**Oppose Massive 400% Tax Increase on Illinois’ Vital Financial Services**

VOTE **NO** ON HB 4293 (Welch) and SB 3189 (Biss)

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**Summary:**

In today’s interconnected world, billions of dollars travel across the globe in less than seconds. HB 4293 (Welch) and SB 3189 (Biss) would both put Illinois’ vital financial service sector and the tens of thousands of jobs it employs at risk by imposing a **new 20% tax** on partnerships and S corps engaged in the business of conducting investment management services. Illinois has benefited from being a top ten globally-recognized financial hub. HB 4293 and SB 3189 would hurt our state’s global reputation and would force investors to look to less hostile cities such as Boston, Dallas, and Charlotte.

**Business opposes these bills for the following reasons:**

* Start-ups continually face shortages of capital, and raising taxes on investment management services provided to Illinois based start-ups would reduce investment options for private companies, innovators and small firms getting off the ground.
* Illinois is home to many investment partnerships. If this tax were adopted, Illinois could likely see part of its financial sector leave for other states where taxes would be far lower.
* If Illinois taxes on such income were to increase, this form of private investment would shrink, and many Illinois businesses would lose access to capital and expertise.
* Lower federal taxes on capital gains encourage private equity and venture capitalists to supply the financial capital and business expertise that are essential for investments that spur innovation, improve productivity and expand capacity.
* Illinois should not attempt to address a perceived inequity in federal taxation at the state level. This legislation is designed to offset the lower federal tax rate imposed as “carried interest.” Any such change should be done at the federal level.
* The tax will likely be subjected to a constitutional challenge as an improper second income tax, or a tax that violates the uniformity clause of the Illinois Constitutional by unreasonably signaling out a particular industry.

**The following organizations respectfully urge a NO vote:**

Chicagoland Chamber of Commerce

Council on State Taxation

Illinois Bankers Association

Illinois Chamber of Commerce

Illinois Community Bankers Association

Illinois CPA Society

Illinois Credit Union League

Illinois League of Financial Institutions

Illinois Venture Capital Association

National Association of Insurance and Financial Advisors – Illinois

National Federation of Independent Business (NFIB)

Taxpayers Federation of Illinois