



SR0505

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1 SENATE RESOLUTION

2 WHEREAS, Recent federal tax law changes enacted by
3 Congress in H.R. 1 represent one of the most comprehensive
4 reforms to the Internal Revenue Code in over three decades,
5 building on the success of the Tax Cuts and Jobs Act of 2017 by
6 further simplifying tax administration, reducing rates for
7 individuals and businesses, and targeting relief to
8 working-class Americans as well as the job creators in our
9 country; and

10 WHEREAS, Several of the new federal tax law changes will
11 provide much-needed relief to the economic engines of our
12 country and our State by making permanent or expanding several
13 pro-business tax policies, such as the enhanced small business
14 deduction for equipment and software, restoring a business's
15 ability to immediately expense research and development costs,
16 and establishing a new deduction for manufacturers that build
17 new facilities in the United States; and

18 WHEREAS, By enacting these tax law changes, Congress has
19 positioned Illinois' economy to directly benefit from the new
20 investments businesses will make throughout the State by
21 building new facilities, hiring additional employees, and
22 engaging in new research and development projects, all of
23 which will create high-paying jobs that allow Illinoisans to

1 support their families; and

2 WHEREAS, Illinois has long benefited from maintaining
3 conformity with the federal tax code, as conformity
4 streamlines tax administration, minimizes compliance costs for
5 Illinois taxpayers, and provides consistency and clarity for
6 both the State's economy and all Illinoisans; and

7 WHEREAS, Decoupling Illinois' income tax system from the
8 federal tax code would impose unnecessary complexity on
9 Illinois taxpayers by requiring them to maintain separate
10 accounting for State and federal purposes, while
11 simultaneously raising taxes on the very businesses Illinois
12 needs to help the State's economy thrive; and

13 WHEREAS, Maintaining conformity with the federal tax code
14 promotes economic competitiveness by providing a stable and
15 consistent framework for investment and job creation, while
16 decoupling risks undermining Illinois' attractiveness to
17 employers and entrepreneurs; and

18 WHEREAS, Illinois taxpayers already face high tax burdens
19 relative to other states, as research from the Taxpayers'
20 Federation of Illinois found that in FY 2022, Illinois had the
21 ninth-highest total tax collections when measured as a
22 percentage of gross state product; and

1 WHEREAS, Illinois currently has the third-highest
2 corporate income tax rate in the country, according to the Tax
3 Foundation, and decoupling would lead to tax increases and
4 compliance burdens that would further disadvantage Illinois
5 residents and businesses; and

6 WHEREAS, New tax increases or other changes in State tax
7 law could alter asset deployment strategies by businesses,
8 shift business expansion plans to neighboring states, cause
9 out-of-state businesses seeking to relocate to bypass
10 Illinois, and encourage Illinois businesses to move to more
11 favorable tax jurisdictions; and

12 WHEREAS, Illinois' economic growth has been stubbornly
13 slow compared to neighboring states, while the State's
14 unemployment rate has remained higher and income growth has
15 lagged; and

16 WHEREAS, Many states have chosen to retain conformity with
17 H.R. 1 to maintain simplicity, transparency, and efficiency in
18 their tax systems; and

19 WHEREAS, It is important to focus on policies that promote
20 fiscal responsibility and economic growth rather than raising
21 taxes on job creators and introducing additional complexity

1 and uncertainty into its tax code; therefore, be it

2 RESOLVED, BY THE SENATE OF THE ONE HUNDRED FOURTH GENERAL
3 ASSEMBLY OF THE STATE OF ILLINOIS, that we respectfully urge
4 the Governor of the State of Illinois not to decouple
5 Illinois' tax policy from the federal tax changes contained in
6 H.R. 1; and be it further

7 RESOLVED, That we respectfully urge the Governor to pursue
8 his publicly stated preferred method of balancing the State's
9 budget by pursuing pro-growth policies by continuing to align
10 Illinois' tax code with Internal Revenue Code to prevent an
11 unnecessary tax increase on the job creators of our State and
12 to ensure simplicity, fairness, and competitiveness for all
13 Illinois taxpayers; and be it further

14 RESOLVED, That suitable copies of this resolution be
15 delivered to the Governor of the State of Illinois, the
16 Director of the Illinois Department of Revenue, the President
17 of the Illinois Senate, and the Speaker of the Illinois House
18 of Representatives.