Number (FEIN) to be issued. Notification of the FEIN will be sent via a Verification of FEIN form. You must forward a copy of the Verification of FEIN form to ISBE. Sole proprietorships do not need a FEIN as the Social Security Number will be used.

Sole proprietorships need to complete and submit to the ISBE an IRS W-9 form *Request for Taxpayer Identification Number and Certification* with the appropriate legal name and social security number. The IRS W-9 form can be downloaded at <https://www.irs.gov/pub/irs-pdf/fw9.pdf>

4. Contact the Illinois Secretary of State
https://www.cyberdriveillinois.com/departments/business_services/howdoi.html
5. ISBE will assign a new Region County District Type code (RCDT) after a copy of the Verification of FEIN or IRS W-9 form is received. This number will be used to uniquely identify your entity for all information submitted to ISBE.
6. You must file the necessary paperwork to have payments transferred electronically into your bank account per 105 ILCS 5/2-3.116 of the Illinois School Code and Part 155 of ISBE rules. Please contact the Comptroller's Office and request that an account be set up with their office for payments to be directed to the Comptroller's account.

Illinois Comptroller's Office

Department: Electronic Commerce

Phone: 217/557-0930

Link: <https://illinoiscomptroller.gov/vendors/direct-deposit-sign-up/>

7. The Illinois State Board of Education reserves the right to require financial and other types of data to be transmitted electronically per 105 ILCS 5/2-3.2a. The Illinois State Board of Education Web Application Security System (IWAS) is the system that ISBE uses to have data transmitted for various programs (e.g. Expenditure Reports, General State Aid, Transportation etc.). An IWAS Administrator letter will be mailed to you to sign-up for access to this system. Questions regarding IWAS can be directed to our call center at 217-558-3600.

Please call (217) 782-5256 if you have questions regarding information applicable to ISBE in this memorandum.