



Illinois Chamber of Commerce
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RE: SB 3486 (Martwick) – 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 Illinois Chamber’s opposition to SB 3486, which seeks to impose a mandated worldwide reporting regime in Illinois.

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, there was a report prepared by Moodys Analytics for COGFA, titled “State of Illinois Economic Forecast” for Feb 2026, which read 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 3486 represents an attempt to make significant changes to the State’s longstanding and commonly employed taxation model for accounting for foreign income and imposing a reasonable form of taxation for income sourced to the State. Most states, including the State of Illinois, currently allow for on a permissive basis a “water’s edge” reporting regime that reasonably captures business income sourced to the State, rather than impose an incredibly cumbersome, unfair, and outlier mandatory worldwide combined reporting model.

SB 3486 risks upending a system that has long-been in place in the State of Illinois (and most other states) that, contrary to popular belief, is already resulting in corporate taxation. Under a water’s edge system, Illinois businesses are already subject to the State’s corporate tax. The proposal may promise to create a new revenue enhancement, but we believe that it would only help make Illinois an outlier by adopting flawed tax policy, hurting Illinois businesses and the workers they employ. This form of taxation regime

would impact several different industries across several different sectors, and even risk jeopardizing longstanding trade agreements that are in place with other countries. In short, the potential for disruption and negative economic impact is too great, and therefore we urge that the General Assembly to not support this initiative.

We hear regularly from Chamber companies big and small and 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 State's economic climate. Our member companies today are facing historic challenges on workforce, lingering impacts of inflation, historic uncertainty in domestic and international economic markets, and in near-daily competition for talent and investment—both nationally and internationally.

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, given the significant legal, regulatory, and burdensome tax implications that SB 3486 would create, we respectfully urge the General Assembly to not advance the initiative.

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