



**CHICAGOLAND
CHAMBER OF COMMERCE**

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TESTIMONY ON ILLINOIS BUSINESS TAX INCENTIVE POLICIES
JOINT-COMMITTEE HOUSE REVENUE & FINANCE AND STATE GOVERNMENT ADMINISTRATION
FRIDAY, JANUARY 17, 2014
GIVEN BY JAMES KANE
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Good morning Chairman Bradley, Chairman Franks and members of the Joint-Committee.

Thank you for providing me the opportunity to share some thoughts on Illinois's tax incentive programs.

My name is James Kane and I am the principal owner of Kane & Co. and Chairman of the Chicagoland Chamber of Commerce Taxation Forum. The Chamber serves as "the voice for business" in Chicago and throughout the six-county Northeastern Illinois region.

This morning's hearing is an important discussion on the tools available to the state's Department of Commerce and Economic Opportunity to help retain and attract businesses to Illinois. The Chamber believes that the discussion needs to focus on whether we are doing enough in the national competition for jobs, corporate relocations, and plant expansions.

The unemployment rate in Illinois is currently 8.7%, the 48th highest rate in the nation behind only Michigan at 8.8% and Nevada and Rhode Island, both at 9%. Illinois' economic recovery continues to drag far behind our neighbors and the nation. Illinois' unemployment rate has only dropped approximately one percent in the last three years, from a rate of 9.8%, while our neighbors have seen rates drop nearly two percent or more; Wisconsin 8% in 2010 to 6.3% in 2013, Indiana 9.3% in 2010 to 7.3% in 2013, Missouri 9.3% in 2010 to 6.1% in 2013, with the national rate dropping from 9.5% to 6.7% over the same period of time.

Tax credits and economic development incentives are important tools for the state. The EDGE credit is just one available economic development tool amongst many the state has to grow business and create jobs. This and other incentives are designed to make Illinois more financially attractive to businesses than other states.

Businesses, just like consumers, look for the best possible deal when deciding to make a considerable financial investment. Whether it is locating a corporate headquarters, building a new factory or hiring additional employees, a business must take into consideration the costs of income, property and sales taxes as well as the existing regulatory environment.

There is no doubt that Illinois and the Chicagoland region have the available infrastructure and workforce resources to attract and help businesses grow and succeed. Yet there is still too much uncertainty about the future of the state's business climate for many businesses to commit to making significant investments in Illinois. Predictability and consistency are crucial. Decision-makers need to know what to expect and when, in order to accurately compare and analyze their financial investments.

Many other states offer business climates that better enable a business to receive more return on their investment in a new office, factory or hiring more employees than they can in Illinois. While we cannot compete with states on factors out of our control such as weather, we should be able to compete by providing a business climate that is attractive to business investment.

The success of any state incentive program should be measured on the intended purpose of the program; the creation of new jobs in Illinois. A comprehensive economic development strategy should focus on the types of industries and jobs we as a state seek to attract and the state's incentive programs should be designed to reflect those goals.

The Chicagoland Chamber is ready and able to assist you and DCEO to study and make recommendations on programs that will make Illinois competitive and create jobs that will strengthen our state.

Thank you. I'd be happy to answer any questions.