



TAXPAYERS'
FEDERATION
— OF ILLINOIS —

Illinois Update: Legislation, Regulations, and the Budget

TFI Legislative Conference

April 18, 2018

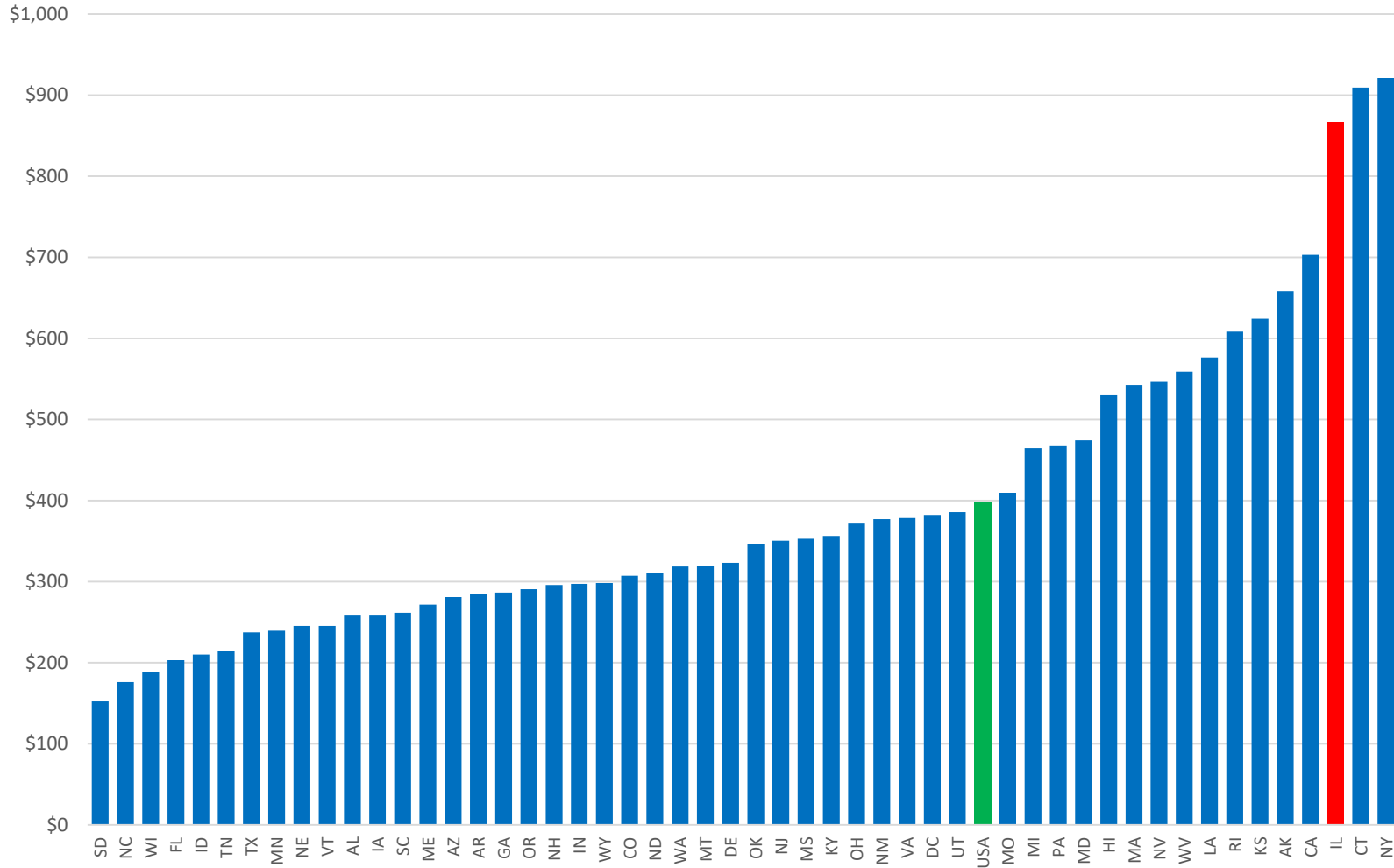
The State of Our State

- **Backlog of Unpaid Bills:** **\$8.2 Billion**
As of 4/11/2018 (down from \$16.3 Billion in mid-2017)
- **Bond Rating:** **Baa3/BBB-/BBB**
Moody's, S&P, and Fitch, respectively. One downgrade each in 2017
- **Schools in Deficit Spending:** **48%**
2017 Projection from ISBE
- **Unemployment:** **4.7%**
February 2018. US: 4.1%



Depressing Chart of the Day

State and Local Government Pension Contribution Per Capita



Source: US Census



Pension Not-so-fun Facts

- Unfunded liability - \$129.092 billion
- Actuarial Accrued Liability for Active Members - \$64.488 billion (\$150 billion for retirees or inactives)
- 15% of TRS members are Tier II (SERS 29% & SURS 33%)
- Only 80 of 183 possible members in GARS are Tier I



Income Tax Bills that Passed Committee

- SB 3152 – Response to federal tax reform
- HB 5757 - Head count tax credit
- HB 5214/SB 3302 – Angel investment credit
- HB 5349 – Income tax credit study



Sales Tax Bills that Passed Committee

- HB 2717 – Sharing of sales tax information
- SB 2881 – Lower sales tax rate for diapers, incontinence products, condoms, and baby wipes
- SB 3141 – Penalty for failure to keep books and records
- SB 2577 – Sales tax nexus
- SB 3238 / HB 4415 – Sales tax exemption for coal mining equipment



Property Tax Bills that Passed Committee

- SB 486 – Solar farm assessment
- TIF extensions
- Homestead exemptions
- Property tax sale



Miscellaneous Tax Bills that Passed Committee

- SB 2604 – Penalties & Interest
- HB 4237 – SALT cap workaround
- SB 3224 – Alternative fuel suppliers
- SB 3445 – IDOR general omnibus bill
- SB 3229 – Fin org unclaimed property



Bills that Haven't Passed Committee

- SB 2901 – Unclaimed property
- HB 4680 – Municipal gas use tax
- HB 4798 – PPRT rate increase
- HB 3393/SB 3189/SB 1719 – 20% tax on investment services
- SB 2668 – Sales of food at school are exempt
- SB 2703 – Administrative hearing consolidation



Regulation Update

- In 2017, 9 DOR Rule-making projects went final
 - Most were non-controversial/procedural/updates
 - Two highlighted the nuttiness of our apportionment statute:
 - 100.3370—apportionment of service income
 - 100.3380/3390—more apportionment
- 2018 starting out even busier:
 - 5 DOR rules adopted already, plus DCEO new EDGE rules
 - 8 projects are pending in “first notice”; 1 in limbo after JCAR objected
 - 12 more drafts have been informally circulated
 - **Most** are non-controversial, primarily reflecting law-changes



Regulations to Watch

- Oldies but goodies:
 - Definition of transportation company (draft from 2015; 100.9715)
 - Partnership replacement tax deduction for reasonable compensation (1st Notice 12/26/17; 100.2850)
 - Non-combination rule repeal (draft from 10/3/17; 100.3380)
- More recent:
 - New Unclaimed Property Rules (draft only)
 - Conditional sale sourcing (1st Notice 3/16; 220.115 and others)
 - Sales tax 30+ rule “clean-up” (1st Notice 3/23)
 - Fracking tax (April draft; 475.100 et seq)
 - UPIA (March draft; 700.100 et seq)



What's Going to Happen?

- Key Dates:
 - May 6: constitutional amendment deadline for passage in House and Senate (3/5 majority required to go on ballot; Governor irrelevant)
 - May 31: Simple majority deadline for FY 2019 budget vote (after that, need 3/5 majority)
 - July 1: FY 2019 begins
 - November 6: General Election
 - November/December/January: Veto and Lame Duck Sessions
- ALWAYS BET ON NOTHING



Carol Portman, President
Taxpayers' Federation of Illinois
carol@iltaxwatch.org
Mobile: 312-310-3145

Maurice Scholten, Legislative Director
Taxpayers' Federation of Illinois
maurice@iltaxwatch.org
Office: 217-522-6818