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TAXPAYERS'  
FEDERATION  
— OF ILLINOIS —

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# Board of Trustees Meeting

via Teams

October 9, 2024 @ 9:00 am

# Agenda

1. Call to Order
2. Approval of Minutes
3. TFI Finances
4. State of Illinois  
Finances
5. Election Preview
6. TFI Legislative Agenda
7. DOR Regulations
8. Call for Further  
Business
9. Adjournment



# Call to Order

- Board Chair Larry Pociask
- Attendance
- Quorum



# Approval of Minutes

**Taxpayers' Federation of Illinois**  
Board of Trustees Meeting  
Maggiano's, Chicago, Illinois & via Teams  
June 13, 2024

Board Vice-chair Alana Reimer called the meeting to order. A quorum of the Board was present. Minutes of the December 20, 2023, meeting were approved (motion by Drew Olsen, second by Michael Brown).

Michael Brown, Jessie Eisenmenger, Scott Heyman, Jeff Hummel, Brian Kuler, Larry Pociask, Alana Reimer, Allyson Slobotski, Archana Warner, and Michael Wynne were elected to serve one-year terms on the Executive Committee. (motion by Drew Olsen, second by Mike Brown).

The Board elected the following Trustees to serve one-year terms as officers: Larry Pociask, Chairman; Alana Reimer, Vice Chairman; Mike Brown, Treasurer (motion by Jeff Hummel, second by Michael Brown)

TFI President Scholten provided a brief update on TFI's finances and ongoing activities.

With no further business, the meeting was adjourned.



# TFI E-Mail Breach

- Kellie's email was accessed by an outside party.
- Over 20,000 unauthorized emails were sent out on Wednesday October 2.
- We were without email for the majority of Thursday October 3.
- We are evaluating new procedures going forward to prevent this from happening again and ways to mitigate the damage if it were to happen again.



## TFI Finances - Highlights

- Outside review of 2023 financials have been completed. No significant changes were made.
- 2024 continues to track on-budget
- Significant investment income will lead to a surplus this year.
- Starting to look for legislative director.



	Jan-Sep 2024	Jan-Sep 2023	2024 Budget	2023 Final
<b>REVENUES</b>				
Membership	\$383,919	\$365,057	\$405,000	\$405,057
Subscription Other	\$2,350	\$3,100	\$3,100	\$3,100
Subscription Government	\$0	\$0	\$0	\$1,000
Meetings				
Spring	\$17,290	\$12,530	\$14,000	\$12,530
Annual	\$20,370	\$18,331	\$20,000	\$18,331
Tax Conference	\$45,850	\$46,787	\$36,000	\$34,430
Foundation Research and Mgt	\$0	\$15,000	\$15,000	\$15,000
Interest and Investment Income	\$57,002	\$3,165	\$5,000	\$50,850
Other				
<b>TOTAL REVENUES</b>	<b>\$526,782</b>	<b>\$463,971</b>	<b>\$498,100</b>	<b>\$540,299</b>
<b>EXPENSES</b>				
Salaries	\$216,294	\$246,050	\$285,125	\$343,426
Benefits & Employment Taxes	\$63,123	\$71,319	\$85,000	\$98,947
Travel Conferences & Memberships	\$10,166	\$13,492	\$10,000	\$21,938
Rent	\$20,250	\$20,250	\$30,000	\$27,000
Contractual Services	\$30,000	\$38,250	\$51,000	\$51,000
General Office	\$29,622	\$29,869	\$35,000	\$36,030
Depreciation	\$1,500	\$1,500	\$1,500	\$1,528
<b>TOTAL EXPENSES</b>	<b>\$370,955</b>	<b>\$420,729</b>	<b>\$497,625</b>	<b>\$579,870</b>
<b>NET INCOME/DEFICIT</b>	<b>\$155,826</b>	<b>\$43,241</b>	<b>\$475</b>	<b>(\$39,571)</b>



# Potential TFI Members (Former Members)

- Baxter International
- Kraft-Heinz
- Marathon
- McDonald's
- Takeda Pharmaceuticals





# State of Illinois Finances

General Funds Receipts Through September (millions)				
Revenue Source	FY2024	FY2025	\$ Change	% Change
Net Personal Income Tax	\$5,346	\$5,933	\$587	11.0%
Net Corporate Income Tax	\$1,272	\$1,142	(\$130)	-10.2%
Net Sales Tax	\$2,782	\$2,715	(\$67)	-2.4%
All Other State Sources	\$871	\$954	\$83	9.5%
Transfers In	\$1,030	\$421	(\$609)	-59.1%
Federal Sources [base]	\$1,017	\$910	(\$107)	-10.5%
Non-Base General Funds	\$0	\$0	\$0	-
<b>Total General Funds</b>	<b>\$12,318</b>	<b>\$12,075</b>	<b>(\$243)</b>	<b>-2.0%</b>

FY2025 Budget assumes 1.2% increase in revenues



# Headwinds...

- Illinois Budget – First preview in early November
  - PPRT to GRF transfer should be reduced by approximately \$818 million
- City of Chicago Budget Shortfall - \$982 million
  - Budget proposal to be released October 30
  - \$500 million property tax increase would increase a tax bill by about 7%.
- Chicago Public Schools Budget – Balanced for now?
  - Did not pay \$175 million pension payment for non-teaching employees. CPS employees, but City of Chicago is legally obligated to make the payment.
  - Cost of new contract. Raises equal to 9% or CPI, whichever is greater?
  - Projected deficit of \$500 million going forward
- Transit Cliff - \$720 million or more...



# Senate Election Preview

- Current Makeup: 40 Democrats and 19 Republicans.
- Republicans need to gain 5 seats to eliminate the veto proof majority and 11 seats for majority.
- Only 1 semi-competitive seat up this cycle at best.
- Likely outcome?
  - No change
- Next cycle there will be more competitive races.



# House Election Preview

- Current Makeup: 78 Democrats and 40 Republicans.
- Republicans need to gain 8 seats to eliminate the veto proof majority and 20 seats for majority.
- Likely outcome?
  - No change or Democrats pick up a seat or two...



# Millionaire's Tax Advisory Question

- Should Illinois impose a 3% income tax surcharge on income greater than \$1,000,000 for property tax relief?
- WBEZ cited an IDOR estimate of \$4.5 billion.
- TFI estimate based 2021 tax returns is \$3.0 billion assuming no change in behavior. If all joint filers filed as MFS, approximate reduction of \$500 million. 2022 tax year data should be published soon.



# Tentative TFI Legislative Agenda

- Income Taxes

- Estimated Payment Relief: Tax law changes made during the tax year would not affect estimated payments
- Basis Adjustment: If property has a reduced basis due to a federal investment credit, should be entitled to a subtraction for IL taxes.
- Financial organization apportionment: Allow taxpayers to elect the new or old apportionment method. (Sourcing investment gains with no nexus to Illinois)



# Tentative TFI Legislative Agenda

- Income Taxes
  - Investment Partnerships: Illinois residents should receive credit for taxes paid to other states.
  - Franchise Tax Repeal
  - NOL: Prevent another 3-year extension



# Tentative TFI Legislative Agenda

- Sales Taxes
  - Reinstatement of expanded temporary storage exemption
  - Credit for transition to taxation of the lease stream
  - “License to use”





# Department of Revenue Regulations

- Still waiting for regulations based on law changes this year. (Department did propose regs dealing with NOL extension & R&D credit extension).
- January 1 is the Department's goal for regulations regarding the sales tax treatment of leases.
- 86 Ill. Adm. Code 511: Among other changes, states that EV charging station is reseller of electricity and is responsible for collecting and remitting the tax.
- Newly proposed regs for sales tax. 48 Ill. Reg. 14234



# Call for Further Business



# Adjournment

