

# TAX FACTS



Taxpayers' Federation of Illinois

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## 2013 LEGISLATIVE SYNOPSIS

By Nancy Dollison

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This edition of Tax Facts presents our annual summary of legislative activity from the 2013 Spring and Fall Sessions of the Illinois General Assembly. Our overview begins with highlights of three issues that dominated the year: "guns, gays, and pensions". Then, we present synopses of new major tax- and fiscal policy-related Public Acts and some issues of interest that are still active in Springfield.

### CONCEALED CARRY

HB 183, sponsored by Rep. Brandon Phelps (D-Norris City) and Sen. Gary Forby (D-Benton), creates the Firearm Concealed Carry Act which allows the Illinois State Police (ISP) to issue Statewide five-year concealed carry licenses that permit the licensee to carry a firearm, fully or partially concealed, on or about his person or vehicle. The Act imposes application fees for new and

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## NOTES FROM THE INSIDE. . .

**By Carol S. Portman**

This issue is our annual report on the prior year's legislative session. 2013 was my first year in this job, and it was quite an education!

Non-tax issues dominated the General Assembly's time and attention: fracking, medical marijuana, marriage equality, and concealed carry, to name a few. The most pressing issue facing our state in 2013, however, was our enormous unfunded pension liability. As the year wound down, the legislature stepped up and did the right, but difficult, thing and passed SB 1. TFI is proud to have been part of a coalition of organizations supporting this major step towards righting Illinois' listing fiscal ship.

There were tax bills, of course, and we were right in the middle of things. Approximately 350 tax-related bills were introduced in 2013. TFI read each bill, analyzed it, and frequently met with legislators, the Department of Revenue, and impacted taxpayers to make sure everyone understood the intended and unintended consequences of each proposal and how it fit into our overall tax system. Roughly 40 of these bills passed during the year; the rest continue to be "live" in 2014, and many more are being introduced as the 2014 sessions get under way.

2014 is going to be an incredibly busy year on the tax front. The currently-scheduled roll-back of the 2011 "temporary" income tax rate increase is looming large. As we reported in the September/October 2013 issue of Tax Facts, that rate hike has pushed Illinois' overall tax burden up significantly, as compared to other states. How to address the state's budgetary needs while also maintaining a competitive tax and overall business climate is a difficult question, and we are pleased that the House Revenue & Finance and State Government Administration Committees are holding joint hearings to look into this issue.

Stay tuned. It's going to be a heck of a year!

renewed licenses of \$150 for Illinois residents and \$300 for non-residents, plus a \$75 fee for replacement of a lost or stolen license, or a change of address. Other key provisions of the Act include criteria for eligible applicants, the creation of a Concealed Carry Licensing Review Board, the requirement that the ISP maintain a database of applicants and licensees, the pre-emption of home rule authority, and a list of 23 types of premises onto which a licensee may not knowingly carry a firearm. After the Governor's amendatory veto was overridden, Public Act 98-0063 took effect on July 9, 2013.

Governor's Amendatory Veto:

<http://ilga.gov/legislation/fulltext.asp?DocName=09800HB0183gms&GA=98&SessionId=85&DocTypeId=HB&LegID=69231&DocNum=0183&GAID=12&Session=>

Public Act 98-0063:

<http://ilga.gov/legislation/publicacts/98/PDF/098-0063.pdf>

A technical trailer bill, SB 114, was approved by both chambers during the fall veto session.

Public Act 98-0600: <http://ilga.gov/legislation/publicacts/98/PDF/098-0600.pdf>

## GAY MARRIAGE

SB 10, sponsored by Sen. Heather Steans (D-Chicago) and Rep. Greg Harris (D-Chicago), creates the Religious Freedom and Marriage Fairness Act. The basic principle of the Act is to

ensure that all State laws applicable to marriage, whether they derive from statute, administrative or court rule, policy, common law, or any other source of civil or criminal law, apply equally to marriages of same-sex and different-sex couples and their children. The new law includes protections for religious denominations and Indian Nation or Tribe or Native Groups, stating that they are not required to either solemnize any marriage or provide sanctuaries, parish halls, fellowship halls, or similar facilities for the ceremony. However, businesses, health care facilities, educational facilities, or social service agencies cannot discriminate. SB 10 also contains criteria for the voluntary conversion of a civil union to marriage. Civil unions have been recognized in Illinois since 2011. The Senate approved SB 10 on Valentine's Day on a 34-21-2 roll call, but Rep. Greg Harris held off in the House, citing insufficient votes, until the fall session. A last-minute House amendment deleted the immediate effective date, reducing the voting requirement and allowing the bill to pass 61-54-2. The Senate concurred within the hour and the measure was sent to the Governor, who signed it on November 20<sup>th</sup>. Public Act 98-0597: <http://ilga.gov/legislation/publicacts/98/PDF/098-0597.pdf>

## PENSION REFORM

The overriding budget issue in 2013 was clearly pension reform. Decades of underfunding have put a strain on the State's fiscal condition,

prompting bond rating downgrades, delays in payments to vendors, and cuts in core services. After a session-long, contentious stalemate between the two chambers, Senate President John Cullerton and House Speaker Michael Madigan convened a conference committee of 10 House and Senate members to meet during the summer recess and come up with a meaningful compromise that would become SB 1. The conference committee chairs, Sen. Kwame Raoul and Rep. Elaine Nekritz, held several public hearings and solicited extensive data from state actuaries. The conferees made great strides but were unable to come to a final resolution and ultimately referred the issue to the four caucus leaders.

The fall veto session came and went with no action. The two chambers were called back to Springfield for a special session on December 3<sup>rd</sup> and approved SB 1, sponsored by Sen. Kwame Raoul (D-Chicago) and House Speaker Michael Madigan (D-Chicago). TFI strongly supported this proposal.

### *Highlights of the final package include:*

- Establishes a funding schedule to achieve 100% funding no later than the end of FY 2044.
- Requires supplemental contributions of \$364 million in FY 2019 and \$1 billion annually thereafter through 2045, or until the system reaches 100% funding.
- Beginning in 2016, earmarks 10% of the annual savings for supplemental pension contri-

butions until the system reaches 100% funding.

- Allows a retirement system to file an action in the Illinois Supreme Court if the State fails to make a pension payment or a supplemental contribution.
- Reduces employee contributions.
- Bases the annual annuity adjustment (COLAs) for current retirees on a retiree's years of service and the full CPI.
- Provides for scheduled suspensions of COLAs for current employees, depending on age.
- Caps pensionable salary, although salaries that currently exceed the cap or that will exceed the cap based on raises in a collective bargaining agreement are grandfathered in.
- Increases the retirement age.
- Prohibits future members of non-governmental organizations from participating in IMRF, SURS, and TRS.
- Prohibits new hires from using sick or vacation time toward pensionable salary or years of service (applies to SERS, SURS, TRS, IMRF, Cook County, and Chicago Teachers).
- Beginning July 1, 2015, allows up to 5% of Tier 1 active members the option of joining a defined contribution plan.
- Removes all pension matters, except pension pickups, from collective bargaining.
- Prohibits the State pension systems from using pension funds to pay healthcare costs.

The Senate roll call was 30-24-3; the House roll call was 62-53-1. Public Act 98-0599.

Senate Roll Call: [http://ilga.gov/legislation/votehistory/98/senate/09800SB0001\\_12032013\\_005000R.pdf](http://ilga.gov/legislation/votehistory/98/senate/09800SB0001_12032013_005000R.pdf)

House Roll Call: [http://ilga.gov/legislation/votehistory/98/house/09800SB0001\\_12032013\\_006000R.pdf](http://ilga.gov/legislation/votehistory/98/house/09800SB0001_12032013_006000R.pdf)

Public Act 98-0599:

<http://ilga.gov/legislation/publicacts/98/PDF/098-0599.pdf>

The final bill did not contain the controversial concept of “cost shift”, which would require local taxing bodies, instead of the state, to assume the pension costs of their own employees. A separate cost-shift bill, House Amendment # 2 to SB 1687, sponsored by Rep. Elaine Nekritz (D-Northbrook) and Sen. Daniel Biss (D-Evanston), narrowly passed the House but was rejected in the Senate earlier in the session.

House Amendment #2 to SB 1687:

<http://ilga.gov/legislation/98/SB/PDF/09800SB1687ham002.pdf>

SB 1523, sponsored by Sen. John Cullerton (D-Chicago) and Rep. Michael Madigan (D-Chicago), makes several significant changes to the Chicago Park District pension plan. Changes include increasing the retirement age; suspending the annual COLA in 2015, 2017, and 2019; reducing the COLA in all other years to the lesser of 3% or the CPI; reducing disability benefits; and increasing employee contribution levels until the fund reaches 90% funding. Public Act 98-0622: <http://ilga.gov/legislation/publicacts/98/PDF/098-0622.pdf>



## BUDGET

### Fiscal Year 2013

Final appropriations for FY13 (including supplementals) totaled \$81.8 billion, \$34.9 billion of which were general funds. FY13 income tax receipts attributable to the higher income tax rates (temporarily raised in 2011 and scheduled to begin rolling back in 2015) were \$7.986 billion.

One bright spot was the “April Surprise”, roughly \$1.5 billion in one-time revenue as a result of capital activity that taxpayers accelerated into the 2012 tax year before higher federal rates took effect on January 1, 2013. This set the stage for several supplemental appropriations bills to catch up on obligations: HB 190 (Public Act 98-0001), HB 206 (Public Act 98-0017), and HB 207 (Public Act 98-0011)

According to a report from the Office of the Illinois Comptroller, the State ended the fiscal year with \$3.28 billion in general funds payables and an estimated total bill backlog of \$6.1 billion.

### Fiscal Year 2014

In March, the House adopted House Resolution 83 with the Commission on Government Forecasting & Accountability’s general funds revenue estimate of \$35.081 for FY14. House Resolution 389, adopted in May, enacts COGFA’s final, higher estimate of \$35.446 billion to reflect the \$300+ million surplus in the Income Tax Refund Fund and a decrease of \$65 million in required deposits into the Fund due to a formula change in the budget implementation bill.

The final FY14 budget is \$92.7 billion, \$35.4 billion of which are general funds.

- HB 206 – FY13 supplemental and FY14 allocations to various agencies. Public Act 98-0017
- HB 208 – education operations. Public Act 98-0033
- HB 213 – human services. Public Act 98-0027
- HB 214 – general services. In July, the Governor line-item vetoed \$13.9 million for salaries and other costs associated with members of the General Assembly. Senate President John Cullerton (D-Chicago) and House Speaker Michael Madigan (D-Chicago) successfully filed suit to restore the funds. Public Act 98-0064
- HB 215 – public safety and capital. Public Act 98-0050
- SB 2555 – elementary and secondary education Public Act 98-0034
- SB 2556 – State universities. Public Act 98-0035
- SB 1329 – budget implementation. Public Act 98-0024

The State’s FY14 general funds pension cost is \$7.643 billion, up from \$6.659 billion in FY13. As a percentage of general funds, this is an increase from 19.1% in FY13 to 21.6% in FY14.

GENERAL FUNDS PENSION COSTS (\$ in billions)		
	FY 2013	FY 2014
Contributions	\$5.107	\$5.988
Debt Service	\$1.552	\$1.655
Total	\$6.659	\$7.643
Source: COGFA		

## INDEPENDENT TAX TRIBUNAL

SB 1329, sponsored by Sen. Dan Kotowski (D-Park Ridge) and Rep. Michael Madigan (D-Chicago), is the FY2014 Budget Implementation Act. One provision amends the new Illinois Independent Tax Tribunal Act of 2012. The Tribunal was originally slated to start as of July 1, 2013, but the Governor failed to appoint judges in time. Therefore, SB 1329 delays the Tribunal until January 1, 2014, although cases eligible after June 1, 2013, may opt in. Public Act 98-0024: <http://ilga.gov/legislation/publicacts/98/PDF/098-0024.pdf>

In November, Governor Quinn announced his nomination of James Conway to become the Tribunal's first Chief Administrative Law Judge, and he began work as Acting Chief ALJ on November 18. The Tribunal's judges require Senate confirmation, and AM 360, sponsored by Sen. Antonio Munoz (D-Chicago), has been assigned to the Senate Executive Appointments Committee, but has not yet been posted for a confirmation hearing. In December, Governor Quinn announced the nomination of Brian Barov to be the Tribunal's second ALJ. The actual appointment message for Mr. Barov has not yet been received by the Senate. The Senate has 60 session days to act on the appointments, so the hearings are likely to occur in the spring of 2014. Absent Senate action within the time limit, the appointments are deemed to be approved.

AM360: <http://ilga.gov/legislation/98/AM/PDF/09800AM0360lv.pdf>

## SALES TAX

### Medical Marijuana

HB 1, sponsored by Rep. Lou Lang (D-Skokie) and Sen. William Haine (D-Alton), creates the Compassionate Use of Medical Cannabis Pilot Program Act. It includes imposition of the current 1% State rate on prescription and non-prescription drugs on medical marijuana, a new 7% tax on the sales price (paid by the cultivation center and not the dispenser or patient), and an income tax surcharge on certain sales of the business, equal to the federal income tax liability. Public Act 98-0122: <http://ilga.gov/legislation/publicacts/98/PDF/098-0122.pdf>

### 'Zappers'

HB 49, sponsored by Rep. Jack Franks (D-Woodstock) and Sen. Pamela Althoff (R-Crystal Lake), classifies the use of automated sales suppression devices (also known as zappers), related devices, and/or cash register phantomware to collect sales transaction data as a Class 3 felony. Public Act 98-0352: <http://ilga.gov/legislation/publicacts/98/PDF/098-0352.pdf>

### Jet Fuel Exemption

HB 2499, sponsored by Rep. Barbara Flynn Currie (D-Chicago) and Sen. Don Harmon (D-Oak Park), clarifies the sales tax exemption for jet fuel used in international flights so that it is more closely aligned with the analogous federal exemption. Public Act 98-0422: <http://ilga.gov/legislation/publicacts/98/PDF/098-0422.pdf>

### **Aggregate Machinery & Equipment Exemption**

HB 2918, sponsored by Rep. Jerry Costello (D-Belleville) and Sen. Andy Manar (D-Bunker Hill), clarifies that aggregate machinery and equipment is eligible for the sales tax exemption for manufacturing machinery and equipment. Public Act 98-0456: <http://ilga.gov/legislation/publicacts/98/PDF/098-0456.pdf>

### **Auto Rentals**

SB 1772, sponsored by Sen. Martin Sandoval (D-Chicago) and Rep. Arthur Turner (D-Chicago), revises the sales tax exemption for automobiles used for renting so that all rental vehicles are eligible. Public Act 98-0574: <http://ilga.gov/legislation/publicacts/98/PDF/098-0574.pdf>

### **Aircraft Refurbishment Exemption**

SB 1801, sponsored by Sen. James Clayborne, Jr. (D-Belleville) and Rep. Barbara Flynn Currie (D-Chicago), clarifies the sales tax exemption for aircraft refurbishment. Public Act 98-0534: <http://ilga.gov/legislation/publicacts/98/PDF/098-0534.pdf>

### **Sales of Electricity**

SB 2243, sponsored by Sen. Linda Holmes (D-Aurora) and Rep. Barbara Flynn Currie (D-Chicago), states that (i) sales tax does not apply to transactions of electricity, natural gas, and water; and (ii) producers of electricity, natural gas, and water are not eligible for the manufacturers' purchase credit or the machinery & equipment exemption. It also deletes the requirement that full Social Security numbers be included on the application for a certificate of registration for certain officers of publicly traded

corporations. Public Act 98-0583: <http://ilga.gov/legislation/publicacts/98/PDF/098-0583.pdf>

### **Rolling Stock**

SB 2326, sponsored by Sen. Toi Hutchinson (D-Olympia Fields) and Rep. Barbara Flynn Currie (D-Chicago), aligns the definition of "rolling stock" for watercraft and aircraft more closely to that used for motor vehicles. Public Act 98-0584: <http://ilga.gov/legislation/publicacts/98/PDF/098-0584.pdf>

## **INCOME TAX**

### **Apportionment**

HB 3157, sponsored by Rep. Marcus Evans (D-Chicago) and Sen. John Sullivan (D-Rushville), changes the "alternative apportionment" provision so that it more closely aligns with the state's 2007 shift to market-based apportionment. The bill also repeals the authority for partnership and pass-through entities to file composite returns on behalf of their owners; the withholding filing requirements made composite returns redundant. Public Act 98-0478: <http://ilga.gov/legislation/publicacts/98/PDF/098-0478.pdf>

### **Expanded Credit for Hiring Ex-Offenders**

SB 1659, sponsored by Sen. Patricia Van Pelt (D-Chicago) and Rep. Arthur Turner (D-Chicago), amends the Illinois Income Tax to increase the employer credit for wages paid to an ex-offender from \$600 to \$1,500 and allow the employer to

claim the credit for ex-offenders hired within three years (previously, one) of release. Excludes an employee required to register under the Sex Offender Registration Act. Public Act 98-0165: <http://ilga.gov/legislation/publicacts/98/PDF/098-0165.pdf>

## ENTERPRISE ZONES

### Trailer to Reform Bill

SB 20, sponsored by Sen. Toi Hutchinson (D-Olympia Fields) and Rep. John Bradley (D-Marion), is an omnibus economic development bill that contains trailer language to last year's enterprise zone reform legislation. Changes include extended deadlines for DCEO to develop an application process for new and renewing zones, new reporting dates for submission of certain required annual reports to the Department of Revenue, and revisions to exemption certificate requirements and procedures. Public Act 98-0109: <http://ilga.gov/legislation/publicacts/98/PDF/098-0109.pdf>

### Utility Tax Exemption Extension

SB 1379, sponsored by Sen. David Koehler (D-Edwards) and Rep. Michael Unes (R-East Peoria), extends the availability of the enterprise zone utility tax exemption from 2013 to 2017 and reduces the annual job retention requirement from 1,000 jobs to 750 jobs. Public Act 98-0321: <http://ilga.gov/legislation/publicacts/98/PDF/098-0321.pdf>

## PROPERTY TAX

### Farmland Assessment

SB 20, sponsored by Sen. Toi Hutchinson (D-Olympia Fields) and Rep. John Bradley (D-Marion), is an omnibus economic development bill that includes changes to the farmland assessment formula, requiring use of the *median* assessment level when calculating the 10% limit for annual assessment changes. Public Act 98-0109: <http://ilga.gov/legislation/publicacts/98/PDF/098-0109.pdf>

### Tax Cap Referendum Fix

HB 1188, sponsored by Rep. Daniel Burke (D-Chicago) and Sen. Don Harmon (D-Oak Park), states that, in the case of a taxing district that obtained referendum approval for an increased limiting rate on March 20, 2012, the limiting rate for tax year 2012 shall be that which generates the approximate total amount of taxes extendable for that tax year, as set forth in the proposition approved by the voters. Public Act 98-0006: <http://ilga.gov/legislation/publicacts/98/PDF/098-0006.pdf>

### Erroneous Homestead Exemptions

SB 41, sponsored by Sen. Antonio Munoz (D-Chicago) and Rep. Barbara Flynn Currie (D-Chicago), allows the Cook County Assessor to impose interest, penalties, and liens on property owners who improperly claim homestead exemptions. The bill includes an upfront amnesty period, ongoing education, and annual grace periods. This proposal was a multi-year initiative of Cook County Assessor Joseph Berrios. TFI



joined with the Illinois Association of Realtors to successfully negotiate compromises from the original language, changes that penalize the egregious lawbreakers and impose less punitive penalties on inadvertent offenders. Public Act 98-0093: <http://ilga.gov/legislation/publicacts/98/PDF/098-0093.pdf>

Rep. Jack Franks (D-Woodstock) subsequently introduced HB 3654 to allow other counties to adopt the same program. No action has yet been taken. HB3654: <http://ilga.gov/legislation/98/HB/PDF/09800HB3654lv.pdf>

A related bill, HB 1604, sponsored by Rep. Ed Sullivan (R-Mundelein) and Sen. Terry Link (D-Waukegan), allows assessors in counties other than Cook County to treat erroneous homestead exemptions as omitted property and return them to the assessment rolls. Public Act 98-0615: <http://ilga.gov/legislation/publicacts/98/PDF/098-0615.pdf>

### **Wood River Township Hospital District**

SB 496, sponsored by Sen. William Haine (D-Alton) and Rep. Daniel Beiser (D-Alton), deals with the dissolution of the Wood River Township Hospital District. The hospital officially closed in the late 1990s but continued to extend property taxes until 2005 to satisfy debt service payments. Part of the dissolution involves a property tax refund of roughly \$4 million in IMRF surplus, which will be refunded in the form of checks to current property owners, allocated according to 2005 assessed values. Public Act 98-0590: <http://ilga.gov/legislation/publicacts/98/PDF/098-0590.pdf>

### **Delinquent Property Tax Bills**

SB 1737, sponsored by Sen. Chapin Rose (R-Mahomet) and Rep. Adam Brown (R-Decatur), allows county treasurers to send additional tax bills for certain delinquent taxes due to administrative error rather than adding the amount to the subsequent year's tax bill.

Public Act 98-0286: <http://ilga.gov/legislation/publicacts/98/PDF/098-0286.pdf>

### **Homestead Exemption Increases**

SB 1894, sponsored by Sen. Toi Hutchinson (D-Olympia Fields) and Rep. John Bradley (D-Marion), increases the senior homestead exemption from \$4,000 to \$5,000 for Cook County, beginning with the 2012 tax year; it then increases it for the rest of the State beginning with the 2013 tax year. The bill also increases the general homestead exemption maximum from \$6,000 to \$7,000 for Cook County only, beginning with the 2012 tax year. Public Act 98-0007 <http://ilga.gov/legislation/publicacts/98/PDF/098-0007.pdf>

### **Hydraulic Fracturing Assessment**

SB 2155, sponsored by Sen. Michael Frerichs (D-Gifford) and Rep. John Bradley (D-Marion), establishes the property assessment method for hydraulic fracturing sites. Public Act 98-0023 <http://ilga.gov/legislation/publicacts/98/PDF/098-0023.pdf>

## OTHER BILLS OF INTEREST

### Budget Transparency

HB 2947, sponsored by Rep. Scott Drury (D-Highland Park) and Sen. Julie Morrison (D-Deerfield), amends the State Budget Law to require that the proposed budget include an estimate of individual and corporate income tax overpayments that will not be refunded before the close of the fiscal year. The budget must also clearly state whether there is a projected budget surplus/deficit for general funds in the current fiscal year, or whether the current fiscal year's general funds budget is projected to be balanced, based on estimates prepared by the Governor's Office of Management and Budget using actual figures available on the date the budget is submitted. This information shall include the proposed upcoming fiscal year, the current fiscal year, and the two years prior to the current fiscal year. These estimates must specifically and separately identify any non-recurring revenues, including, but not limited to, borrowed money, money derived by borrowing or transferring from other funds, or any non-operating financial source. Public Act 98-0460: <http://ilga.gov/legislation/publicacts/98/PDF/098-0460.pdf>

### Illinois Business Development Council

HB 1544, sponsored by Rep. Carol A. Sente (D-Vernon Hills) and Sen. Andy Manar (D-Bunker Hill), creates the Illinois Business Development Council to work with the Department of Commerce and Economic Opportunity to develop a strategic economic development plan for the State, which shall be updated annually. Public Act 98-0397: <http://ilga.gov/legislation/publicacts/98/PDF/098-0397.pdf>

### Economic Development Act of 2013

SB 20, sponsored by Sen. Toi Hutchinson (D-Olympia Fields) and Rep. John Bradley (D-Marion), is the Economic Development Act of 2013. The components include TFI-negotiated trailer language for the new enterprise zone and HIB benefit reporting requirements, changes to farmland assessment (both mentioned previously), creation of the South Suburban (Peotone) Airport Public Private Partnership, creation of the Brownfield Redevelopment and Intermodal Promotion Act impacting southern Cook County, authority to designate a proposed \$500 million fertilizer facility in Tuscola as a high impact business and grant it property tax abatements, designation of a new Riverfront Development Zone for East St. Louis, McCormick

## Illinois Tax Facts

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Place bond authorization for DePaul Arena and land acquisition, and City of Rosemont authority to use state funding for either convention center updates or debt service payments. Public Act 98-0109: <http://ilga.gov/legislation/publicacts/98/PDF/098-0109.pdf>

### **DOR Administrative Changes**

HB 2752, sponsored by Rep. Derrick Smith (D-Chicago) and Sen. Melinda Bush (D-Grayslake), amends the Illinois Income Tax Act and the Retailers' Occupation Tax Act. Provides that the time limitation period on the Department of Revenue's right to file a notice of lien shall not run during the term of a repayment plan that a taxpayer has entered into with the Department, as long as the taxpayer remains in compliance with the terms of the repayment plan. Public Act 98-0446: <http://ilga.gov/legislation/publicacts/98/PDF/098-0446.pdf>

HB 2498, sponsored by Rep. Barbara Flynn Currie (D-Chicago) and Sen. William Delgado (D-Chicago), allows the Comptroller to issue checks in amounts under \$ 5.00 for refunds of taxes administered by the Department of Revenue. Public Act 98-0421: <http://ilga.gov/legislation/publicacts/98/PDF/098-0421.pdf>

HB 2518, sponsored by Rep. Barbara Flynn Currie (D-Chicago) and Sen. Iris Martinez (D-Chicago), allows DOR to adopt rules and regulations for payment by credit card if the Department is not required to pay a discount fee charged by the credit card issuer. Increases the amount that DOR may hold in commercial checking accounts from

\$5,000 to \$25,000. Amends the Uniform Penalty and Interest Act to establish that the only interest paid/charged to taxpayers shall be paid at the underpayment rate established under Section 6621 of the Internal Revenue Code. Creates a new penalty of \$100 for failure to timely file certain ROT/UT transaction reporting returns. Public Act 98-0425: <http://ilga.gov/legislation/publicacts/98/PDF/098-0425.pdf>

SB 2169, sponsored by Sen. Michael Noland (D-Elgin) and Rep. Michael Zalewski (D-Chicago), is another omnibus bill granting DOR authority to (i) revoke certificates of registration, permits, or licenses for delinquent taxes; (ii) maintain petty cash funds of up to \$2,000; (iii) allocate lottery winnings to the State; (iv) treat members of a unitary group that fail to file as all other non-filers; and (v) issue a notice of deficiency up to six years following an employer's withholding omission in excess of 25% of the total amount. Public Act 98-0496: <http://ilga.gov/legislation/publicacts/98/PDF/098-0496.pdf>

### **Taxation of Little Cigars**

SB 338, sponsored by Sen. Toi Hutchinson (D-Olympia Fields) and Rep. Barbara Flynn Currie (D-Chicago), requires little cigars to be taxed as cigarettes. Public Act 98-0273: <http://ilga.gov/legislation/publicacts/98/PDF/098-0273.pdf>

### **Education Funding**

SJR 32, sponsored by Sen. Andy Manar (D-Bunker Hill) and Rep. William Davis (D-Hazel Crest), creates the General Assembly's Advisory Committee on Education Funding. However,

after the House declined to appoint members to the joint committee, the Senate adopted a second resolution in July that created a Senate-only committee. That measure, SR 431, sponsored by Sen. Andy Manar (D-Bunker Hill), creates the eight-member (Senate) Advisory Committee on Education Funding, which held a number of hearings throughout the State and is required to report its findings and recommendations to the Senate by February 1, 2014. SJR 32: <http://ilga.gov/legislation/98/SJR/PDF/09800SJ0032lv.pdf>

SR 431: <http://ilga.gov/legislation/98/SR/PDF/09800SR0431lv.pdf>

## PENDING ISSUES

### Corporate Tax Disclosure

HB 3627, sponsored by Rep. Barbara Flynn Currie (D-Chicago), is a re-introduction of the Illinois Corporate Responsibility and Tax Disclosure Act. It has not yet been called for a vote in the House Revenue & Finance Committee, but the committee did hold a subject matter hearing during the summer. This idea is now under consideration in Chicago as well. In November, Alderman Will Burns introduced Ordinance # O2013-9148, amending the Municipal Code of Chicago to mirror the provisions of the State legislation. No action has been taken.

HB 3627: <http://ilga.gov/legislation/98/HB/PDF/09800HB3627lv.pdf>

Ordinance #O2013-9148:

<https://chicago.legistar.com/LegislationDetail.aspx?ID=1522989&GUID=4CE9D550-0C73-419D-8A6A-03274355EE5D&Options=Advanced&Search=>

### EDGE Credits

The Economic Development for a Growing Economy (EDGE) credit surfaced for several companies seeking special legislation to allow them to apply the credit to employee withholding rather than corporate income tax liability. Senate Amendments # 3, 4, & 5 to HB 2536, sponsored by Sen. Andy Manar (D-Bunker Hill), The Senate approved a measure for ADM and the House did not consider it, but ADM subsequently announced its intent to relocate some of its employees to Chicago despite the failure of the bill to pass.

It was déjà vu with Senate Amendments # 3, 4, & 5 to HB 3271, sponsored by Tom Cullerton (D-Villa Park). This bill applies to Univar and the newly merged Office Max/Office Depot. The Senate approved it; the House didn't. Although the bill is on the order of concurrence in the House awaiting action, Office Max/Office Depot has since announced that it will stay in Florida.

House Speaker Michael Madigan issued a statement on incentives and the need for a careful examination of the state's policies in December, and the House Revenue & Finance Committee held a joint hearing on that topic with the House State Government Administration Committee in mid-January 2014. TFI provided both written and oral testimony.



Senate Amendments #3, 4 & 5 to HB 2536:

[http://ilga.gov/legislation/  
fulltext.asp?DocName=09800HB2536sam003&G  
A=98&SessionId=85&DocTypeId=HB&LegID=743  
28&DocNum=2536&GAID=12&Session=](http://ilga.gov/legislation/fulltext.asp?DocName=09800HB2536sam003&GA=98&SessionId=85&DocTypeId=HB&LegID=74328&DocNum=2536&GAID=12&Session=)

HB 3271:

[http://ilga.gov/legislation/  
fulltext.asp?DocName=09800HB3271sam003&G  
A=98&SessionId=85&DocTypeId=HB&LegID=751  
31&DocNum=3271&GAID=12&Session=](http://ilga.gov/legislation/fulltext.asp?DocName=09800HB3271sam003&GA=98&SessionId=85&DocTypeId=HB&LegID=75131&DocNum=3271&GAID=12&Session=)

Statement: [http://www.iltaxwatch.org/new/  
ucm/admin/userfiles/file/  
Madigan%20Statement%2012\\_11\\_13.pdf](http://www.iltaxwatch.org/new/ucm/admin/userfiles/file/Madigan%20Statement%2012_11_13.pdf)

### **MPC Clarification**

Senate Amendment # 1 to HB 2977, sponsored by Senator John Cullerton (D-Chicago), fixes a drafting oversight in the manufacturers' purchase credit. When the MPC was reinstated in 2004 following the 2003 repeal by former Governor Blagojevich, the necessary language was inadvertently left out of the Service Use Tax Act. This past August, Department of Revenue attorneys discovered the mistake, prompting a Compliance Alert which would have allowed audit findings leading to back taxes, fines, and interest. The measure successfully passed out of the Senate with no opposition and now awaits concurrence in the House.

Senate Amendment #1 to HB 2977:

[http://ilga.gov/legislation/98/HB/PDF/  
09800HB2977sam001.pdf](http://ilga.gov/legislation/98/HB/PDF/09800HB2977sam001.pdf)

### **False Claims**

HB 74, sponsored by Rep. Michael Zalewski (D-Chicago), amends the Illinois False Claims Act to allow for legitimate state tax whistle-blower actions, but to prevent the kind of abuses that have proliferated in recent years. Despite strong support, this bill was never released by the House Rules Committee. TFI and the other supporters of this measure will be working hard on this during 2014. HB 74: [http://ilga.gov/legislation/98/HB/  
PDF/09800HB0074lv.pdf](http://ilga.gov/legislation/98/HB/PDF/09800HB0074lv.pdf)

### **TIF Reform**

SB 2258, sponsored by Sen. Don Harmon (D-Oak Park), makes a number of changes to the Tax Increment Financing Redevelopment Act. It creates mandated training of TIF administrators by the Office of the Comptroller. Mandates specified information about TIF locations on property tax bills. Creates penalties for late reporting to the Comptroller. Limits residential TIF districts to 40% of the total municipal EAV, with some exceptions for low-income housing. Limits other TIF districts to 35% of the total municipal EAV. Requires joint review board letters to the Comptroller for extensions prior to legislation. Allows joint review boards to reject a plan or amendment. The bill was on third reading before being re-referred to the Senate Committee on Assignments. SB 2258: [http://  
ilga.gov/legislation/98/SB/PDF/  
09800SB2258lv.pdf](http://ilga.gov/legislation/98/SB/PDF/09800SB2258lv.pdf)

# ILLINOIS GENERAL ASSEMBLY CALENDAR FEBRUARY 2014

<u>SUNDAY</u>	<u>MONDAY</u>	<u>TUESDAY</u>	<u>WEDNESDAY</u>	<u>THURSDAY</u>	<u>FRIDAY</u>	<u>SATURDAY</u>
						1
2	House Perfunctory SESSION	SESSION	SESSION	SESSION	House Perfunctory SESSION	8
9	House Perfunctory SESSION	Senate Perfunctory SESSION	Lincoln's Birthday State Holiday	House Perfunctory SESSION	House Perfunctory SESSION Deadline Intro. of Substantive SB & HB	15
16	Presidents' Day State Holiday	SESSION	Governor's Budget Address SESSION	SESSION		22
23	24	SESSION	SESSION	SESSION	28	

# ILLINOIS GENERAL ASSEMBLY CALENDAR MARCH 2014

<u>SUNDAY</u>	<u>MONDAY</u>	<u>TUESDAY</u>	<u>WEDNESDAY</u>	<u>THURSDAY</u>	<u>FRIDAY</u>	<u>SATURDAY</u>
						1
2	3	SESSION	Ash Wednesday SESSION	SESSION	House SESSION	8
Daylight Savings 9	10	11	12	Senate Perfunctory SESSION	14	15
16	St. Patrick's Day	Primary Election	SESSION	SESSION	SESSION	22
23	24 SESSION	SESSION	SESSION	SESSION	Deadline Substantive SB & HB out of Committee Session	29
30	31	25	26	27	28	

# ILLINOIS GENERAL ASSEMBLY CALENDAR APRIL 2014

<u>SUNDAY</u>	<u>MONDAY</u>	<u>TUESDAY</u>	<u>WEDNESDAY</u>	<u>THURSDAY</u>	<u>FRIDAY</u>	<u>SATURDAY</u>
		SESSION 1	SESSION 2	SESSION 3	SESSION 4	5
6	SESSION 7	SESSION 8	SESSION 9	SESSION 10	SESSION Deadline 3rd Reading Substantive SB & HB 11	12
13	14	15	16	17	Good Friday 18	19
Easter 20	21	22	Senate Perfunctory SESSION 23	24	25	26
27	28	SESSION 29	SESSION 30			

# ILLINOIS GENERAL ASSEMBLY CALENDAR MAY 2014

<u>SUNDAY</u>	<u>MONDAY</u>	<u>TUESDAY</u>	<u>WEDNESDAY</u>	<u>THURSDAY</u>	<u>FRIDAY</u>	<u>SATURDAY</u>
				SESSION 1	2	3
4	5	SESSION 6	SESSION 7	SESSION 8	SESSION 9	10
Mother's Day 11	Senate SESSION 12	SESSION 13	SESSION 14	SESSION 15	SESSION Deadline Substantive SB & HB out of Committee 16	17
PM Senate SESSION 18	SESSION 19	SESSION 20	SESSION 21	SESSION 22	SESSION Deadline 3rd Reading Substantive SB & HB 23	SESSION 24
House Session 25	Memorial Day Senate PM SESSION House SESSION 26	SESSION 27	SESSION 28	SESSION 29	SESSION 30	ADJOURNMENT SESSION 31

## Taxpayers' Federation of Illinois

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## 2014 SPRING LEGISLATIVE CONFERENCE APRIL 9 & 10

### Wednesday, April 9th

Governor's Mansion, Springfield

- 5:30 - 6:30 pm Legislative Reception
- 6:45 Dinner for TFI members and guests

### Thursday, April 10th

Sangamo Club, Springfield

- 8:15 a.m. Registration
- 8:30 - 11:00 Legislative Seminar

**Earn MCLE & CPE Credit**

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