

Policy Statement

Tax Credits, Deductions & Exemptions, Including Economic Development Incentives



TAXPAYERS'
FEDERATION
OF ILLINOIS

Sound tax policy requires a broadly applicable tax base. As a result, the Taxpayers' Federation of Illinois opposes new tax credits, deductions, and exemptions, and the expansion of existing provisions to broaden their scope or increase the amounts awarded. Exceptions to this position include:

- Exemptions or deductions necessary to avoid tax pyramiding,
- Technical corrections or updates to existing provisions, and
- Changes made as part of a broad review or tax reform effort

Stability and predictability are two of the hallmarks of a fair tax system. As a result, we support the continuation of existing credits, deductions, and exemptions that have been depended upon by taxpayers as a component of our overall tax structure. Changes to these provisions are appropriate only in the context of updates, technical corrections, or as part of a broad review or tax reform effort.

The Taxpayers' Federation of Illinois supports efforts to incentivize investment and job creation in Illinois, including efforts to do so through our tax code, if the provisions are narrowly tailored to benefit only the intended beneficiaries and have the proper financial controls in place. All states have deployed these methods in this very competitive environment for economic growth and Illinois should as well, particularly when Illinois' overall business climate is perceived negatively. The effectiveness of these provisions can and should be reviewed from time to time through a careful and thorough evaluation.

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430 EAST VINE STREET
SUITE A
SPRINGFIELD, ILLINOIS
62703

217.522.6818 PHONE
TFI@ILLINOISTAX.ORG
WWW.ILLINOISTAX.ORG