

Taxpayers' Federation of Illinois  
**Income and Franchise Tax Committee**  
Civic Committee of the Commercial Club of Chicago  
January 18, 2018

Committee Chair Archana Warner called the meeting to order and the minutes of the October 16, 2017, meeting were reviewed and approved. (motion by Mike Wynne, second by Mike Lovett)

The Committee briefly discussed the State's current fiscal situation and the upcoming legislative session. Election years are traditionally quieter overall, but there will be exceptions. It is frequently a good time to begin (or continue) educating legislators, to lay the ground work for future efforts. The committee looked at TFI's 2018 legislative agenda, which includes a number of multi-year projects.

TFI created a working group of members interested in reviewing the Illinois consequences of federal tax reform. The working group had two phone calls after the federal bill became law, and has created a short list of areas where there are potential technical issues. For the most part, Illinois law either clearly follows, or clearly does not follow, the federal changes. TFI staff has discussed the technical issues with the Department of Revenue. The Department generally agreed with TFI's conclusions on the issues and was in the process of drafting an Information Bulletin summarizing all of the consequences of the federal changes and the Department's position on those technical matters.

The committee discussed the status of the draft rule implementing the repeal of the non-combination rule. The Department had also drafted new forms implementing the rule, but has not yet formally proposed the rule. The Committee discussed whether TFI should request a hearing, which will be a possibility, depending on what the proposed rule looks like.

Another controversial regulation project is the Department's effort to address the deduction for partnerships (used in calculating their replacement tax liability) for personal service income or reasonable compensation to partners. This rule has been formally proposed, and TFI is in the process of drafting comments.

The Committee briefly reviewed the list of other pending regulation projects, The Department's handouts from its Practitioners Meeting, and TFI's Statement of Principles and income tax-related Position Statements.

TFI President Portman reminded committee members of future meeting dates, and with no further business the meeting was adjourned.