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CHAMBER DAY 2021

AGENDA: APRIL 14TH

Welcome

10:00am

Todd Maisch President and CEO
Illinois Chamber of Commerce

COVID-19 Relief

10:05am

Mike Paone, Vice President Government Affairs
Joliet Region Chamber of Commerce & Industry

Insights into the 2021 Legislative Session

10:30am

Senate Republican Leader Dan McConchie
House Republican Leader Jim Durkin

Technology Regulation

11:00am

Clark Kaericher, Vice President of Government Affairs
Illinois Chamber of Commerce

Pension Policy Reform

11:15am

Todd Maisch, President and CEO
Illinois Chamber of Commerce

Closing Remarks

11:30am

Todd Maisch, President and CEO
Illinois Chamber of Commerce

CHAMBER DAY 2021

AGENDA: APRIL 15TH

Welcome Todd Maisch President and CEO Illinois Chamber of Commerce	10:00am
Fair Maps & Redistricting Todd Maisch, President and CEO Illinois Chamber of Commerce	10:05am
Taxation Keith Staats, Executive Director, Tax Institute Illinois Chamber of Commerce	10:15am
Federal Update Kevin Courtois, Executive Director, Congressional & Public Affairs U.S. Chamber of Commerce	10:25am
2021 Key Legislation Click HERE for the list of Key Bills Clark Kaericher, Vice President of Government Affairs Illinois Chamber of Commerce	10:45am
House Majorities View of the 2021 Legislative Session House Majority Leader Greg Harris	11:00am
Closing Remarks Todd Maisch, President and CEO Illinois Chamber of Commerce	11:30am

CHAMBER DAY 2021

BIOGRAPHIES OF SPEAKERS



SENATE REPUBLICAN LEADER DAN McCONCHIE

Dan McConchie is the State Senator for the 26th District of Illinois and has served in this role since April 2016. He currently serves as Minority Spokesperson for the Appropriations II Committee and the State Government Committee, and is a member of the Public Health, Higher Education, Insurance, Labor, and Telecommunications and Info Technology committees.

Throughout his tenure as a legislator, Dan has worked and advocated for balanced budgets, smaller government, lower taxes, and the need for fundamental reforms that encourage economic growth. Dan has championed legislation and policies to make state government more efficient and helped to bring more equity to the state's school funding system.

Professionally, Dan is an energy consultant with Verde Solutions, a full service energy consulting firm.

With a heart for service, Dan joined the Army National Guard on his 17th birthday serving nine years in the infantry and military police.

Dan and his wife, Milena, reside in Hawthorn Woods and have two adult daughters.

Illinois' 26th Senate District is in the northwest Chicago suburbs and includes all or part of Algonquin, Barrington, Carpentersville, Cary, Crystal Lake, Deer Park, Fox River Grove, Green Oaks, Hawthorn Woods, Hoffman Estates, Island Lake, Kildeer, Lake in the Hills, Lake Zurich, Libertyville, Long Grove, Mundelein, Oakwood Hills and Vernon Hills.

CHAMBER DAY 2021

BIOGRAPHIES OF SPEAKERS



HOUSE REPUBLICAN LEADER JIM DURKIN

With a focus on protecting and strengthening families and communities, Jim Durkin has spent his entire career working for the citizens of Illinois. Jim was born into a large Chicago family of eight boys. Raised in the western suburb of Westchester, Jim and all seven of his brothers graduated from Fenwick High School. He attended Illinois State University and earned a degree in Criminal Justice, and completed his formal education by receiving his Juris Doctor from the John Marshall Law School. Following his graduation from law school, Jim served as an Assistant Illinois Attorney General. Jim continued his public service as an assistant Cook County state's attorney. While working as an assistant state's attorney, Jim served in the felony trial and narcotics bureaus. Jim currently

practices law in the City of Chicago.

In January 1995, Jim became an Illinois State Representative in the 44th district. In 2002, Jim was the Republican nominee for United States Senate but was unsuccessful in his bid to defeat U.S. Senator Dick Durbin. In 2006, Jim was appointed to fill a vacancy in the 82nd House District and has successfully run for re-election. Jim served as the ranking Republican on the Illinois House of Representatives Special Investigation Committee for the impeachment of Governor Blagojevich in 2008, and in 2012 served as the House Manager for the removal of a sitting member of the Illinois House of Representatives.

In August of 2013, Jim was unanimously selected by his Republican colleagues to fill the vacancy of House Republican Leader and was officially inaugurated by the full House of Representatives on October 22, 2013.

During the 100th General Assembly, Jim worked tirelessly with members on both sides of the aisle to successfully negotiate a new education funding formula for our state. Now the law of the land, Senate Bill 1947 ensures that all students across Illinois receive adequate and equitable school funding regardless of where they live or income status. Jim was also the chief sponsor of Senate Bill 1722 which now gives judges the ability to crack down on repeat gun offenders by giving harsher penalties. This measure will reduce gun violence plaguing communities across our state.

Jim's dedication to the people of Illinois has earned him several honors. Throughout his career, he has been bestowed several awards and recognitions such as Legislator of the Year (Builders Association, 2016), Friend of Agriculture (Illinois Farm Bureau, 2016), Outstanding Legislator of the Year (Illinois Association of Park Districts 2015 and MS Society of Greater Illinois 2014), Family Legacy Award (Illinois Crime Commission 2014) and several more throughout the last two decades.

In 2000 and 2008, Jim was State Chairman for U.S. Senator John McCain's presidential campaigns and served as Chairman for the Illinois Delegation at the 2008 Republican National Convention in Minneapolis. Jim currently serves on the John Marshall Law School Board of Trustee's, Misericordia Board of Advisors, Giant Steps of Illinois Board of Directors and JDRF Illinois Board of Directors.

Jim currently resides in Western Springs with his wife and family.

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BIOGRAPHIES OF SPEAKERS



HOUSE MAJORITY LEADER GREG HARRIS

Greg Harris was elected to the Illinois General Assembly in 2006 and is Majority Leader of the House of Representatives. Harris serves as State Representative for the 13th District which includes parts of Uptown, Ravenswood, Lincoln Square, North Center, West Ridge and Bowmanville. Harris is a gay elected official in the State of Illinois, who is also openly living with HIV, and is the first openly gay person in Illinois to become a member of Legislative Leadership. He is Chairman of the Rules Committee, and serves on the Appropriation–Human Services Committee and Wages and Rates Subcommittee. He is a member of the Illinois Juvenile Justice Leadership Council and the joint Legislative Health

Insurance Exchange Committee. He also serves as chairman on the Violence Prevention Task Force and is a member of the Racial and Ethnic Impact Research Task Force, the Quality of Life Board and the House Task Force on Sexual Discrimination and Harassment.

Currently, his interests include state finances, mental health and substance abuse issues, addressing the needs of Illinois's homeless and at-risk youth, comprehensive breast cancer services, marriage equality, trans issues, protecting people with disabilities, nursing home quality, and affordable, accessible healthcare. He has been a major sponsor of healthcare reform and insurance reform, breast cancer legislation, and was the Chief Sponsor of the Illinois Marriage Equality law.

Harris received the Legislative Champion for Individuals with Developmental Disabilities award, the 2010 Illinois School Counselor Association Legislator of the Year Award, 3 Friend of Agriculture Awards from the Illinois Farm Bureau, and is the first person to receive Gay Chicago Magazine's Person of the Year honor. He has also received 2 awards from the Chicago Coalition for the Homeless for his leadership on issues surrounding youth homelessness. Rep. Harris was presented with the Susan G. Komen for the Cure Champion for the Cure Award, the Chicago House Public Service Award, and was also honored with the Friend for Life Award by the Howard Brown Health Center. He has been the recipient of Equality Illinois' 2009 Freedom Award and was recognized by Test Positive Aware Network for his work in the fight against HIV/AIDS.

In addition, He has also received the Visionary Award from Chinese Mutual Aid Association, Share the Care Champion from Almost Home Kids and the Thresholds Hero Award, Legislative Award 2015 from Neumann Family Services, Light the Darkness 2016 The Community Service Award from nami Chicago, 2016 Distinguished Advocacy Award Illinois from The American Cancer Society.

Rep. Harris has been recognized for service to various Chicago communities by awards from Travelers and Immigrants Aid, Voice of the People, the Uptown Chamber of Commerce, the AIDS Foundation of Chicago, the Chinese Mutual Aid Society, Ethiopian Community Organization, Korean American Community Services, Asian Human Services, The NAMES Project and others.

Representative Harris serves on the Honorary Boards of Interfaith Ministry for Immigrant and Refugee Rights and Apna Ghar Domestic Violence Shelter. Harris and former Chicago Mayor Richard M. Daley shared the Human Rights Campaign "Equality" Award.

Prior to entering public service, Harris served in a number of Senior Management positions with the National Home Furnishings Association.

Greg Harris served for 14 years as Chief of Staff for Alderman Mary Ann Smith of Chicago's 48th Ward. He co-chaired the City of Chicago's Task Force on LGBT Substance Use/Abuse and as a member of the Crystal Meth Task Force. He is a founder and first Board President of both Open Hand Chicago and of AIDSWalk Chicago. He has served as chair of Lesbians and Gays in Government, and as a member of the Public Policy and Advocacy Committee of the AIDS Foundation of Chicago. He has served as a Board member of Open Hand Chicago and as a member of the Chicago Area HIV Service Planning Council, a Board Member of the Non-Profit Financial Center, the AIDS Legal Council, and as a Director of the Heartland Alliance for Human Needs and Human Rights.

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BIOGRAPHIES OF SPEAKERS



KEVIN COURTOIS

Kevin Courtois (*cort-wah*) is Executive Director of Congressional and Public Affairs at the U.S. Chamber's Great Lakes Regional Office. To achieve the U.S. Chamber's public policy goals, Kevin cultivates and maintains legislative, political, media and grassroots resources throughout Illinois, Indiana, Kentucky, Michigan, Ohio, and Pennsylvania.

Kevin leads the U.S. Chamber's efforts to strengthen its relationships with Members of Congress through member businesses, associations, and local and state chambers of commerce across the region.

Before joining the U.S. Chamber in 2015, Kevin spent five years in Washington, D.C. where he worked for Senator Chuck Grassley's Finance Committee staff during its consideration of the Affordable Care Act. He also served on Senator Grassley's Judiciary Committee staff where he handled health policy issues and federal judicial nominations. While working on Capitol Hill, Kevin attended evening classes at the George Mason University School of Law before completing his last year at Northwestern Law School in Chicago, where he currently resides.

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BIOGRAPHIES OF SPEAKERS



MICHAEL PAONE

MICHAEL PAONE is the Vice President of Governmental Affairs at the Joliet Region Chamber of Commerce and Industry, the largest and most active Business Organization in Will County. Mike has worked with numerous businesses and organizations in the Joliet region to help increase their awareness and bottom line through various member benefits and opportunities.

Under his leadership, the Chamber brought in more than 2,000 members equaling \$750,000+, adopted and implemented eight successful membership drives, and has added many program offerings for its members. Mike is the co-creator of the Joliet Area Young Professionals (JAYP), the African American Business Association (AABA), and the creator of two Chamber referral groups known as Business Builders. In addition to overseeing membership, Mike works closely with the JAYP and AABA Board of Directors as their ex-officio. Mike is also the ex-officio leader of the Chamber Ambassadors, a volunteer group of 40 plus Chamber members. Mike has co-designed three new Chamber web sites and has implemented the Chamber's social media program. He has been an integral part of Chamber marketing and communication plans. In his new role as Vice President he has become more involved with legislative and community affairs; planning governmental lobby trips to the State Capitol and Washington DC, in addition to city government relations.

Currently Mike serves as the Government Affairs Chair of the Illinois Association of Chamber of Commerce Executives Board, a past Regent for the U.S. Chamber Institute for Organization Management, is a 2008 graduate of the program (IOM designation) and past class advisor. Mike is a 2001 Joliet Chamber Community Leadership School graduate, United Way of Will County board member, Cornerstone Services board member, member of the Joliet Kiwanis club, past board member of the Joliet Catholic Academy Alumni Assoc., and many other committees.

Mike received his Bachelor's Degree from the University of St. Francis in Joliet, Illinois and currently resides in Joliet with his wife Carleen and two sons Brandon & Alexander. He enjoys family vacations, coaching and supporting his sons sports, as well as playing in Fantasy Sports Leagues and golfing when he has the opportunity to do so.

A Bridge to Phase 5

As more of our residents receive the COVID-19 vaccine, Illinois will operate with a metrics-based pathway toward the fifth and final phase of the Restore Illinois reopening plan, in which all sectors of the economy reopen with businesses and recreation resuming normal operations, and where conventions, festivals, and large events can take place.

Following recommendations from public health experts, Illinois will move forward with a dial-like approach between the mitigations in Phase 4, which currently apply to the entire state, and the post-pandemic new normal of Phase 5. This Bridge to Phase 5 will allow for higher capacity limits and increased business operations, before public health experts tell us it is safe to move to the new normal that Phase 5 will bring.

Like the prior evidenced-based approaches to deliberately lift mitigations that have kept us safe and saved lives, this gradual path to Phase 5 will protect the progress we've made while allowing us to reopen the economy.

Once 70% of residents 65 and older have been vaccinated and barring any reversals in our COVID-19 hospitalizations and deaths for a 28-day monitoring period, the Bridge to Phase 5 will begin with increased capacity limits in both indoor and outdoor settings. Once 50% of residents 16 and older have been vaccinated and stable or declining COVID-19 metrics are recorded during a 28-day monitoring period, Phase 5 will be implemented, removing capacity limits altogether. All regions of the state will move through these next phases together based on statewide metrics.

While regulations are rolled back gradually, Illinoisans should continue following the public health guidelines that have kept us safe during the pandemic, like wearing a mask in public and social distancing.

Additionally, this updated guidance establishes new capacity limits for settings determined by risk level. In an update to current Phase 4 mitigations, individuals with proof of full vaccination — defined as 14 days after receiving a final vaccine dose — or a negative COVID-19 test (PCR) 1-3 days prior to an event do not count against capacity limits. Following the latest studies on virus transmission, lower risk activities that were either not permitted or allowed at a lower capacity have been expanded in Phase 4.

SETTING	PHASE 4	BRIDGE	PHASE 5
Dining	Seated areas: Patrons \geq 6 feet apart; parties \leq 10 Standing areas: 25% capacity	Seated areas: Patrons \geq 6 feet apart; parties \leq 10 Standing areas: 30% capacity indoors; 50% capacity outdoors	N O L I M I T S
Health and fitness	50% capacity Group fitness classes of 50 or fewer indoors or 100 or fewer outdoors *	60% capacity Group fitness classes of 50 or fewer indoors or 100 or fewer outdoors	
Offices	50% capacity	60% capacity	
Personal care	50% capacity	60% capacity	
Retail and service counter	50% capacity	60% capacity	

SETTING	PHASE 4	BRIDGE	PHASE 5
Amusement parks	25% capacity *	60% capacity	N O C A P A C I T Y L I M I T S
Festivals and general admission outdoor spectator events	15 people per 1,000 sq. ft. *	30 people per 1,000 sq. ft.	
Flea and farmers markets	25% capacity or 15 people per 1,000 sq. ft.	Indoor: 15 people per 1,000 sq. ft. Outdoor: 30 people per 1,000 sq. ft.	
Film production	50% capacity	60% capacity	
Meetings, conferences and conventions	Venue with capacity < 200 persons: Lesser of 50 people or 50% capacity * Venue with capacity ≥ 200 persons: Lesser of 250 people or 25% capacity *	Lesser of 1,000 people or 60% capacity ^	
Museums	25% capacity	60% capacity	
Recreation	Indoor: Lesser of 50 people or 50% capacity Outdoor: Maximum groups of 50; multiple groups permissible	Indoor: Lesser of 100 people or 50% capacity Outdoor: Maximum groups of 100; multiple groups permissible	
Social events	Indoor: Lesser of 50 people or 50% capacity * Outdoor: Lesser of 100 people or 50% capacity *	Indoor: 250 people Outdoor: 500 people	
Spectator events (ticketed and seated)	Indoor venue with capacity < 200 people: Lesser of 50 people or 50% capacity * Outdoor venue or indoor venue with capacity ≥ 200 people: 25% capacity *	60% capacity	
Theaters and performing arts	Indoor venue with capacity < 200 persons: Lesser of 50 or 50% capacity Outdoor venue or indoor venue with capacity ≥ 200 persons: 25% capacity *	60% capacity	
Zoos	25% capacity Lesser of 50 or 50% at indoor exhibits	60% capacity	

* Denotes expanded activity in Phase 4 ^ Capacity applied for event sizes above the capacity limits allowed for social events

METRICS TO MOVE FORWARD

Vaccination metrics: Once 70% of residents 65 and older statewide have received their first dose of the vaccine and no increase in COVID-19 metrics is recorded, the state could move into the Bridge Phase. Once 50% of residents 16 and older have received their first dose of the vaccine and no increase in COVID-19 metrics is recorded, the state could move into Phase 5.

COVID-19 metrics: The state could advance if there is a non-increasing trend in hospital admissions for COVID-19 like illness, COVID-19 patients in the hospital and mortality rate while ICU bed availability must remain greater than or equal to 20%. The state will consider new knowledge of variants, vaccine effectiveness and the potential necessity of a booster shot as we move forward.

Monitoring period: COVID-19 metrics will be considered over a 28-day monitoring period before the state can advance to the next phase. The current monitoring period began when all regions of the state moved into Phase 4.

METRICS TO MOVE BACKWARD

The state could revert to a previous phase if there is a resurgence of the virus, measured by an increasing trend in our case rate and one of the following:

- Hospital admissions for COVID-19 like illness trend increasing and above 150 daily average
- COVID-19 patients in the hospital trend increasing and above 750 daily census
- Mortality rate trend increasing and above 0.1 daily average
- ICU bed availability < 20%

Metrics will be measured over a 10-day monitoring period.



U.S. Small Business
Administration

Eligibility Requirements— Shuttered Venue Operators Grant (SVOG)

Eligibility Requirements: (A Business Must Satisfy All Applicable Requirements Per Category)

Requirements for All Businesses

General Requirements	<ul style="list-style-type: none">• Was fully operational on February 29, 2020.• Had gross earned revenue during any of the first, second, third, or fourth quarter in 2020 that demonstrated not less than a 25 percent reduction from the gross earned revenue of such business during the corresponding quarter in 2019.
Ownership Restrictions	<ul style="list-style-type: none">• Is not listed on a stock exchange or majority owned and controlled by an entity listed on a stock exchange.• Does not have, or is not majority owned and controlled by an entity with, all three of the following characteristics:<ol style="list-style-type: none">1. Owns or operates venues, relevant museums, motion picture theatres, or talent agencies or talent management companies in more than one country;2. Owns or operates venues, relevant museums, motion picture theatres, or talent agencies or talent management companies in more than ten States; and3. Employs more than 500 employees as of February 29, 2020, determined on a full-time equivalent basis.• Not majority owned or controlled by an entity that received more than 10% of gross revenue from federal funding during 2019, excluding amounts received by such business under the Robert T. Stafford Disaster Relief and Emergency Assistance Act.
Prohibited Activities	<ul style="list-style-type: none">• Does not (i) present live performances of a prurient sexual nature or (ii) derive, directly or indirectly, more than de minimis gross revenue through the sale of products or services, or the presentation of any depictions or displays, of a prurient sexual nature.

Please see for additional eligibility requirements by business type below

Additional Requirements by Business Type

	Live Venue Operator or Promoter, Theatrical Producer, or Live Performing Arts Organization Operator	Motion Picture Theatre Operator	Museum Operator	Talent Representative
Business Requirements:	<ul style="list-style-type: none"> One of its principal business activities is operating or using venues for Eligible Live Events for which (i) a cover charge through ticketing or front door entrance fee is applied, and (ii) performers are paid in an amount that is based on a percentage of sales, a guarantee (in writing or standard contract) or another mutually beneficial formal agreement. <p>Either:</p> <ul style="list-style-type: none"> not less than 70% of the earned revenue of the business is generated through, to the extent related to a live event described immediately above, cover charges or ticket sales, production fees or production reimbursements, nonprofit educational initiatives, or the sale of event beverages, food, or merchandise; or one its principle business activities is making available for purchaser by the public an average of not less 60 days before the date of the event tickets to live events described immediately above. 	One of its principal business activities is owning and operating at least one place of public accommodation for the purpose of motion picture exhibition for a fee.	Operates museums that are Relevant Museum as its principal business activity.	Not less than 70% of its operations are engaged in representing or managing two or more artists and entertainers.
Operational Requirements	Has resumed or intends to resume organizing, promoting, producing, managing, or hosting future Eligible Live Events.	Is open or intends to reopen for the primary purpose of public exhibition of motion pictures.	Is open or intends to reopen.	Is representing or managing artists and entertainers.
Facility Requirements	<ul style="list-style-type: none"> Has a defined performance and audience space. Has mixing equipment, a public address system, and a lighting rig. Engages one or more individuals to carry out not less than two of the following roles: a sound engineer; a booker; a promoter; a stage manager; security personnel; or a box office manager. Requires a paid ticket or cover charge to attend most performances and artists are paid fairly (rather than performing for free or for tips, except for fundraisers or similar charitable events). If owned or operated by a nonprofit entity that produces free events, the Eligible Live Events are produced and managed primarily by paid employees, not by volunteers. Markets performances in printed or electronic publications, on websites, by mass email, or on social media. 	<ul style="list-style-type: none"> Has at least one auditorium that includes a motion picture screen and fixed audience seating. Has a projection booth or space containing not less than one motion picture projector. Requires a paid ticket charge to attend exhibition of motion pictures. Markets motion picture exhibitions through showtime listings in printed or electronic publications, on websites, by mass mail, or on social media. 	<ul style="list-style-type: none"> Has indoor exhibition spaces that are a component of the principal business activity and which have been subject to pandemic-related occupancy restrictions. Has at least one auditorium, theater, or performance or lecture hall with fixed audience seating and regular programming 	

RESTAURANT REVITALIZATION FUND

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GRANTS

An eligible business may receive a tax-free federal grant equal to the amount of its **pandemic-related revenue loss**, calculated by subtracting its 2020 gross receipts from its 2019 gross receipts.

- ✓ If the business is not in operation for the entirety of 2019, the total is the difference between 12 times the average monthly gross receipts for 2019 and the average monthly gross receipts in 2020 (or a formula from SBA).
- ✓ If the business is not in operation until 2020, it can receive a grant equal to the amount of "eligible expenses" subtracted by its gross receipts received (or a formula from SBA).
- ✓ If the business is not yet in operation as of the application date, but it has made "eligible expenses," the grant would be made equal to those expenses (or a formula from SBA).

DEDUCTION OF 1ST AND 2ND DRAW PPP LOAN FUNDS

Pandemic-related revenue losses for business are **reduced by any amounts received** from Paycheck Protection Program (PPP) First Draw and Second Draw loans in 2020 and/or 2021.

DISTRIBUTION

The SBA can adjust awards based on demand and "relative local costs" in the markets where RRF businesses operate. Otherwise;

- ✓ **\$23.6 billion** is available for the SBA to award in an equitable manner to businesses of different sizes based on annual gross receipts.
- ✓ **\$5 billion** is available to businesses with gross receipts of \$500,000 or less during 2019.
- ✓ **Maximum:** The total grant amount for an eligible business and any affiliated businesses is capped at \$10 million and is limited to \$5 million per physical location of the business.

RESTAURANT REVITALIZATION FUND

PRIORITIZATION

For an initial 21-day period, the SBA will prioritize awarding grants for small business concerns owned and controlled by women, veterans, or socially and economically disadvantaged small business concerns.

COVERED PERIOD

Eligible expenses are those incurred **from February 15, 2020 to December 31, 2021**, or a date determined by the SBA. If all grant funds are not spent by the business, or the business permanently closes before the end of the covered period, the business must return unused funds to the Treasury.

ELIGIBLE EXPENSES

Funds must be spent on payroll; principal or interest on mortgage obligations; rent; utilities; maintenance including construction to accommodate outdoor seating; supplies such as protective equipment and cleaning materials; normal food and beverage inventory; certain covered supplier costs; operational expenses; paid sick leave; and any other expenses that the SBA determines to be essential to maintaining operations.

ELIGIBLE ENTITY

Own or operate 20 or fewer establishments (together with any affiliated business), regardless of ownership type of the locations and whether those locations do business under the same or multiple names, as of March 13, 2020. An affiliated business has an equity or right to profit distribution of 50 percent or more, or has contractual authority to control the direction of the business, provided that such affiliation “shall be determined as of any arrangements or agreements in existence as of March 13, 2020.”

- ✓ Eligible entities include a restaurant, food stand, food truck, food cart, caterer, saloon, inn, tavern, bar, lounge, brewpub, tasting room, taproom, licensed facility or premise of a beverage alcohol producer where the public may taste, sample, or purchase products, or other similar place of business in which the public or patrons assemble for the primary purpose of being served food or drink.
- ✓ Entities can apply using their existing business identifiers, as the SBA will avoid imposing additional burdens on applicants.
- ✓ Publicly-traded companies are ineligible.
- ✓ Entities must submit a good faith certification that:
 - Uncertainty of current economic conditions makes necessary the grant request to support the ongoing operations.
 - The entity has not applied for nor received a “Shuttered Venue Operators” grant (generally for performing arts, live venues, theaters, etc.).

TAX TREATMENT

Grants are not taxed like income and all normal federal tax deductions are protected.

- ✓ New Limitations on Private Funds and Anti-Evasion.

CHAMBER DAY 2021

Support Biometric Information Privacy Act (BIPA) Reform HB 559 (Leader Durkin)

Business Support these bills for the following reasons:

On January 25th, 2019, in *Rosenbach v. Six Flags Entertainment Corporation*, the Illinois Supreme Court ruled that a plaintiff in a BIPA action need not demonstrate any actual injury or harm in order to be awarded monetary damages under BIPA. As a result, each independent scan of an identifier, such as a fingerprint, imposes a \$1,000-\$5,000 liability. Take for instance a small company with 50 employees that uses a fingerprint scanner for time keeping purposes. If an employee scans in/out 4 times a day (morning, leave for lunch, return for lunch, and evening) that company is on the hook for \$4,000 in damages a day/employee. At only 50 employees, that is statutory damages of \$1 million per week or \$52 million a year! Not surprisingly, in the year since *Rosenbach*, more than 100 class action suits have been filed.

BIPA law in its current form encourages frivolous class action suits and stifles innovation in Illinois. Illinois can become a worldwide tech leader, but it must get out of its own way. These reforms would be a step in the right direction.

Summary

- Clarifies the definition of biometric information to exclude information which cannot be used to reconstruct the original biometric identifier. This encourages security practices whereby, for example, a fingerprint scan is stored not as a fingerprint but rather as a numeric algorithm.
- Clarifies that “written consent” is the only type of consent required and that it may be obtained through electronic means. As currently written, the statute uses the term “release” which suggest a “release of claims” and which has been construed as requiring an employer to terminate an employee who refuses to agree to provide biometric information.
- Limits the policy to be available not publicly, but only to those affected by the biometric information collection. From a security perspective, I do not think it makes sense to have publicly available the retention schedule or other details regarding how the information is collected, stored, retained and ultimately, destroyed.
- Broadens the situations under which an employer may be allowed to retain the information other than a court order or subpoena. State and federal agencies have the authority to levy sanctions if electronic information involved in litigation is not retained, so this protects employers who are trying to cooperate in state and federal investigations as well.
- Adds as parties excluded contractors, subcontractors or agents of a state or federal agency when working for that state or federal agency. There are federal agencies that have certain security requirements involving fingerprinting that should be clearly exempted from this Act.

- Adds a provision excluding from coverage employees who are covered by different provisions in a collective bargaining agreement.
- Enforcement section provides for a private right of action, modified as follows:
 - Includes a right to cure.
 - Private cause of action must be filed within one year of the accrual of a cause of action.
 - Clarifies ambiguous language so that a defendant who prevails in an action may also recover fees. That appeared to be the original intent, in that the statute uses “prevailing party” rather than “prevailing plaintiff,” but there was additional language that made this ambiguous.
 - For negligent violations, limited to actual damages instead of automatic statutory penalties.
 - Leaves in punitive damages but limits to “willful” violations.
 - Limits punitive damages to a liquidated damages provision that matches the amount of actual damages, rather than a flat \$5,000 per aggrieved person.
 - I did not attempt to address when a claim accrues as that is likely to prompt a significant amount of debate and may be best left to the courts at this point.

We respectfully urge a YES vote.

CHAMBER DAY 2021

Illinois Chamber of Commerce Board Policy Illinois Pension System Reform

The Illinois Chamber acknowledges the Illinois public pension system is substantially and dangerously under-funded. According to 2006 Standard and Poor's report, Illinois ranked 47th in the nation with its retirement systems' funded ratios. According to a report by the Civic Federation of Chicago, funded ratios for the five Illinois retirement systems have fallen to 40.2% in FY2018, when a well-funded system will have a ratio of 90% or more. According to the Commission on Government Forecasting and Accountability, unfunded liabilities of Illinois' five pension funds were nearly \$133.5 billion in FY2018.

In addition, Illinois taxpayers face pension debt on the local level. According to COGFA, police and firefighter pensions alone hold \$11.5 billion dollars in unfunded liabilities. This figure does not include other unfunded local pensions such as, IMRF. Local pension debt is undeniably a contributing factor to property tax rates. Illinois ranks 2nd highest in the nation for property taxes.

Principle reasons for the state's failure to adequately fund its pension systems, according to the Civic Federation's report, are attributable to a combination of factors including actual contribution shortfalls, investment losses, failure to increase payments during the 1990s economic boom, increased benefits, and impact of the FY 2002 early retirement initiative.

In order to adequately fund the Illinois public pension system, the state will need to make the full certified contributions required by law. In monetary terms, the funding increase is expected to rise to \$19.6 billion over the next 27 years from the \$8 billion contributed in FY2018. In FY2020, Illinois had to contribute \$9.4 billion dollars from the general revenue sources. If you include the \$797.9 million dollars in debt service costs on pension obligation bonds, the cost rises to nearly \$10.2 billion dollars.

This Illinois Chamber Board of Directors recognizes the Illinois General Assembly will be considering initiatives to improve funding of the Illinois state pension systems in the coming months and supports all fiscally responsible methods to bring our pension systems into compliance.

The Illinois Chamber believes fiscal responsibility includes necessary pension system reforms. The Illinois Chamber supports implementation of the pension system reforms recommended by the Governor's Pension Commission and the Civic Federation. In particular:

Increasing the minimum age for new employees to receive full benefits to 65 years of age with 8 years of service. This proposal was estimated by the Governor's Pension Commission to save \$11.51 billion in state contributions to the pension funds.

Limiting automatic annual pension increases for new hires only. This proposal was estimated by the Commission to save \$4.76 billion in state contributions to the pension funds. Increase individual contributions to the state's existing plans to match national benchmarks. In the Illinois state employee retirement systems, members with Social Security are now required to contribute only 4% of their compensation to the pension funds, and member without Social Security are required to contribute 8%. These contribution levels are lower than the national averages of 5% and 8.6% respectively.

With these reforms, the upward trend in cost growth can be slowed. Existing pension commitments should be paid in **full**, but the state can and should institute these necessary reforms to reduce the pension costs of future employees and presently non-vested employees. Implementing these reforms will go a long way toward aligning public sector employee compensation with private sector employee compensation.

The Illinois Chamber does not support increased funding of the state pension systems without curbing pension system cost growth through the above-stated reform measures.

The Illinois Chamber does not support increased funding for the state pension system if the source of such funds is from implementing a gross receipts tax. The Illinois Chamber strongly opposes enacting a gross receipts tax for the purpose of pension system funding or for any other state funding purpose.

CHAMBER DAY 2021

Redistricting Reform Fact Sheet

What is Redistricting: Understanding the Process and Current Law

- Every 10 years when U.S. Census data is released, political party leaders in Illinois draw federal, state, and local political boundaries. Rather than voters choosing their officials, these officials choose voters who are most likely to give them a political advantage on Election Day. This practice, known as gerrymandering, predetermines outcomes, increases polarization, and produces uncompetitive elections, career politicians, and governmental deadlock, all because politicians have little to no reason to fear the consequences of being thrown out of office. Illinois is a leading example of the harm that gerrymandering does to our democracy.
- When the redistricting process is finished, each district should have roughly the same number of people within its boundaries, but there are many different ways to draw those lines for 118 Illinois House districts, 59 Senate districts and all the other government units in Illinois. District lines can keep everyone in a municipality together in the same legislative district and/or keep similar communities of interest together in the same legislative district.
- According to the 1970 Illinois Constitution, in the year following each Federal decennial census year, the General Assembly by law shall redistrict the Legislative Districts and the Representative Districts. If no redistricting plan becomes effective by June 30 (passed by the Legislature and signed by Governor) a commission will be formed.
- So, when legislators and the governor cannot agree on new district boundaries, an eight-member redistricting commission is formed. The members are appointed by the legislative leaders of both parties in the House and Senate. If those eight people can't reach a compromise, the Illinois Supreme Court provides the names of a Democrat and a Republican, and the one name that is drawn becomes the "tiebreaker." Not later than October 5, the Commission shall file with the Secretary of State a redistricting plan approved by at least five members of the committee.
- **Source:** Change Illinois, <https://www.changeil.org/policy-priorities/redistricting-reform/>
- **Source:** Illinois State Constitution, <https://www.ilga.gov/commission/lrb/conent.htm>

Requirements by Law: Constitutional and Voting Rights Requirements

- Section 3 of Article 4 of the Illinois State Constitution says the following on the configuration of legislative districts.
 - Legislative Districts shall be compact, contiguous and substantially equal in population.
 - Representative Districts shall be compact, contiguous, and substantially equal in population.

- What are Communities of Interest?
 - A community of interest is a neighborhood, community, or group of people who have common policy concerns and would benefit from being maintained in a single district. They are defined by the local community members. Keeping communities of interest together is an important principle in redistricting. It can be especially helpful to communities that have been traditionally left out of the political process. Community members can define their communities and describe their concerns to policy makers. Without this, those who may not have their best interest in mind will define the communities for them.
 - While neither state law or federal law mandates the preservation of communities of interest, the topic has been a major source of conversation in redistricting hearings for generations in Illinois. Many other US states such as New York, Kansas, Kentucky and Michigan do mandate “communities of interest” provisions.
 - According to the Justice Department, Section 2 of the Voting Rights Act is a nationwide prohibition against voting practices and procedures, (including redistricting plans) that discriminate on the basis of race, color or membership in a language minority group. It includes practices that are shown to have a racially discriminatory result. The United States and private parties may file a lawsuit against a redistricting plan alleging that it violates Section 2.
 - Under Section 5 of the Voting Rights Act, a change affecting voting, such as a redistricting plan, may not be used by a covered jurisdiction unless that jurisdiction can show that the change has neither a discriminatory purpose nor will have a discriminatory effect. The jurisdiction can file an action in the United States District Court for the District of Columbia. As an alternative, the change can be submitted to the Attorney General for administrative review.
 - **Source:** <https://redistricting.ils.edu/wp-content/uploads/Basics-English6.pdf>
 - **Source:** <https://www.ncsl.org/research/redistricting/redistricting-criteria.aspx>
 - **Source:** <https://www.justice.gov/crt/redistricting-information#:~:text=Under%20Section%205%20of%20the,will%20have%20a%20discriminatory%20effect.>

Accountability: What Illinois Leaders have said about Redistricting Reform

- **Governor JB Pritzker**
 - **Question from Local Journalist:** Will you pledge as governor to veto any state legislative redistricting map proposal that is in any way drafted or created by legislators, political party leaders and/or their staffs or allies? The exception, of course, would be the final official draft by LRB.
 - **Answer from Candidate JB Pritzker:** Yes, I will pledge to veto. We should amend the constitution to create an independent commission to draw legislative maps, but in the meantime, I would urge Democrats and Republicans to agree to an independent commission to handle creating a new legislative map. That designated body should reflect the gender, racial, and geographic diversity of the state and look to preserve the Voting Rights Act decisions to ensure racial and language minorities are fully represented in the electoral process.
- **Attorney General Kwame Raoul**
 - In 2010, then Senator Kwame Raoul was a major proponent of redistricting reform. The Senator argued that the legislature needs to draw maps that protect minority groups in districts in which they may not have a big enough share of the population to elect a lawmaker, but are still numerous enough to influence the outcome. The Senator also called for more public hearings at the time.

Proposal: The Fair Maps Amendment – SJRCA 18/ HJRCA 41

- The Illinois Redistricting Collaborative have worked together to draft the “Fair Maps Amendment” (FMA). The 2020 proposal includes [key improvements](#) to increase representation and end the practice of prison gerrymandering. Sponsored by Democrats and Republicans in both chambers of the Illinois General Assembly, the Fair Maps Amendment changes the redistricting process to end gerrymandering by:
 - Removing politicians and sitting legislators from drawing their own districts
 - Establishing an independent redistricting commission that must be demographically, politically, and geographically representative of our state to draw our congressional and Illinois General Assembly maps
 - Protecting the constitutional rights of people in communities of color to elect a representative of their choosing
 - Adding sunlight and transparency by requiring the release of all communications made by the commission as well as any data used to create and propose any and all maps
 - Giving the public the opportunity to participate in the process by requiring at least 30 public hearings on the maps before a final vote is taken
 - View Change Illinois’ 2020 Fair Maps Amendment Fact Sheet [here](#).
 - If three-fifths of the members of both chambers of the Illinois General Assembly vote to adopt the amendment, voters will have the final say at the ballot box to pass the FMA.
- Independent Redistricting Commission Makeup:
 - 17-member citizen commission appointed by the senior supreme court justice from each political party
 - Geographic, ethnic, racial and gender diversity
 - Political Party Requirements: 7 Democrats, 7 Republicans, 3 Independents
 - Removes conflict of interest by prohibiting lobbyists, some state employees, and other connected individuals from being on commission.
- Sponsored by: Senator Bush (D), Senator Curran (R), Rep. Costa Howard (D) Rep. Spain (R)
- The [Fair Maps Amendment](#) failed to advance in the 101st General Assembly despite broad bipartisan support and sponsorship. In the 102nd General Assembly, A piece of legislation may soon be introduced in the “spirit” of the Fair Maps Amendment that codifies these changes in the statutes, but at this time no such bill has been introduced.
- **Source:** Change Illinois, <https://www.changeil.org/policy-priorities/redistricting-reform/>

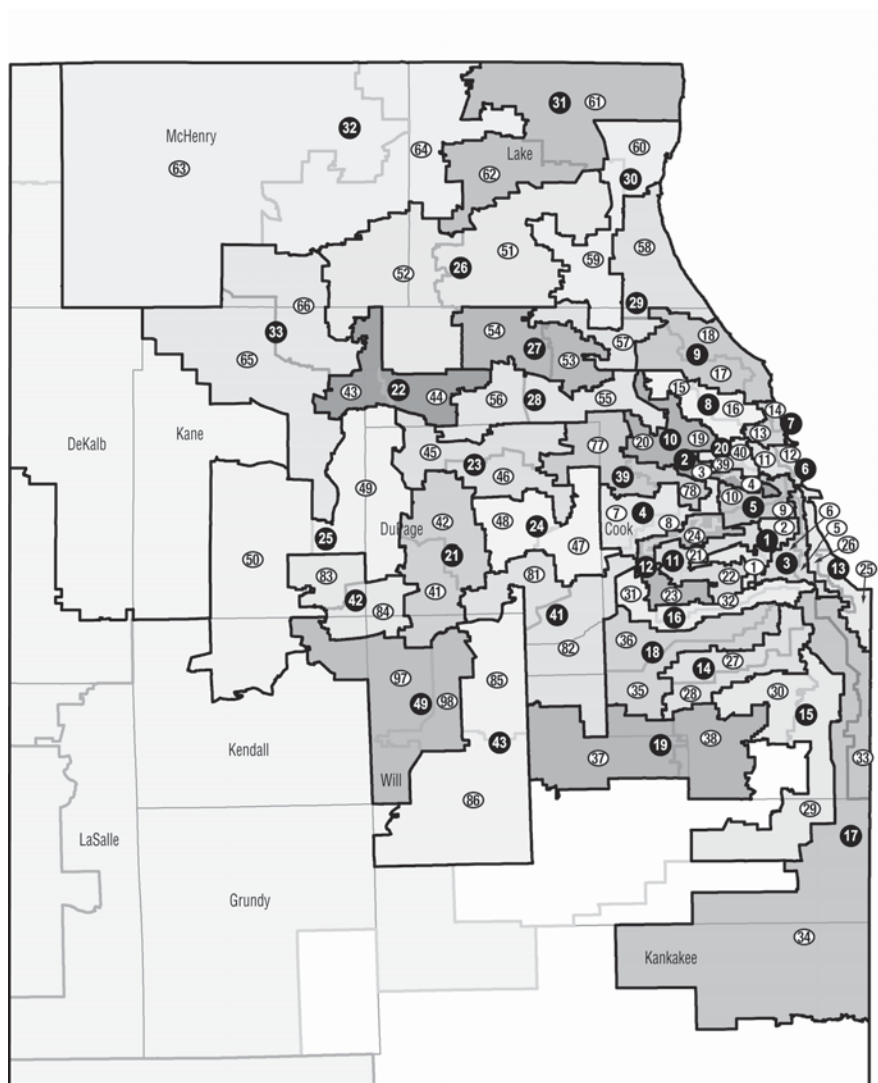
THE UNIVERSITY OF CHICAGO



50 Legislative (Senate) District

99 Representative (House) District

Legislative Districts of Northeastern Illinois



Legend

- 50** Legislative (Senate) District
- 99** Representative (House) District

CHAMBER DAY 2021

TAXATION

Illinois Department of Revenue Legislative Initiatives

SB 1582 – Martwick - Amends the Illinois Income Tax Act. Provides that, when a taxpayer sells or transfers the major part of (i) the stock of goods which he is engaged in the business of selling, (ii) furniture or fixtures, (iii) machinery and equipment, or (iv) real property, then the taxpayer shall notify the Department of Revenue (currently, the Chicago office of the Department of Revenue) no more than 10 business days before (currently, after) the sale or transfer. Provides that payments of winnings from sports wagering conducted in accordance with the Sports Wagering Act are allocable to this State. In provisions concerning the Economic Development for a Growing Economy (EDGE) Tax Credit, provides that, if, during any taxable year, a taxpayer ceases operations at a project location that is the subject of an EDGE agreement with the intent to terminate operations in the State, then the taxpayer's State income tax liability shall be increased by the amount of any credit allowed prior to the date the taxpayer ceases operations.

SB 2279 – Stadelman - Amends the Department of Revenue Law of the Civil Administrative Code of Illinois and the Retailers' Occupation Tax Act. In provisions that allow the Department of Revenue to refuse to issue, reissue, or renew a certificate of registration, provides that a person is considered to be in default for moneys due if the amount was established as a final liability within the 23 years (currently, 20 years) prior to the date of the Department of Revenue's notice of refusal to issue or reissue the certificate of registration, permit, or license. Amends the Property Tax Code. Provides that the effective date of a pollution control facility certificate shall be the date of the last submission of documentation that finalizes the application or the date of the construction of the facility, whichever is later. Creates the Property Tax Appeal Board Supplemental Fund. Provides that all filing fees collected by the Board shall be deposited in the Fund. Provides for the uses of moneys deposited in the Fund. Amends various tax Acts to provide that upon filing a claim for a credit or for a refund, if the statute of limitations will expire less than 12 months after the date a taxpayer files the claim for credit or refund, that will trigger an automatic 12-month extension of the statute of limitations for assessing additional tax due. Effective immediately.

SB 2573 – Bush - Amends the Retailers' Occupation Tax Act. Provides that, if a person who is licensed as a retailer of alcoholic liquor under the Liquor Control Act has had the renewal of his or her certificate of registration denied or revoked by the Department of Revenue, then distributors licensed under the Liquor Control Act are prohibited from selling alcoholic liquor to that retailer, and that retailer is prohibited from purchasing alcoholic liquor from distributors, pending notification by the Department of Revenue that the denied renewal or revocation has been resolved to the Department of Revenue's satisfaction. Amends the Department of Revenue Law of the Civil Administrative Code of Illinois. Requires applicants for a certificate of registration to pay a nonrefundable application fee of \$30.

HB 3294 – Wheeler - Amends the Retailers' Occupation Tax Act. Provides that, beginning January 1, 2020 and through December 31, 2020, sales of tangible personal property made by a marketplace seller over a marketplace for which tax is due, but for which use tax has been collected and remitted to the Department of Revenue by a marketplace facilitator are exempt. Provides that the term "marketplace facilitator" does not include any person licensed under the Auction License Act, other than any person who is an Internet auction listing service. Amends the Leveling the Playing Field for Illinois Retail Act. Provides that certified service providers who collect and remit taxes on behalf of retailers may claim the retailers' discount with respect to those taxes. Provides that the retailer is not entitled to the discount with respect to those taxes. Effective immediately.

The Governor's Decoupling Proposal

Decoupling from the individual net operating loss and excess business deduction provisions under the CARES Act. There are continued efforts by the Governor to pass decoupling legislation. As of today, it appears that the Governor hasn't been able to pin down sufficient support for the proposal to move it through the General Assembly. I have not seen any new decoupling language introduced in legislation.

I wouldn't be surprised to see the original decoupling proposal expanded. You will recall that in the December 2020 Covid relief package, Congress over-ruled a determination of the Internal Revenue Service that otherwise deductible business expenses paid for with forgiven PPP loan funds are not deductible. Allowing the deduction of these expenses reduces taxable income at the federal level and also for Illinois income tax purposes. I suspect the Department of Revenue may attempt to decouple from this provision as well.

The Governor's "Loophole" Closing Proposals

In mid-February, the Governor gave his annual budget address. The Governor announced that he did not plan to seek an increase in the income tax rates on individuals or businesses. However, he announced his intention close so-called "corporate loopholes."

Congress has passed the President's \$1.9 trillion dollar Covid assistance package. Included in the federal legislation is \$7.5 billion for the State of Illinois and \$5.5 billion for Illinois units of local government. Given the level of federal assistance, there is simply no need to eliminate these valuable incentives provided to Illinois businesses.

Restrict the manufacturing machinery and equipment exemption from the sales tax by removing "production-related tangible personal property" from the exemption. To reach an agreement on the FY 2020 budget, in 2019 the Governor agreed to modify the manufacturing machinery and equipment exemption to include "production-related tangible person property" that was formerly exempted under the Manufacturers' Purchase Credit. With this proposal, he goes back on that agreement.

Eliminate the Blue Collar Jobs Act that was scheduled to be effective on January 1, 2021. To reach an agreement on the FY 2020 budget, in 2019 the Governor agreed to a new Blue Collar Jobs Act program that is designed to spur investment and creation of good paying blue collar jobs. With this proposal, he goes back on that agreement.

Reverse the repeal of the Corporate Franchise Tax. To reach an agreement on the FY 2020 budget, in 2019 the Governor agreed to a gradual phase out of the Corporate Franchise Tax. With this proposal, he goes back on that agreement.

“Limit the corporate net operating loss to \$100,000 per year for the next three years.” Under Section 207 of the Illinois Income Tax Act, corporations may carry Illinois net losses incurred in a tax year forward to offset income in later years. Illinois decoupled from federal law on corporate net operating losses going back to the 1980s. This proposal would limit the amount of losses that can be used in a tax year to \$100,000. The Department advises that this proposal will allow the restricted losses to be carried forward for use in later years. In essence, the Governor is seeking an interest free loan from Illinois business for the next 3 years.

Decouple from federal accelerated depreciation. Under the 2017 federal Tax Cuts and Jobs Act, purchasers of capital assets were authorized to deduct the cost of such a purchase as an expense in the year the purchase was acquired and placed in service, rather than depreciating the cost of the asset over the life of the asset. Illinois conforms to this federal change. The idea behind the federal change was to spur investment by businesses. The Governor proposes to decouple from the federal treatment and "apply the standard depreciation schedules in IRC Section 168." Once again, in the long run this doesn't provide any additional money to Illinois. This is also nothing more than an interest free loan to the State of Illinois from Illinois businesses.

“Roll Back Federal Tax Cuts and Jobs Act 100% Foreign-Source Dividend Deduction.” The Department of Revenue advises that this proposal is intended to add back the 100% deduction for dividends from 10%-owned foreign corporations and the 50% deduction for GILTI. They explain that they plan to do this while still permitting corporate taxpayers to take advantage of the standard deductions authorized under IRC Section 243 for domestic dividends and IITA Section 203(b)(2)(O) for foreign dividends. They state that the impact of this proposal will fall primarily on large, multi-national corporations with foreign subsidiaries or substantial ownership interests in foreign corporations. However, this would impose an Illinois tax on income that is foreign source income that has been taxed by the foreign jurisdiction.

Limit the retailers discount for the costs of sales tax collection to \$1,000 per month. Illinois law recognizes that there are costs to retailers for collecting and remitting state and local sales taxes to the state of Illinois. Illinois law allows retailers to retain 1.75% of the taxes collected as reimbursement for the costs of collection. The Governor proposes to cap this discount at \$1,000 per month, contending that costs of collection do not increase based on the sales volume of the retailer. This is simply untrue.

Eliminate the sales tax exemption on the sales of biodiesel. Currently, biodiesel blends containing more than 10 percent biodiesel but no more than 99 percent biodiesel, 100-percent biodiesel, and majority blended ethanol currently receive a full sales tax exemption.

Reduce the Illinois tuition tax credit program to a 40% credit for donations from 75%. The Governor campaigned on eliminating the tuition tax credit. This proposal, by reducing the tax credit to 40% of the amount of a donation from the current 75%, will likely have the same effect as an outright repeal by eliminating the attractiveness of making a donation.

The Illinois Chamber Tax Institute Legislative Package

Income tax

[HB 2583](#) - Murphy, and [SB 490](#) - Stoller - **Small Business Asset Purchase Accounts** - Creates an income tax deduction for an amount of up to \$50,000 per tax year contributed to a small business asset purchase account and all interest earned on such accounts during the tax year. A "small business asset purchase account" is an account established by a taxpayer, the proceeds of which are used to purchase property used primarily in Illinois for which a federal income tax deduction is claimed under Section 179 of the Internal Revenue Code.

[SB 1864](#) - Barickman - **Amends the EDGE credit address Covid-related issues**. Upon the issuance of a disaster proclamation by the Governor covering the location of Taxpayer that is party to an Agreement, the Department of Commerce and Economic Opportunity may modify or restructure the Agreement in a manner that includes the temporary modification of the job creation or retention requirements of the Agreement to provide that the Taxpayer will not be considered to be out of compliance with the Agreement so long as the Taxpayer maintains at least 85% of the job creation and retention requirements of the Agreement or a lesser percentage that the Department determines is warranted by the Taxpayer's particular circumstances.

[SB 2531](#) - Stoller - **Federal SALT cap work around for owners of pass-through entities**. Amends the Illinois Income Tax Act to tax income of partners of partnerships and S Corporation shareholders at the entity level to work around the federal \$10,000 SALT deduction cap.

[HB 3034](#) - Wheeler - **Bonus Investment Credit for Small Businesses** - Amends the Illinois Income Tax Act to authorize a 1% investment credit of the amount of expenses claimed as a federal income tax deduction under Section 179 of the Internal Code

[SB 492](#) - Stoller - **Reinstates the personal property replacement income tax investment credit**. This bill provides that the personal property tax replacement income tax credit for investments in qualified property is reinstated effective this year. This credit was in effect for approximately 25 years but was allowed to "sunset" (lapse) a couple of years ago.

[HB 3935](#) - McCombie and [SB 491](#) - Stoller and [SB 511](#) - DeWitte - The proposal will **strengthen the research and development credit** by modifying the base period calculation for purposes of calculating the required increase in qualifying expenditures. This bill changes the base period calculation to 50% of the average of the 3 year base period.

[SB 2257](#) - Fowler - **Establishes a regionalized minimum wage income tax credit**. the maximum income tax withholding tax credit for full-time equivalent employees is determined by the Metropolitan and Nonmetropolitan area of the State that is the base of operations of the employee.

Penalty Relief

[SB 2260](#) - Wilcox - **Amendment of the Uniform Penalty and Interest Act** - The bill provides that if a Department audit discloses that a taxpayer has paid at least 95% of the tax required to be shown due on the return for the tax period at issue, or the taxpayer before commencement of an audit discovers an underpayment of tax and voluntarily files an amended return and pays additional taxes in an amount that is no more than 5% of the amount of tax required to be shown due for the tax period, the underpayment penalty that would otherwise be due is automatically rescinded.

Sales tax and Excise taxes

[HB 1938](#) - McCombie and [SB 2256](#) - Wilcox - Modifies the temporary storage exemption from the sales tax so the exemption is not lost if property is returned to Illinois for purposes of repair, refurbishment or storage.

The temporary storage exemption from the sales tax provides that property purchased from an out-of-state retailer that is stored here temporarily before being shipped out of Illinois for use is not subject to Illinois sales tax never to be returned. The “never to be returned” language in the sales tax is to guarantee that the items are not utilized in Illinois. However, this language has been construed by the Department of Revenue to include property that is returned to Illinois for repair, refurbishment or storage. In other words, property that is never utilized in Illinois, but the Department taxes it because it has been returned temporarily. This legislation clarified that the Department may not tax property that is returned solely, and temporarily, for repair, refurbishment or storage.

[HB 3033](#) - Wheeler - Reinstates the Expanded Temporary Storage Exemption from the sales tax. Currently, the temporary storage exemption provides an incentive for Illinois purchasers to make purchases from out-of-state retailers because only purchases made from out-of-state retailers may qualify for the temporary storage exemption. This legislation reinstates the portion of the temporary storage exemption that allows purchasers to buy from Illinois retailers and claim the temporary storage exemption. This provision was in effect for about 10 years, but was allowed to “sunset” (lapse) by operation of law. This bill reinstates the authorization to make purchases from Illinois retailers.

[SB 2180](#) - Sims - Changes the sales taxation of leased property to the lease payments from the up-front cost of the leased item. This legislation would modify the sales tax leases in Illinois to make Illinois law consistent with the way that every other state other than Maine, and currently Illinois, tax leases. Most states impose sales tax on the lease payment a lessor receives from his or her customer. Illinois and Maine, do not impose a tax on the lease payment, but rather tax the cost of the property purchased or lease purposes.

[SB 2182](#) - Sims - Amends the Data Center exemption legislation to address implementation issues identified by taxpayers and the Department of Commerce and Economic Opportunity.

Some Notably Bad Legislation

[HB 95](#) - Halpin - Creates the Company-Specific Subsidy Interstate Compact in which each member state agrees to not offer company-specific subsidies for companies currently located in or considering locating in the member state, including, but not limited to, for corporate headquarters, manufacturing facilities, office space, or other real estate developments.

[HB 145](#) - Morgan - Creates the Phase Out Corporate Giveaways Interstate Compact which may be entered into by any state and the District of Columbia, in which each member state agrees not to offer or provide any company-specific tax incentive or company-specific grant to any entity for a corporate headquarters, manufacturing facility, office space, or other real estate development located in any other member state as an inducement for the corporate headquarters, manufacturing facility, office space, or other real estate development to relocate to the offering member state.

[HB 860](#) - Davis - This is the Cook County Assessor's so-called "data modernization legislation. We remain strongly opposed to this unnecessary and intrusive legislation which amends the Property Tax Code. Provides that, in counties with 3,000,000 or more inhabitants, taxpayers of income producing property shall submit

income and expense data annually to the chief county assessment officer on or before July 1 of each year. Counties of fewer than 3,000,000 inhabitants may opt in to this legislation as well.

HB 3164 - Hernandez - **We oppose this new tax on wire transfers.** Creates the Wire Transfer Tax Act. Provides that a tax of 1% of the amount transferred is imposed on each wire transfer originating from within the State. Provides that the moneys received from the tax shall be deposited into the Illinois DREAM Fund. Amends the Higher Education Student Assistance Act to make conforming changes.

HB 3242 - Mah - **We oppose this legislation that creates the Environmental Responsibility in Tax Credit Awards Act.** The legislation provides that, if the Environmental Protection Agency or the Pollution Control Board become aware that a taxpayer receiving State tax incentives has engaged in reckless conduct causing environmental damage that seriously endangers the public health or welfare, the

Environmental Protection Agency or the Pollution Control Board, as applicable, shall notify the Department of Revenue of its findings. Provides that the Department of Revenue shall then take steps to revoke the taxpayer's State tax incentives.

HB 3424 - Guzzardi - **SB 2127** - Peters - **We oppose this legislation.** The apportionment change the legislation is seeking to reverse corrected a problem with the apportionment of income of federally regulated exchanges that resulted from the change in Illinois apportionment from cost of performance to market based sourcing. The legislation was designed to keep apportionment of the exchanges at roughly the same percentage they were at prior to the change to marketplace sourcing. Amends the Illinois Income Tax Act. The legislation provides that provisions concerning apportionment of income from federally regulated exchanges apply only for taxable years ending on or before December 31, 2021.

HB 3427 - Guzzardi - **SB 2125** - Peters **We oppose reducing the exclusion under the Illinois Estate Tax. We believe the tax should be eliminated or at least the exclusion amount should be raised to match the federal exclusion amount.** The legislation amends the Illinois Estate and Generation-Skipping Transfer Tax Act. Provides that the exclusion amount is \$2,000,000 for persons dying on or after January 1, 2022 (currently, \$4,000,000).

HB 3475 - Ramirez - **SB 2121** – Peters - **We oppose this legislation that redefines the definition of certain income to use mark-to-market valuation.** This proposed change is antithetical to U.S. system of taxation and is an artificial and inaccurate manner of determining income. It would result in the same wild and unrealistic fluctuations that is currently seen in the mark-to-market requirements for financial reporting by public companies. The legislation creates the Extremely High Wealth Mark-to-Market Tax Act. Contains provisions concerning gains or losses of assets for individual taxpayers with net assets worth \$50,000,000 or more.

HB 3476 - Ramirez - **SB 2124** - Peters **We oppose this unconstitutional legislation.** The legislation amends the Illinois Income Tax Act and provides, for tax years ending on or after December 31, 2021, a surcharge is imposed on an Illinois resident's low-taxed investment income. Defines "low-taxed investment income". Provides how the surcharge is calculated. Exempts from the surcharge: (i) resident married individuals filing joint returns, if Illinois taxable income is not more than \$250,000; (ii) a resident head of household, if Illinois taxable income is not more than \$200,000; and (iii) resident unmarried individuals, resident married individuals filing separate returns, and resident estates and trusts, if Illinois taxable income is not more than \$150,000.

[HB 3477](#) - Ramirez - **[SB 2126](#)** – Peters - **We oppose this conceptually and technically flawed legislation.** The legislation amends the Illinois Income Tax Act and provides that all the corporations, wherever incorporated or domiciled, that are members of a unitary business shall file a combined return as a combined group. Makes changes to the definition of "unitary business". Contains provisions concerning a water's edge election. Provides that, with respect to unitary business groups, "United States" means the 50 states of the United States, the District of Columbia, and United States' territories and possessions.

[HB 3478](#) - Ramirez - **We oppose this legislation designed to tax income that the State of Illinois has no right to tax.** Amends the Illinois Income Tax Act. Contains provisions concerning a deduction for income included in the taxpayer's federal adjusted gross income and deemed received under Section 951A (GILTI) or Section 952 (Subpart F) of the Internal Revenue Code.

[HB 3529](#) - Zalewski - **[SB 2062](#)** – Castro - **This is the latest attempt by the Cook County Assessor to place new and more burdensome reporting requirements on owners of income producing property.** These bills amend the Property Tax Code and provide that owners of income producing properties shall file physical descriptions of their properties with the chief county assessor, on a form and format determined by the chief county assessor. Effective immediately.

[SB 1794](#) - Murphy - **We oppose this legislation which appears to grant additional authority to 3rd party bounty hunters to conduct audits dealing with locally-imposed and locally-collected utility taxes.** The legislation amends the Local Government Taxpayers' Bill of Rights Act and provides that the statute of limitations set by a unit of local government for the determination and assessment of taxes covered by the Act may not exceed 10 years (currently, 4 years) after the end of the calendar year for which the return for the period was filed or the end of the calendar year in which the return for the period was due, whichever occurs later. Makes conforming changes concerning the tolling of this 10-year period. Amends the Illinois Municipal Code. In a Section concerning municipal audits of public utilities, provides that municipalities may request information from public utilities no more than annually (currently, no more than once every 2 years). Provides that, if the public utility fails to respond in a timely manner to the request for information with complete information, the public utility shall be liable to the municipality for a penalty of \$1,000 for each day it fails to produce the requested information. Provides that, if a public utility is liable for any error in past tax payments in excess of \$5,000 that were unknown prior to an audit from the municipality, then the public utility shall reimburse the municipality for the cost of the audit. Sets forth conditions under which the public utility may be liable for attorney's fees incurred by the municipality.

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TAXATION

Keith Staat's most recent column for the Illinois CPA Societies magazine Insight

[Decoding Decoupling: The Facts Behind Pritzker's Proposal](#)

Gov. J.B. Pritzker is seeking to decouple Illinois' income tax code from two CARES Act provisions. Here's a look at the history of decoupling, the complications it creates, and my argument against the proposal.

During the January lame duck session of the Illinois General Assembly, Gov. J.B. Pritzker pushed a proposal to decouple Illinois from certain provisions of the federal Internal Revenue Code (IRC) enacted in March 2020 within the Coronavirus Aid, Relief, and Economic Security (CARES) Act. He suffered a rare legislative defeat but has already expressed his intention to again seek decoupling during the spring legislative session.

The drafters of the 1969 Illinois Income Tax Act—wisely, in my opinion—determined that the most efficient way in which to adopt an Illinois income tax was to base the state tax on the federal IRC. Because of this, the terminology of the Illinois Income Tax Act is identical to the federal IRC and other federal income taxation statutes unless specified.

Since 1969, there has been some decoupling from the federal IRC. In the 1980s, the state decoupled from federal taxation of retirement income. The state also decoupled from federal net operating losses for corporations, trusts, estates, and partnerships—though not from the federal treatment of individual net operating losses. In the 1990s, the state decoupled from federal bonus depreciation rules.

The result of these choices has been an increase in complexity. The Illinois Department of Revenue (IDOR) would likely contend that decoupling, at least in the case of net operating losses, brought more revenue to the state by limiting the total amount of state net operating losses claimed. In the case of depreciation, the argument is less clear: There is no net revenue gain in the long term as the revenue is spread out over different tax years. Instead of taking a larger deduction in earlier years and a smaller deduction in later years as is the case under federal bonus depreciation, the state deduction is spread over the useful life of the item.

The added complexity has led to disputes between taxpayers and IDOR. In the case of net operating losses, it has involved disputes over the tracking and documentation of losses. In the case of depreciation, there are similar disputes over documentation and many audit issues involving whether and how the depreciation addition and subtraction modifications have been properly calculated. These disputes lead to a waste of time and resources on both sides.

Gov. Pritzker's recent proposal involves decoupling from the temporarily modified net operating loss law as well as from the temporary suspension of the excess business loss limitations for non-corporate taxpayers, both granted under the CARES Act. The federal net operating loss changes would only affect

individual taxpayers because, as noted, Illinois decoupled from federal net operating losses for corporations, trusts, estates, and partnerships many years ago. Under the CARES Act, net operating losses generated in 2018, 2019, and 2020 may be carried back for five years, and the federal limitation on the use of net operating losses was suspended for tax years beginning before Jan. 1, 2021. To my understanding, the rationale for this CARES Act provision was to allow taxpayers to file amended returns and obtain refunds that would provide much-needed cash to those adversely affected by the COVID-19 pandemic.

The CARES Act also suspended the limitation on non-corporate taxpayers' use of excess business losses until 2021. Under the Tax Cut and Jobs Act of 2017, beginning in 2018 business losses in excess of \$250,000 (\$500,000 in the case of a joint return) were disallowed for non-corporate taxpayers.

Gov. Pritzker's rationale for this decoupling effort was the purported fiscal impact of the federal changes. Given the state's adverse budget situation, he likely feels that the state can't afford to give out these additional refunds. It is unclear to me why he waited until January 2021 to attempt to decouple from these federal provisions because the state impact of the federal changes was evident at the time the CARES Act passed in March 2020.

If I am correctly reading Gov. Pritzker's legislative proposal, the decoupling would result in individual taxpayers never receiving the benefit of the net operating losses. The legislation, if enacted, would just pretend the CARES Act changes never occurred. Because there is no separate Illinois individual net operating loss statute like there is for corporations, the losses of individuals would not merely be deferred to a different time but would be lost forever. This is particularly harsh because the individuals affected by this change are likely the individual business owners most severely affected by the economic impact of COVID-19.

If the governor is successful in his renewed attempts to decouple from the federal provisions, it would be retroactive and therefore even more complicated. If legislation is enacted by the end of the spring legislative session on May 31, many taxpayers will have already submitted their 2020 tax returns as well as amended returns for the prior tax years affected by the federal net operating loss changes.

It is unknown to me what IDOR has been doing, if anything, with refund claims that have been received to date. We will have to wait and see whether the legislation will attempt to claw back any refunds issued prior to its enactment and whether the department would attempt to assess interest on any such amounts that would be recouped.

Decoupling from the federal IRC can be complicated. To the extent it is done, it should be done sparingly, because it increases the complexity of the Illinois Income Tax Act while offering few benefits.

Author's Note: This column includes my personal observations and does not necessarily represent the views of the Illinois CPA Society. For additional information contact:

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