



Illinois Chamber of Commerce
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RE: SB 3796 (Collins) – 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 3796, which seeks to eliminate several positive economic development tools, such as those that were only recently implemented under the Blue Collar Jobs Act, and further seeks to decouple from several existing federal income tax tools available to Illinois businesses today.

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.”

We believe that many of these proposals that will be considered today, including SB 3796, would not help contribute to a stronger economy.

SB 3796, specifically:

- Cancels important business incentives available under the HIB, Enterprise Zone, and River’s Edge programs, which directly benefit construction jobs under these programs—with specific enhancements for projects in underserved areas;
- Eliminates the Manufacturing and Assembling Machinery & Equipment sales tax exemption;
- Removes several incentives for biodiesel, renewable diesel, and biodiesel blends; and

- Eliminates several different tax tools that provide relief for businesses that are making real investments in their businesses.

In totality, the proposal before us eliminates tools that exist in the State of Illinois to help promote economic and workforce investments. At a time when we are competing for major projects—talent—and new business investments; when we are trying to help support the economic resiliency in communities throughout the State; shutting off many of the tools available to attract and retain our workforce and help support job-creators sends the wrong message at the wrong time.

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, for the reasons stated, I urge that this Committee not support advancing SB 3796 given its potential for eliminating many incentives and tax tools that help Illinois businesses and the workers and families they help support.

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