



Illinois Chamber of Commerce
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RE: SB 3376 (Villa) – Opponent – Ramiro Hernandez

Good afternoon, Chairwoman Villanueva, Minority Spokesperson DeWitte, and members of the Senate Revenue Committee. My name is Ramiro Hernandez, Vice President of Public Policy & Strategy with the Illinois Chamber of Commerce. I am here today to express the Chamber's opposition to SB 3376, which seeks to create the Extremely High Wealth Mark-to-Market Tax Act.

The proposals before you today, which are reported to increase taxes by almost \$4 billion if passed, we believe would send the wrong signal to existing businesses in the State and those that may be interested in investing in the Land of Lincoln.

Recently, a report by Moodys Analytics prepared for COGFA, titled "State of Illinois Economic Forecast," issued a stark outlook of the economic metrics in the State, reading in part:

"Illinois' economy will underperform the Midwest and the U.S. in the coming year....The state will be a step behind the Midwest average and a few steps behind the nation in job and income growth over the long term.... [moreover] below-average population trends and deep-rooted fiscal problems such as mounting pension obligations and a shrinking tax base represent the biggest hurdles to stronger economic performance."

SB 3376 (which creates a new 4.95% mark-to-market tax) on assets of \$1 billion or more, or rather a tax on unrealized capital gains on an annual basis, would make Illinois a true outlier by enacting an untried and, frankly, unworkable form of taxation—with no jurisdiction in the United States currently, imposing such a tax. I understand that the thought of enacting this tax or similar types of taxes that target Illinois residents may appear to be easy solutions to funding State services; however, this type of proposal is misguided and flawed tax policy would have a tremendous potential to severely impact the State's business friendliness and competitiveness.

We hear regularly from our Chamber members from across the State that the overall economic climate of the State has a direct impact on the workforce, infrastructure, and investments that are able to be made in their Illinois operations. Any effort that risks

significantly hurting the economic outlook of the State is, therefore, not something we can support.

I would like to state, further, that no one metric is taken in isolation when it comes to measuring the strength of the State's economic climate. Illinois businesses are facing historic challenges to workforce, lingering impacts of inflation, uncertainty in domestic and international markets, and in near-daily competition for talent and investment.

Looking at the 2026 State Tax Competitiveness Index that is prepared by the Tax Foundation (which looks at several tax categories, including corporate taxes, individual income taxes, sales taxes, property taxes, and UI insurance tax rates), the State of Illinois ranks 38th overall in the nation on a competitiveness scale. To date, the State has:

- *One of the highest corporate tax rates in the country, at 9.5% (3rd highest in the country)*
- *One of the highest property tax rates on residential property in the country, at 1.88% as a percentage of the housing value (2nd highest in the country); in addition to some of the highest commercial and industrial property taxes in the country; AND*
- *One of the highest combined state and local sales tax rates (8.96% or 8th highest)*

In closing, SB 3376 represents an untried, unworkable, and unconstitutional new tax that will negatively impact the State's economic growth potential and risk impacting the State's business climate. For these reasons, the Chamber stands in opposition to this proposal.

Thank you for your time and consideration and I am happy to answer any questions.