

TAX GUIDE

FOR TAX YEAR 2023

EXCLUSIVELY FOR MEMBERS OF THE
ILLINOIS GENERAL ASSEMBLY



ILLINOIS CPA SOCIETY®
www.icpas.org

TAX GUIDE

FOR TAX YEAR 2023

EXCLUSIVELY FOR MEMBERS OF THE
ILLINOIS GENERAL ASSEMBLY

Copyright 2023, Illinois CPA Society



ILLINOIS CPA SOCIETY®
www.icpas.org

a: 550 W. Jackson, Suite 900
Chicago, IL 60661-5742


P: 800.993.0407 or
312.993.0407

f: 312.993.9432

a: 524 S. 2nd Street, Suite 504
Springfield, IL 62701-1705

P: 217.789.7914 or
800.572.9870

f: 217.789.7924



**TO THE HONORABLE MEMBERS OF THE
ILLINOIS GENERAL ASSEMBLY:**

On behalf of more than 21,700 members of the Illinois CPA Society, we are delighted to present the TAX GUIDE FOR TAX YEAR 2023, exclusively for Members of the Illinois General Assembly.

In your unique position as a member of the Illinois General Assembly, there are a number of federal income tax provisions applicable to you which do not apply to the ordinary citizen who lives and works in the same locality. The TAX GUIDE FOR TAX YEAR 2023, has been prepared in order to familiarize you with some important tax provisions which affect you. For example, the Tax Guide includes provisions detailing record-keeping requirements which are particularly important if you are to take complete advantage of the various deductions that apply to you. It also includes a section on campaign contributions and expenses, along with provisions on the tax treatment of the legislative per diem.

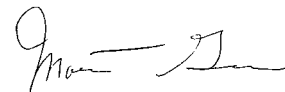
Keep in mind, also, that the Illinois CPA Society stands ready, through its network of more than 30 committees and task forces, to provide you with advice and counsel on any matters relating to issues before the General Assembly. Should you feel that professional analysis of any bills or other legislative issues would be helpful, the Illinois CPA Society would be pleased to provide such an analysis. We maintain a full-time office in Springfield in addition to our main office in Chicago. We are also represented at the Capitol by the firm of Kasper & Nottage, P.C.

Best wishes for a successful legislative session!

Sincerely,



Geoffrey Brown, CAE
President & CEO



Martin Green, ESQ
Senior Vice President and
Legislative Counsel

CONTENTS

CONTENTS

I. Introduction	1
II. Gross Income	2
A. General Rule	2
B. Inclusions	2
C. Exclusions	2
III. Deductions	4
A. Schedule 1 Deductions	4
B. Schedule A Deductions	4
C. Withholding and Estimated Payments	7
IV. Employee Business Expenses Deductible from Adjusted Gross Income	8
V. Political Campaigns and Organizations	9
A. Organization of Political Organizations	9
B. How Political Organizations Are Taxed	12
VI. Record Keeping and Substantiation	15
A. General	15
B. Elements of Recording Expenses	15
1. Travel	15
2. Transportation	16
3. Business Meals	16
4. Business Gifts	17
C. Adequate Records	17
1. Recording Expenses	17
2. Substantiation	18
Appendix of Forms	19
Record Keeping Requirements for Travel and Gifts	20

NOTES

I. INTRODUCTION

The purpose of this publication is to assist you, the state legislator, with your personal tax planning and awareness. We have focused on those areas of taxation that specifically apply to you in your capacity as a state legislator. Much of the discussion is general and may apply to other trades or businesses. We have directed our discussions to situations, special rules and problems that apply to you. We have also attempted to clarify the mutually exclusive nature of the Internal Revenue law and laws regarding campaigns and political organizations. The material included in this guide was prepared and based on the tax laws in effect for 2023.

The guide is not intended as the only resource for preparing your tax return. It is not designed as a comprehensive source of all items of income and deduction, a comprehensive guide to the reporting requirements for political campaigns and organizations, or a substitute for competent professional advice. We hope you find the information in this guide useful both personally and in your capacity as a state legislator as you consider various tax planning alternatives.

The following members of Legislators Tax Guide Task Force wrote this guide:

Chairman: Luis V. Plascencia, Luis V. Plascencia, CPA, Westchester, IL

Taylor Schuck, Taylor Schuck, CPA, Elgin, IL

Jessica Velazquez, Indiva Advisors, LLP, Las Vegas, NV

QUESTIONS? The Illinois CPA Society will be happy to respond to questions that may arise as you review your Tax Guide. The ICPAS Government Affairs office is located at 524 South 2nd, Suite 504, Springfield, IL 62701, 217.789.7914 or 800.572.9870. Call or photocopy, complete and send this form to Martin Green, Senior Vice President and Legislative Counsel at the above address. Or FAX your order 24 hours a day, by dialing 217.789.7924.

Name: _____

Address: _____

City: _____ State: _____ Zip: _____

Comments: _____

I would like _____ additional copies of the Tax Guide for Members of the Illinois General Assembly – Tax Year 2023

II. GROSS INCOME

A. General Rule

Generally, all income which flows to a taxpayer from any source other than through gift, inheritance or as a return of capital is generally considered income under Internal Revenue Code Section 61. This includes profits and gains from any source. Gross income, in the broad sense, is income less tax exempt income. Exempt items are exclusions and should not be confused with deductions, which will be discussed elsewhere in this publication.

B. Inclusions

Generally, all compensation for services is included in gross income. A legislator's salary is includable in gross income for the year in which it is received. Other wages, honoraria, speakers' fees, etc., are also included in gross income when received.

Rents from property whether residential or commercial, real estate or personal property, are includable in gross income. Royalties from publications of any type are also includable in gross income. Alimony payments received are included in gross income for divorces before January 1, 2019. Alimony payments received for divorces finalized after December 31, 2018 are excluded from gross income.

Amounts received as annuity payments are partially includable in gross income. Pension and retirement payments are fully includable in gross income if the recipient did not contribute to the cost of the pension and was not taxed on the employer's contributions. Social Security benefits may be partially includable in gross income, depending on the recipient's income level. Also, reimbursement or refunds may be includable in gross income if these expenses were deducted on a previous year's return as qualifying itemized deductions (Schedule A). Examples would be health insurance reimbursement and state income tax refunds.

C. Exclusions

In the case of Illinois legislators, transportation reimbursements are not includable in gross income, if they are made for either (1) the actual expenses, or (2) at the federal reimbursement rate for mileage. You must account for your business mileage to the state by submitting timely expense reports. If you provide the state with a proper accounting of your expenses then reimbursement of these expenses should not be included in your Form W-2.

Living expense allowances received while attending sessions of the general assembly also are not includable in gross income. However, some portion of the living expense allowance may be includable in the income of legislators who live 50 miles or less from the state capitol.

In addition, payments made directly to third parties for the operation of a district office are not includable in gross income by the legislator. Also, compensation to legislators which is deferred under the State of Illinois Deferred Compensation Program is excludable from gross income until received.

II. GROSS INCOME

continued

Life insurance proceeds received on the death of an insured are generally excluded from gross income as are dividends on life insurance and endowment policies. Workers' compensation for personal injuries or sickness is also excluded from gross income.

Accident and health benefits, as well as other fringe benefits, are typically excludable from gross income. Damages for personal injury are generally excludable from gross income. However, punitive damages and damages awarded for injury to one's business or professional reputation are generally includable in gross income. Non-physical injuries or sickness damages are not excludable.

Campaign contributions are not includable in gross income, if they are segregated from the candidate's personal funds and used solely for political purposes. A state political committee must file certain reports with the State of Illinois. (See Section V, Political Campaigns and Organizations.)

III. DEDUCTIONS

Deductions may be claimed only as a matter of legislative grace. A taxpayer may deduct an expenditure if it is specifically provided for in the Internal Revenue Code (hereafter, IRC).

In calculating federal taxable income (necessary to determine regular income tax liability) for an individual, deductions must be subdivided into two major categories: (1) deductions toward adjusted gross income; and (2) deductions from adjusted gross income (also known as itemized deductions). Both types of deductions represent reductions to taxable gross income in arriving at federal taxable income. However, since a taxpayer's Illinois individual tax return begins with adjusted gross income (AGI), the second category of deductions is not relevant in determining one's Illinois tax liability.

A. Schedule 1 Deductions

The following list summarizes the deductions toward AGI for a 2023 individual tax return:

1. Individual Retirement Account (IRA)*
2. One-half of any self-employment tax paid
3. Keogh retirement plan and self-employed SEP deduction
4. Penalty on early withdrawal of savings (forfeited interest)
5. Moving expense for Armed Forces only
6. 100% of health insurance premiums for self-employed individuals
7. Interest on higher education loans*
8. Educator expenses
9. Health Savings Account deductions
10. Alimony for divorces before January 1, 2019
11. Other miscellaneous deductions

*Subject to AGI limitations.

Although a detailed discussion of each item above is beyond the scope of this guide, it is noteworthy to mention that as a legislator of the Illinois General Assembly, you are subject to limitations on your IRA deduction since you are a participant in a qualified retirement plan (even if you have not met the vesting requirements). A partial deduction for IRA contributions is available for those with AGI between \$116,000 and \$136,000 (joint return) or between \$73,000 and \$83,000 (other returns). If your AGI exceeds \$136,000 (joint return) or \$83,000 (other returns), you may still contribute to an IRA, but no deduction is allowed. Special rules apply to married taxpayers filing separately.

B. Schedule A Deductions

Individual taxpayers may choose the larger of the standard deduction assigned to their filing status or total qualifying itemized deductions as a direct reduction to their AGI.

STANDARD DEDUCTION

<u>Basic Standard 2023 Filing Status</u>	<u>Deduction Amount</u>
Single	\$13,850
Head of Household	\$20,800
Married Filing Jointly (or Surviving Spouse)	\$27,700
Married Filing Separately	\$13,850

III. DEDUCTIONS

continued

An additional standard deduction (\$1,500 for married or surviving spouse, \$1,850 for unmarried taxpayers) is allowed for each taxpayer who is elderly (i.e., age 65 or older) and for each taxpayer who is blind.

Dependent children are assigned a 2023 standard deduction not exceeding the greater of \$1,150 or the children's earned income (plus \$400) up to \$13,850.

ITEMIZED DEDUCTIONS

1. *Medical Expenditures*

After deducting reimbursements made to you under medical insurance plans, the remaining unreimbursed medical expenses paid from your funds are deductible to the extent that they exceed 7.5 percent of your AGI. For example, if your AGI equals \$50,000, then your deduction for unreimbursed medical expenses will begin only for amounts exceeding \$3,750.

The full cost of certain capital expenditures (representing improvements made to your personal residence) solely to accommodate the needs of a handicapped individual, will qualify as a medical expense.

Your payments, as an employee of the State of Illinois, to any group medical insurance plan must be entered as an itemized deduction on Schedule A, line 1(a).

Long-term care premiums are eligible to be considered as medical expense with the amount eligible based on taxpayer age at the end of the year.

2. *Taxes*

State (and local) income taxes paid or withheld are deductible or state sales taxes, whichever is higher.

Real estate taxes relating to your Illinois personal residence, as well as other real property, may be deducted on your federal return. (A credit of 5 percent of real estate taxes paid on your principal residence is allowed on your Illinois return.)

These deductions are now limited to \$10,000 per year combined.

3. *Interest Expenses*

The IRC allows a deduction for interest payments as described below.

III. DEDUCTIONS

continued

(a) **Trade or Business Interest**

Generally, interest on nonpassive trade or business loans is deductible on Schedule C.

(b) **Qualified Residence Interest**

Interest can be deducted on Schedule A on up to \$750,000 of acquisition debt on a primary and a secondary residence, down from \$1 million. This new limit generally applies to home mortgage debt incurred after December 14, 2017. Older loans and refinancings up to the old loan amount get the \$1 million cap. No write-off is allowed after 2017 for interest that you pay on existing or new home equity loans from which the proceeds are used to buy a car, pay down credit card debt, etc. The law's crackdown on home equity loans doesn't apply to debt secured by a first or second home and used to remodel or improve the place.

(c) **Mortgage Insurance Premiums**

Premiums paid or accrued in 2022 for qualified mortgage insurance are deductible as qualified residence interest, subject to AGI limitation. The insurance must be carried on acquisition indebtedness for a qualified residence. A "qualified residence" is the principal residence and one other residence that is not treated as business property.

(d) **Investment Interest**

Interest on investment-related loans are deductible only to the extent of net investment income. Examples of investment interest expense include interest on stock margin accounts with brokerage firms (provided that the funds are used to purchase taxable investments) and interest on deferred payments made to acquire investments.

4. Charitable Contributions

Charitable contributions are only deductible as an itemized deduction.

Taxpayers must substantiate all charitable contributions, including cash, with contemporaneous, written acknowledgement from the donee organization or in the form of a bank record. Also, if you make a quid pro quo donation in excess of \$75, you should receive a statement from the charitable organization identifying the deductible portion.

If you have been solicited by organizations that seem questionable as to their tax-exempt status, you should investigate further before donating cash or other property of value. IRS Publication 78 contains a list of qualifying charitable organizations which is comprehensive, but not all-inclusive. After investigating a particular organization, you may discover it is political in nature rather than charitable. If you decide to contribute anyway, your payment is classified as a political contribution and is not deductible.

III. DEDUCTIONS

continued

5. *Casualty and Theft Losses*

No deduction is permitted for personal casualty and theft losses, unless they are officially declared disasters by the President.

6. *Miscellaneous Deductions*

Miscellaneous itemized deductions previously subject to a 2 percent AGI limitation are no longer deductible.

- (a) Gambling losses to the extent of gambling income are still deductible.

C. Withholding and Estimated Payments

Your federal and State of Illinois income tax withholding is based on the number of exemptions you claim on the Form W-4 that you submit to your employer. Be sure your withholding, along with any estimated tax payments is sufficient to cover 90 percent of your 2023 tax liability or 100 percent of your 2022 actual tax liability to avoid underpayment penalties.

Individuals with 2023 AGI in excess of \$150,000 (\$75,000 for married filing separately) must pay in 110 percent (rather than 100 percent) of their 2022 liability to avoid underpayment penalties.

IV. EMPLOYEE BUSINESS EXPENSES DEDUCTIBLE FROM ADJUSTED GROSS INCOME

Employee business expenses were previously deductible after Adjusted Gross Income (AGI), and therefore, not deductible for Illinois income tax purposes. They were only deductible on Schedule A, Form 1040 to the extent that they exceeded 2 percent of AGI. All employee business expenses were entered on Form 2106 which flowed through to Schedule A of Form 1040 as miscellaneous itemized deductions. Examples of employee business expenses are vehicle expenses, travel expenses including lodging and car rental, meals and entertainment, business gifts, education, home office and trade publications.

Under the Tax Cuts and Jobs Act (TCJA), effective January 1, 2018, unreimbursed employee business expenses are no longer deductible. This provision is scheduled to sunset on December 31, 2025 so that, on January 1, 2026 employee business expenses will once again be deductible under pre-2018 tax law. Business expenses reimbursed under an "accountable plan" such as per diem and mileage reimbursements provided by the State of Illinois are unaffected and are not considered taxable income.

The IRS has ruled that state legislators are NOT compensated on a "fee basis." [chief counsel memorandum 199939001] As such, the benefit of section 62(9) (2) (C) where certain expenses could be deducted "above the line," does NOT apply. Thus, any expenses incurred beyond the per diem are no longer deductible under the TCJA.

V. POLITICAL CAMPAIGNS AND ORGANIZATIONS

A. Organization of Political Organizations

A number of pitfalls await the candidate for political office who is not familiar with election law, agency law and governmental ethics. This article outlines some of the legal issues likely to arise during a political campaign.

ILLINOIS REQUIREMENTS REGARDING CAMPAIGN FINANCE DISCLOSURE

Everything one needs to know about campaign finance disclosure in Illinois can be found in the Campaign Financing Act (10 ILCS 5/9-1 et seq.). The Act applies to all individuals and political action committees (Political Committees) who, within a 12-month period, have accepted contributions or spent over \$5,000 supporting or opposing a candidate who seeks or holds public office or any public policy issues that are to be submitted to the voters. The threshold is \$5,000 for a referendum held in more than one county. The Act also requires that all candidates for public office file a Statement of Economic Interest with either the Secretary of State or the county clerk and the Illinois State Board of Elections (see also 5 ILCS 420/1-101 et seq.).

The Act does not cover (1) individuals running for federal office or (2) corporations, associations, labor unions or individuals who make political donations solely from corporate profits, union treasury or personal funds. The second exclusion does not apply if the corporation or labor union solicits funds to support or oppose a candidate or an issue regarding public policy.

Upon attainment of the \$5,000 contribution or spending threshold, the statute requires formation of a Political Committee*. A Political Committee actually should be setup before any contributions are received because records of financial transactions are needed from the beginning of the campaign to determine filing status. It is important to note that contributions are defined as cash, loans or anything of value received for political purposes such as goods or services provided to the campaign.

NOTE: The \$5,000 threshold only applies to committees created on or after July 29, 2013. Committees created before that date are subject to the \$3,000 filing threshold and are required to continue to submit disclosure filings based on that threshold even if they do not reach the \$5,000 level.

The first step in forming a Political Committee is to open a separate, segregated bank account because the law forbids commingling of campaign funds with any personal funds of any members of the Political Committee. By law, every committee must also have a chairman and treasurer, although the same person may hold both positions simultaneously. Without a chair and treasurer, the committee cannot make any financial transactions.

The treasurer must keep detailed accounts of contributions and expenditures so that he or she may verify all the information shown on the official reports. To fulfill this responsibility, the treasurer must maintain: (1) records that reflect total contributions received and total expenditures made by the Political Committee and (2) internal records reflecting the full name, mailing address, date and amount of every donation received by the Political Committee, regardless of the amount.

Within five days of receiving a contribution collected by campaign workers, the treasurer must receive a detailed record of the transaction. If the Political Committee members are soliciting funds, the treasurer must inform these members that contributions that are anonymous or in the name of another person are prohibited, as is the use of public funds for political purposes. Note that all records concerning the financial activity of the Political Committee must be retained for a period of two years. The second step in forming a Political Committee is to file a Statement of Organization, including Form D-1. Read §§ 5/9-3 and 5/9-4 for details.

*As defined by Section 9-1.8 of the Illinois Election Code (10 ILCS 5/9-1.8).

**V. POLITICAL CAMPAIGNS
AND ORGANIZATIONS**

continued

After filing the Statement of Organization, the Political Committee next completes reports indicating contributions, expenditures and any outstanding debts of the committee. The committee must report all transactions with an aggregate value in excess of \$150 on a form provided by the State Board of Elections 30 days prior to the first day a report is due. Any committee that has \$10,000 or more in receipts, expenditures, or a balance at any time during the reporting period, must file its disclosure report electronically. Furthermore once a committee has qualified to file electronically, all subsequent reports must also be filed electronically. The report must be dated and signed by the committee treasurer, or for a candidate committee, by the treasurer or the candidate.

A committee must file a Form D-2 to disclose receipts, expenditures, debts and fund balances. Quarterly reports for the periods ending March 31, June 30, September 30 and December 31 must be filed no later than 30 days from the close of each reporting period.

The Act requires that all contributions and expenditures that exceed \$150 in the aggregate during a reporting period be disclosed and itemized. The itemization is reported on the schedules accompanying Form D-2. For example contributions that exceed \$150 must be reported on a Schedule A and all non-monetary donations received by the political committee whose fair market value exceeds the \$150 limit must be reported on Schedule I. There is no need to itemize any contributions or expenditures that do not exceed \$150. Simply provide a sum total of all non-itemized transactions during the reporting period when filing Form D-2.

Political action committees that are either supporting or opposing candidates or are contesting a referendum also file pre-election reports that have varied reporting periods. Pre-election reports must be filed 30 days prior to an election and 15 days after the close of the designated reporting period. The State Board of Elections determines the reporting periods for each election.

A committee may also have to file a Schedule A-1 if it receives a contribution of more than \$500 30 days prior to an election. Schedule A-1 includes the name and mailing address of the contributor as well as the date and amount of the contribution. This also applies for contributions of \$1,000 or more from a single source.

The Campaign Financing Division reviews all reports filed to ensure that all political committees are in apparent compliance with the law. Assistance with reporting and filing can easily be obtained from the Division.

As noted earlier, Illinois does not regulate the spending of campaign funds. Such funds may be, and often are, used for personal expenses. However, the Internal Revenue Service requires that a candidate pay tax on any funds so used.

The definition of "expenditure" was changed to include "electioneering communication". "Electioneering communication" is defined as "...any form of communication, in whatever medium, including but not limited to, Internet communications, that refers to a clearly identified candidate, candidates, or political party and is made within (i) 60 days before a general election for the office sought by the candidate or (ii) 30 days before a primary election for the office sought by the candidate". Certain exemptions are noted. This new law means that anyone spending in excess of \$3,000 on electioneering communications becomes a political committee and must file a Statement of Organization and all subsequent reports.

Another change is the establishment of a civil penalty for the late filing of a Statement of Organization. A D-1 Statement of Organization filed late shall result in a civil penalty on the second late filing within a 2-year period. In addition, the Board of Elections or any other affected committee may apply to the circuit court for a temporary restraining order or an injunction against any committee failing to file its D-1 Statement of Organization.

V. POLITICAL CAMPAIGNS AND ORGANIZATIONS

continued

This legislation also provides that a local political committee or a state/local political committee filing electronically will no longer be required to file copies of its D-2 reports with the county clerk if the following criteria are met. The county clerk must have the capability to view and print political committee reports from the State Board of Elections website. This filing waiver applies only to D-2 report forms.

FEDERAL REQUIREMENTS REGARDING CAMPAIGN FINANCE DISCLOSURE

An individual who seeks to be elected to a federal office must comply with the Federal Election Campaign Act and Federal Election Commission regulations contained in Title 11 of the Code of Federal Regulations.

An individual becomes a candidate for federal office and is thus required to register with the FEC when campaign activity exceeds \$5,000 in either contributions or expenditures.

When the \$5,000 threshold has been reached, the individual must designate a principal campaign committee within 15 days. This designation is made by filing either a Statement of Candidacy or a letter with the same information with the Secretary of State in the state in which the candidate is running for office. The campaign committee must then register within 10 days after it has been designated by the candidate by filing a Statement of Organization with the Secretary of the Senate or the Clerk of the House of Representatives.

The principal difference between Illinois and federal campaign finance laws is that federal law regulates campaign contributions. Sometimes, politicians accustomed to lenient state requirements are tripped up by the stricter federal requirements. Some of these politicians have gone to jail for violations.

Under the federal act, contribution limits have changed along with allowing previously prohibited contributions to be made. A complete guide of federal regulations can be found at www.fec.gov/disclosure.

Record-keeping under federal law is similar to that required under Illinois law as discussed earlier. The treasurer is responsible for keeping all records on the contributions made for three years after the report or statement has been filed. If the contribution exceeds \$50, records must disclose the amount, date of receipt and the donor's name and address. Unlike Illinois law, however, federal law requires the record to identify the occupation of the donor when the contribution exceeds \$200. Record-keeping for disbursements is similar to record-keeping of contributions. Records must show figures for total disbursements by the committee. All disbursements, except those from a petty cash fund, must be drawn by check or similar draft on the campaign depository. Petty cash disbursements cannot exceed \$100 and must be documented.

All reports must be filed with the FEC, the principal campaign committee and the Secretary of State. The treasurer must file all reports on time as the Commission does not grant extensions. Reports are filed quarterly, 12 days before an election and 20 days following an election. A report must also be filed for last-minute (less than 20 days but more than 48 hours before an election) contributions that exceed \$1,000.

Itemization of receipts and disbursements is also required under federal guidelines.

Finally, federal campaign funds may not be converted to personal use.

Recent cases show that by not adhering to the formalities described above a politician could become personally liable for campaign debts.

B. How Political Organizations Are Taxed

1. What is a "Political Organization?"

The Internal Revenue Code (26 U.S.C. Subtitle A Chapter 1) in §527(e)(1) defines a "political organization" as a party, committee or association organized and operated primarily for the purpose of directly or indirectly accepting contributions and/or making expenditures for influencing or attempting to influence the selection, nomination, election or appointment of specific types of federal or state officials.

2. What are the Filing Requirements?

A political organization is exempt from taxation just like a charity or other tax-exempt organization is. The exemption from federal taxation applies only to income substantially related to the exempt function of the organization (see paragraph preceding this one). If the income does not meet this definition it is then called "unrelated trade or business income"(UBIT). Examples include net investment income and rental income on property not used for the exempt function (§527(c)(1)). See section 3 for more detail.

The political organization is treated as a corporation and its taxable income is taxed at the highest corporate rate (currently a flat rate of 21%).

Please note that candidates for state and local offices are not eligible for the Special Rule for Principal Campaign Committees (§527(h)(2)(A)) which permits candidates to use regular corporate rates. This is available only to candidates seeking election to the U.S. Congress.

The current disclosure requirements by the IRS are:

- (a) disclose their existence, purpose and staff personnel
- (b) disclose their expenditures and contributors
- (c) file income returns under §6012(a)(6)

The disclosures under (a) are reported on form 8871 (Political Organization Notice of Section 527 Status). The form is due 24 hours after the organization is formed. It would be prudent to make sure the formation of the organization is not final until the form can be prepared. The information on the form will be published on the IRS's web site and available for inspection at its offices. Failure to provide this disclosure may result in all income including exempt function income being subject to taxation according to IRC Sec. 527(i)(4).

Form 8872 (Political Organization Report of Contributions and Expenditures) takes care of the disclosures under (b). In non-election years form 8872 must be filed either semi-annually or monthly. In election years it's quarterly or monthly with connections to election dates. These forms will also be made available for public inspection by the IRS. The organizations that file this form must make it available for inspection by the public during business hours as well. Failure to provide this disclosure may result in all income including exempt function income being subject to taxation according to IRC Sec. 527(j)(1).

V. POLITICAL CAMPAIGNS AND ORGANIZATIONS

continued

Political organizations with gross receipts of \$25,000 or more and certain state and local political organizations with gross receipts of \$100,000 or more must also file IRS Form 990 on an annual basis (IRC §6033(g)).

Penalties for non-compliance are in §§6104(d) and 6652(c) as amended.

The third form required of political organizations is, as before, form 1120-POL which is due two and one-half months after the close of the organization's taxable year, subject to extensions. This form reports taxable income for certain political organizations.

3. *Exempt Function Income vs. Taxable Income*

- a. The exempt function income is not included in computing taxable income. Examples include (but are not necessarily limited to) membership dues, fees, assessments, fund-raising from breakfasts, dinners, sale of bumper-stickers or buttons and sometimes even bingo games. Campaign contributions are also exempt, even those transferred from one bank account to another. If any are diverted to non-campaign use, the amount so diverted is taxable income. (§527(c)(3)).
- b. The taxable income of a political organization is the reportable gross income for the taxable year less deductions directly connected with the production of gross income. The law allows a specific deduction of \$100 but does not allow any net operating loss or special deductions, such as the dividend received deduction, among others. Typical sources of reportable gross income are interest, dividends, net gains from the sale of securities and rental of unused office space (§527(c)(1)). Net capital losses do not offset taxable income but can be carried forward or backwards to offset future or past capital gains respectively.
- c. Expenses of political organization are two types: direct and indirect. Direct expenses are those directly connected with the production of Unrelated Business Income (i.e. interest, dividends, rents, etc.). These expenses are allowable deductions in computing taxable income pursuant to Reg. §1.527-4(c)(2). Indirect expenses are those not directly connected with the production of Unrelated Business Income. These expenses may include campaign expenditures and general administrative expenses.

For indirect expenses that have a dual purpose and a portion of the expense may be attributable to the production of income, the allocable portion may be deductible in computing taxable income. For example, assume that a political organization pays a manager a salary of \$10,000 a year and that it derives taxable income. If 10% of the manager's time during the year is devoted to deriving the organization's gross income (other than exempt function), a deduction of \$1,000 (10% of \$10,000) may be allowed in computing the organization's taxable income (Reg. §1.527-4(c)(3)).

- d. Political organizations that make charitable contributions are not allowed to deduct such contributions under IRC Sec. 527(d).

4. *Miscellaneous Tax Considerations*

- a. Political organizations are not required to make estimated payments of income tax.
- b. Any campaign funds used directly or indirectly for the personal benefit of the candidate may become taxable income to the candidate. Reimbursements for out-of-pocket campaign costs are not considered taxable.

**V. POLITICAL CAMPAIGNS
AND ORGANIZATIONS**

continued

- c. The official office expense allowance given at the beginning of each session for telephone, stationery and travel are not taxable and the expenses (naturally) are not deductible.
- d. Occasionally, a member of the Legislature will solicit funds from constituents to establish a legislative intern program. The funds solicited for this purpose must be included in the member's income.
- e. Election Workers-Election workers are individuals who are generally employed to perform services for state and local governments at election booths in connection with national, state or local elections. Governments typically pay election workers a set fee for each day of work. Election workers' wages are included in gross income as compensation for services. Generally for amounts paid less than \$1,800 (indexed to inflation) no FICA or medicare is withheld pursuant to IRC §3121(b)(7)(E) and §3121(b)(7)(F).
- f. According to IRC §527(i)(l)(A), political organizations are required to file form 8871 electronically. If a material change has occurred a political organization is required to file an amended Form 8871 within 30 days. Additionally, if the political organization is terminated, a final notice must be filed. Certain organizations are not required to file a Form 8871 notice. These organizations are: political committees required to report to the Federal Election Commission, state and local political committees, and any organization that anticipates to receive less than \$25,000 in a tax year (IRC §527(i)). Political organizations that have contributions or expenditures exceeding \$50,000 are now required to file Form 8872 electronically according to IRC §527(j)(7).

VI. RECORD KEEPING AND SUBSTANTIATION

A. General

Deductions for travel and transportation expenditures are allowed only if a taxpayer has adequate records to substantiate the amount, time, place and business purpose of the expenditure. Additionally, certain expenditures require that the business relationship to others involved (e.g., person being entertained) also be recorded.

This general rule applies to all such expenditures whether incurred while away from home or while conducting business locally. To the extent that a taxpayer is unable to satisfy the record-keeping tests, the deduction is lost.

As noted in Section IV, unreimbursed employee business expenses are not deductible for the period from January 1, 2018 through December 31, 2025.

Even though unreimbursed employee business expenses are not deductible again until January 1, 2026, the following Record Keeping and Substantiation rules continue to apply to any business expenses that the State reimburses you under its Accountable Plan. You should continue to maintain adequate records for your business expenses and mileage for that purpose. To the extent that the State's Accountable Plan provides for reimbursement of mileage under the residency election provided by IRC Section 162(h), you should consider making the election by using the form on page 19 and submitting it to State's accounting office.

B. Elements of Recording Expenses

1. Travel

Travel expenses are costs incurred while you are conducting business away from home and are required to remain overnight or for a period requiring sleep or rest. Travel expenses include not only the cost of travel to and from your destination, but also the cost of meals, lodging, local transportation and commuting, as well as other ancillary costs incurred while you are away from home.

Proper substantiation of travel expenses requires that you record:

- a. Each amount spent for travel while away from home. You can treat as one expenditure total meal expenses (breakfast, lunch and dinner) incurred in one day. Tips may be aggregated with the expense of the services to which they relate. Other expenses that may be grouped include gasoline and oil, taxi, and telephone calls. The costs of travel by automobile may be substantiated through a mileage record.

If you have a residence outside of Springfield and make the special election referred to previously, you will be treated as having expended the appropriate per diem amount for living expenses (meals, lodging, laundry and related incidental living expenses). Therefore, you will not be required to keep a detailed record of your actual expenses. In this case, you need only document the transportation, telephone and other similar expenses of your travel;

- b. The dates of departure and return, and the number of days spent on business;
- c. The destination or locality of your travel, designated by the name of the city, town or similar description; and

**VI. RECORD KEEPING
AND SUBSTANTIATION**

continued

- d. The business purpose of the trip, or the business benefit derived or expected to be derived as a result of the travel.

2. Transportation

Deductible transportation costs include automobile operating and maintenance costs, as well as air, rail, bus and taxi fares you incur while traveling for business while away from principal tax home. Thus, meal and lodging costs in your own locality are not deductible. Proper substantiation of transportation expenses requires that you be able to prove:

- a. The amount of each separate expenditure (including the cost of acquisition of an automobile, lease payments, and maintenance and repair costs);
- b. The amount of each individual use of property for business purposes (by mileage for automobiles) and the total of such use for the year;
- c. The date of the expenditure or use of your automobile; and
- d. The business purpose of the expenditure or use of your automobile. While contemporaneous records are no longer required for business transportation costs, adequate records made at or around the time expenses are incurred will provide the best support for your deductions.

The Illinois mileage reimbursement rate for business miles driven is equal to the federal GSA rate which is 65.5 cents per mile for 2023.

3. Business Meals

Business meals continue to be deductible at 50 percent of the amount incurred (See IRS Notice 2018-76). To be deductible, business meals must be adequately documented and may not be approximated. You must record:

- a. The amount of each separate meal, except for incidental items such as taxi fares and telephone calls, which may be totaled on a daily basis;
- b. The date the meal took place;
- c. The name of the person or people in attendance and the address or location;
- d. The reason for the meal, or the business benefit gained or expected to be gained, and the nature of any business discussion or activity that took place;
- e. The occupation or other information about the person or persons for whom the meal is being claimed. Include name, title, or other designation sufficient to establish the business relationship to you; and
- f. Your presence (or your employee's) at a business meal.
- g. The expense cannot be lavish or extravagant under the circumstances.

VI. RECORD KEEPING AND SUBSTANTIATION

continued

4. *Business Gifts*

No deduction is available for business gifts to the extent that the total gifts during the year exceed \$25 per person. Gifts are counted for the \$25 per person limitation whether made directly or indirectly. Record the following for business gifts:

- a. The cost and a description of the gift;
- b. The date upon which the gift was made;
- c. The business reason or the benefit derived or expected as a result of the gift; and
- d. The relationship of the recipient to the taxpayer, including his/her name, title or other designation sufficient to establish such a relationship.
- e. Any item that could be considered either a gift or as entertainment is generally considered entertainment and cannot be deducted. However, if you give a customer packaged food or beverages you intend the customer to use at a later date, treat it as a gift.

Exceptions. The following are not considered gifts subject to the \$25 limit:

An item that costs \$4 or less, on which your name is clearly and permanently imprinted, and which is one of a number of identical items you regularly distribute. This includes items such as pens, desk sets, plastic bags and cases, signs, display racks, or other promotional material to be used on the business premises of the recipient.

Incidental costs, such as engraving on jewelry, or packaging, insuring, and mailing, are generally not included in determining the cost of a gift for purposes of the \$25 rule.

5. *Business Entertainment Expenses*

With the ratification of TCJA business entertainment is currently not deductible.

C. Adequate Records

1. *Recording Expenses*

You should record your transportation, travel, and business gift expenses in an account book or diary at the time you incur the expense. As mentioned above, although contemporaneous record keeping is no longer required for transportation expenses, maintaining a diary or log would constitute the best evidence to support the deductions.

**VI. RECORD KEEPING
AND SUBSTANTIATION**

continued

Confidential or highly sensitive information need not be recorded in a diary or account book. However, the taxpayer should be ready to submit substantiation of the expenditure to the district director of the IRS during an audit if he/she is to obtain a deduction for the expenditure.

2. Substantiation

You must prove each diary entry and support your claims for deduction with receipts, paid bills or similar evidence. You are required to verify any expenditure for lodging while traveling away from home and any other expenditures over \$75.

Documentary evidence will not be required for transportation expenses if not readily available. Although expenditures of \$75 or less do not need to be substantiated with receipts or other support, they must still be tied in with the business purpose and proved if necessary.

Usually, a receipt will suffice if it contains enough information to establish the amount, date, place and type of expense. Thus, a hotel receipt should include the name, location, date and the separate charges for lodging, meals, telephone and so on, if it is to serve as adequate substantiation of a business travel expense. Similarly, a restaurant receipt must indicate the name and location of the restaurant, the date, and the charge for food, beverages and other items. Generally, a cancelled check does not constitute adequate documentary evidence, since it does not detail the items composing the total expenditure. However, a cancelled check in connection with the payee's bill typically will be sufficient to substantiate the business nature of an expenditure.

The required detail is also important to determine the proper allocation between personal and business expenses. when necessary. Also, if expenses incurred with respect to certain persons such as spouses are not deductible, evidence of the cost must be available. Otherwise, they will be deemed to bear a proportionate share of the total costs.

Instead of deducting the actual cost of your meals while you are traveling away from home for business, you can deduct a standard amount. This amount is deemed to be substantiated but you must still prove the actual expenses of your other travel costs as well as the time, place, and business purpose of your travel.

APPENDIX OF FORMS

Name: _____

City: _____ State: _____ Zip: _____

Social Security Number: _____ Taxable Year

ELECTION UNDER SECTION 162(h) OF THE INTERNAL REVENUE CODE.

Taxpayer elects under the above Section to designate as his home his place of residence within the legislative district which he represented.

Taxpayer was an Illinois State Legislator representing _____ (Legislative District) for the period beginning _____ and ending _____.

This election therefore applied to taxable years _____.

If this election is for a year beginning after December 31, 1980, the taxpayer hereby states that his place of residence is _____

* miles from the State Capitol Building.

** Must be in excess of 50 miles.*

RECORD KEEPING REQUIREMENTS FOR TRAVEL AND GIFTS

Factors to be proved in substantiating elements in column 1

Elements to be substantiated (1)	Expenditures for Travel Away from home (2)	Expenditures for automobile travel and transportation (3)	Expenditures for gifts (4)
Amount	Amount of each separate expenditure for transportation, lodging and meals. Permissible to aggregate incidental expenses in reasonable categories, such as taxis, daily meals, etc.	Cost of travel by automobile may be substantiated by using the standard mileage rate. Under actual method, amount of operating expenses must be substantiated. Mileage for each business use and for the year.	Cost of gift (limited to \$25 per donee.)
Time	Dates of departure and return for each trip, and number of days attributable to business activities.	Date of travel must be noted in log. One entry can be made for round trip.	Date of gift made
Place	Destination by name of city or other appropriate designation.	Destination and number of miles must be noted in log.	Not Applicable
Description	Not applicable	Not applicable	Description of Gift
Business Purpose	Business purpose of the trip so as to establish that expenses were directly related to the active conduct of your business	Business purpose of the automobile trip must be noted in log. Name of driver must be noted if someone other than yourself is driving.	Business purpose for making the gift or nature of business benefit derived or expected to be derived.
Business Relationship	Not applicable	Not applicable	Occupation or other information- such as name or other designation-about recipient which establishes business relationship to you.



**FORM
D-1**

STATEMENT OF ORGANIZATION

PLEASE TYPE OR PRINT IN BLACK INK

FOR OFFICE USE ONLY

Full name and complete mailing address of Political Committee:

CHECK FOR ADDRESS CHANGE

POLITICAL COMMITTEE
IDENTIFICATION #

CHECK HERE TO RECEIVE REPORT NOTIFICATIONS VIA E-MAIL ONLY

E-MAIL ADDRESS:

SEE PAMPHLET "A GUIDE TO CAMPAIGN DISCLOSURE" FOR GUIDANCE

- 1** **NEW COMMITTEE** (MUST BE FILED WITHIN 10 DAYS OF CREATION, OR WITHIN 2 DAYS IF CREATED WITHIN 30 DAYS BEFORE AN ELECTION)
- AMENDMENT** (MUST BE FILED WITHIN 10 DAYS OF ANY CHANGES. ENTER ONLY THOSE CHANGES FROM LAST D-1 ON FILE.)
- REACTIVATING**

2 **DATE COMMITTEE CREATED:** _____ **3** **AMOUNT OF FUNDS AVAILABLE AS OF CREATION DATE: \$** _____

- 4** **POLITICAL COMMITTEE DESIGNATION (ALL COMMITTEES CHOOSE ONLY ONE)**
- CANDIDATE POLITICAL COMMITTEE***
*For purposes of contribution limits and reporting requirements, a Candidate Political Committee supporting a candidate for multiple offices elected at different elections must designate an election cycle by listing the office currently sought.
This office is: _____
- POLITICAL ACTION COMMITTEE**
- POLITICAL PARTY COMMITTEE**
- BALLOT INITIATIVE COMMITTEE**
- INDEPENDENT EXPENDITURE COMMITTEE**

5 **POLITICAL COMMITTEE'S AREA OF ACTIVITY, SCOPE, AND PARTY AFFILIATION**

A. THIS COMMITTEE WILL PRIMARILY OPERATE IN THE FOLLOWING COUNTIES OR DISTRICTS (if operating statewide or supporting/opposing statewide candidates or ballot initiatives, leave blank):

B. POLITICAL PARTY AFFILIATION: _____

6 **PURPOSE OF THE POLITICAL COMMITTEE**

7 **CANDIDATE(S) THE COMMITTEE IS SUPPORTING OR OPPOSING (IF AMENDING, LIST ALL AS OF TODAY'S DATE.)**

NAME AND ADDRESS	SUPPORT	OPPOSE	OFFICE	PARTY
	<input type="checkbox"/>	<input type="checkbox"/>		

IF MORE SPACE IS NEEDED, PLEASE ATTACH ADDITIONAL SHEETS.

COMMITTEE NAME:		POLITICAL COMMITTEE ID #:
8 REQUIRED COMMITTEE OFFICERS:		
POSITION	NAME	ADDRESS, PHONE NUMBER, AND E-MAIL ADDRESS
CHAIR		
TREASURER		
9 POSITION, NAME AND ADDRESS OF EACH CUSTODIAN OF THE COMMITTEE'S ACCOUNTS (IF DIFFERENT THAN OFFICERS)		
POSITION	NAME	ADDRESS, PHONE NUMBER, AND E-MAIL ADDRESS
10 FINANCIAL INSTITUTIONS AND OTHER REPOSITORIES OF COMMITTEE FUNDS		
NAME		ADDRESS AND PHONE NUMBER
11 DISPOSITION OF RESIDUAL FUNDS IN THE EVENT OF DISSOLUTION OR TERMINATION OF THE COMMITTEE		
11	<input type="checkbox"/> RETURN TO CONTRIBUTORS IN AMOUNTS NOT TO EXCEED THEIR INDIVIDUAL CONTRIBUTIONS	
	<input type="checkbox"/> TRANSFER TO ANOTHER POLITICAL COMMITTEE: _____	
	<input type="checkbox"/> TRANSFER TO A CHARITABLE ORGANIZATION: _____	
IF MORE SPACE IS NEEDED, PLEASE ATTACH ADDITIONAL SHEETS		
VERIFICATION: BALLOT INITIATIVE COMMITTEE ONLY		
I DECLARE THAT THIS BALLOT INITIATIVE COMMITTEE IS FORMED FOR THE PURPOSE OF SUPPORTING OR OPPOSING A QUESTION OF PUBLIC POLICY. ALL CONTRIBUTIONS AND EXPENDITURES OF THE COMMITTEE WILL BE USED FOR THE PURPOSE DESCRIBED IN THIS STATEMENT OF ORGANIZATION. THE COMMITTEE MAY ACCEPT UNLIMITED CONTRIBUTIONS FROM ANY SOURCE, PROVIDED THAT THIS BALLOT INITIATIVE COMMITTEE DOES NOT MAKE CONTRIBUTIONS OR EXPENDITURES IN SUPPORT OF OR OPPOSITION TO A CANDIDATE OR CANDIDATES FOR NOMINATION FOR ELECTION, OR RETENTION, AND FAILURE TO ABIDE BY THESE REQUIREMENTS SHALL DEEM THIS COMMITTEE IN VIOLATION OF THIS ARTICLE (10 ILCS 5/9).		
PRINTED AND WRITTEN SIGNATURE OF COMMITTEE CHAIR		DATE
VERIFICATION: INDEPENDENT EXPENDITURE COMMITTEE ONLY		
I DECLARE THAT (i) THIS INDEPENDENT EXPENDITURE COMMITTEE IS FORMED FOR THE EXCLUSIVE PURPOSE OF MAKING INDEPENDENT EXPENDITURES, (ii) ALL CONTRIBUTIONS AND EXPENDITURES OF THE COMMITTEE WILL BE USED FOR THE PURPOSE DESCRIBED IN THIS STATEMENT OF ORGANIZATION, (iii) THE COMMITTEE MAY ACCEPT UNLIMITED CONTRIBUTIONS FROM ANY SOURCE, PROVIDED THAT THE INDEPENDENT EXPENDITURE COMMITTEE DOES NOT MAKE CONTRIBUTIONS TO ANY CANDIDATE POLITICAL COMMITTEE, POLITICAL PARTY COMMITTEE, OR POLITICAL ACTION COMMITTEE, AND (iv) FAILURE TO ABIDE BY THESE REQUIREMENTS SHALL DEEM THE COMMITTEE IN VIOLATION OF THIS ARTICLE (10 ILCS 5/9).		
PRINTED AND WRITTEN SIGNATURE OF COMMITTEE CHAIR		DATE
VERIFICATION: ALL POLITICAL COMMITTEES		
I DECLARE THAT THIS STATEMENT OF ORGANIZATION (INCLUDING ANY ACCOMPANYING SCHEDULES AND STATEMENTS) HAS BEEN EXAMINED BY ME AND, TO THE BEST OF MY KNOWLEDGE AND BELIEF, IS A TRUE, CORRECT, AND COMPLETE STATEMENT OF ORGANIZATION AS REQUIRED BY ARTICLE 9 OF THE ELECTION CODE. I UNDERSTAND THAT WILLFULLY FILING A FALSE OR INCOMPLETE STATEMENT OF ORGANIZATION IS SUBJECT TO A CIVIL PENALTY OF AT LEAST \$1,001 AND UP TO \$5,000.		
PRINTED AND WRITTEN SIGNATURE OF TREASURER OR CANDIDATE		DATE
THE ILLINOIS STATE BOARD OF ELECTIONS REQUIRES THE DISCLOSURE OF INFORMATION THAT IS NECESSARY IF YOU QUALIFY AS A POLITICAL COMMITTEE AS OUTLINED UNDER PUBLIC ACT 78-1183. WILLFUL FAILURE TO FILE OR WILLFUL FILING OF FALSE OR INCOMPLETE INFORMATION REQUIRED BY THIS ARTICLE SHALL CONSTITUTE A BUSINESS OFFENSE SUBJECT TO A FINE OF UP TO \$5,000. THIS FORM IS IN COMPLIANCE WITH THE FORMS MANAGEMENT PROGRAM ACT.		

STATE BOARD OF ELECTIONS
2329 S MacARTHUR BLVD
SPRINGFIELD, IL 62704-4503

FAX: 217-782-5959
E-MAIL: D1@ELECTIONS.IL.GOV (D-1s ONLY)

ALL POLITICAL COMMITTEES RETURN TO:

STATE BOARD OF ELECTIONS
69 W WASHINGTON ST, STE LL-08
CHICAGO, IL 60602-3026

FAX: 312-814-6485
E-MAIL: D1@ELECTIONS.IL.GOV (D-1s ONLY)



**FORM
D-2**

REPORT OF CAMPAIGN CONTRIBUTIONS AND EXPENDITURES
CHECK APPROPRIATE BOXES—PLEASE TYPE OR PRINT IN BLACK INK

- Quarterly Report:
(Check one:) 1st 2nd 3rd 4th
- Final Report (Fund balance on Line E must be \$0)
- Amendment of the Report Indicated Above

FOR OFFICE USE ONLY

Full name and complete mailing address of Political Committee: CHECK FOR ADDRESS CHANGE

COMMITTEE ID #

E-mail address: CHECK FOR E-MAIL ADDRESS CHANGE

REPORTING PERIOD

CASH AVAILABLE AT BEGINNING OF REPORTING PERIOD:

FROM | THRU

\$

Repeat this amount in SECTION D, Line (A)

ALL POLITICAL COMMITTEES RETURN TO:

STATE BOARD OF ELECTIONS

STATE BOARD OF ELECTIONS

2329 S MacARTHUR BLVD

OR

69 W WASHINGTON ST, STE LL-08

SPRINGFIELD, IL 62704-4503

CHICAGO, IL 60602-3026

E-MAIL: D2@ELECTIONS.IL.GOV

SECTION A — RECEIPTS

1. Individual Contributions

- a. Itemized (from Schedule A): \$ _____ (1a)
- b. Not-Itemized: \$ _____ (1b)

2. Transfers In

- a. Itemized (from Schedule A): \$ _____ (2a)
- b. Not-Itemized: \$ _____ (2b)

3. Loans Received

- a. Itemized (from Schedule A): \$ _____ (3a)
- b. Not-Itemized: \$ _____ (3b)

4. Other Receipts

- a. Itemized (from Schedule A): \$ _____ (4a)
- b. Not-Itemized: \$ _____ (4b)

TOTAL RECEIPTS (1a thru 4b) \$ _____ (TR)

5. In-Kind Contributions

- a. Itemized (from Schedule I): \$ _____ (5a)
- b. Not-Itemized: \$ _____ (5b)

TOTAL IN-KIND (5a + 5b) \$ _____ (TI)

Name and address of person submitting this report if other than the committee's Chair or Treasurer:

SECTION B — EXPENDITURES

6. Transfers Out

- a. Itemized (from Schedule B): \$ _____ (6a)
- b. Not-Itemized: \$ _____ (6b)

7. Loans Made

- a. Itemized (from Schedule B): \$ _____ (7a)
- b. Not-Itemized: \$ _____ (7b)

8. Expenditures

- a. Itemized (from Schedule B): \$ _____ (8a)
- b. Not-Itemized: \$ _____ (8b)

9. Independent Expenditures

- a. Itemized (from Schedule B-9): \$ _____ (9a)
- b. Not-Itemized: \$ _____ (9b)

TOTAL EXPENDITURES (6a thru 9b) \$ _____ (TE)

SECTION C — DEBTS AND OBLIGATIONS

(Include previously reported unpaid debts)

- 10. a. Itemized (from Schedule C): \$ _____ (10a)
- b. Not-Itemized: \$ _____ (10b)

TOTAL DEBTS & OBLIGATIONS \$ _____

SECTION D — CASH BALANCE

Cash available at beginning of reporting period: \$ _____ (A)

Total Receipts from Section A (TR): \$ _____ (B)

Total cash (A) plus (B): \$ _____ (C)

Total Expenditures from Section B (TE): \$ _____ (D)

Funds available at close of reporting period (C minus D): \$ _____ (E)

Investments total (if applicable): \$ _____ (F)

VERIFICATION: I DECLARE THAT THIS QUARTERLY REPORT OF CAMPAIGN CONTRIBUTIONS AND EXPENDITURES (INCLUDING ACCOMPANYING SCHEDULES AND STATEMENTS) HAS BEEN EXAMINED BY ME AND TO THE BEST OF MY KNOWLEDGE AND BELIEF IS A TRUE, CORRECT AND COMPLETE REPORT AS REQUIRED BY ARTICLE 9 OF THE ELECTION CODE. I UNDERSTAND THAT WILLFULLY FILING A FALSE OR INCOMPLETE STATEMENT IS SUBJECT TO A CIVIL PENALTY OF AT LEAST \$1001 AND UP TO \$5000.

SIGNATURE OF COMMITTEE TREASURER OR CANDIDATE

DATE

INSTRUCTIONS FOR COMPLETION OF THIS D-2 FORM
SEE PAMPHLET "A GUIDE TO CAMPAIGN DISCLOSURE" FOR ADDITIONAL GUIDANCE

Reports must be postmarked at least 72 hours prior to the filing deadline to be considered a timely filing if received after the deadline.

These instructions are a step-by-step guide for the completion of the Form D-2: Report of Campaign Contributions and Expenditures. If further clarification is needed, please contact the State Board of Elections

1. Check the applicable box(es) for the type of report being filed. (For a Final Report, fund balance (Line E) must be \$0.)
2. If this is an amendment, check all applicable boxes, attach form DESCRIPTION OF AMENDED INFORMATION and list the reason(s) for the amendment.
3. Enter the name and address of the political committee. **Check box if address has changed.** List the reporting period of the required report. List the cash available—this amount should include both checking and savings account balance. Repeat this amount in Section D, line (A).
4. Enter the committee identification number in the box marked COMMITTEE ID #.
5. **Committee Treasurer or Candidate must sign and date the report. Unsigned or undated reports will be returned for signature and date. Persons preparing the report who are not the committee Treasurer or Chair are to list their name and address in the space provided in the bottom left.**

SECTION A - RECEIPTS

1. **Individual Contributions:** Include ticket and raffle sales. Amounts in excess of \$150 must be itemized on a Schedule A, Part 1, and reported on Line 1a. If a contributor is an individual who contributed more than \$500, include the employer and occupation of that individual on that Schedule A. Total all other individual amounts (\$150 or less) and report on Line 1b.
2. **Transfers In:** Contributions from political committees, including ticket and raffle sales. Amounts in excess of \$150 must be itemized on a Schedule A, Part 2, and reported on Line 2a. Total all other Transfers In (\$150 or less) and report on Line 2b.
3. **Loans Received:** Amounts in excess of \$150 must be itemized on a Schedule A, Part 3, and reported on Line 3a. Include endorsers, if any. If an endorser or lender is an individual who endorses or lends the committee more than \$500, include the employer and occupation of that individual on that Schedule A. Total other loans and report on Line 3b.
4. **Other Receipts:** Include refunds, liquidation of assets, liquidation of investments, and receipts not reflected in Parts 1-3. Amounts in excess of \$150 must be itemized on a Schedule A, Part 4, and reported on Line 4a. Total all other receipts and report on Line 4b.
5. **In-Kind Contributions:** Contributions other than cash and valued in excess of \$150 must be itemized on a Schedule I and reported on Line 5a. Total all other in-kind contributions and report on Line 5b. If a contributor is an individual who contributes an in-kind with value in excess of \$500, include the employer and occupation of that individual.

SECTION B - EXPENDITURES

6. **Transfers Out:** Expenditures made to other political committees, including tickets and raffle purchases. Amounts in excess of \$150 must be itemized on a Schedule B, Part 6, and reported on Line 6a. Total all other transfers out and report on Line 6b.
7. **Loans Made:** Amounts in excess of \$150 must be itemized on a Schedule B, Part 7 and reported on Line 7a. Total all other loans made and report on Line 7b.
8. **Expenditures:** Operating expenses, etc., to one vendor in excess of \$150 must be itemized on a Schedule B, Part 8 and reported on Line 8a. Total all other expenditures and report on Line 8b.
9. **Independent Expenditures:** Amounts in excess of \$150 must be itemized on a Schedule B-9 and reported on Line 9a. Total all other independent expenditures and report on Line 9b.

SECTION C - DEBTS AND OBLIGATIONS

10. **Debts and Obligations:** Outstanding debts as of the close of this reporting period. Amounts in excess of \$150 must be itemized on a Schedule C and reported on Line 10a. All other debts and obligations are totaled and listed on Line 10b. Include all unpaid debts from previous reporting periods.

TOTAL DEBTS AND OBLIGATIONS: Add Lines 10a and 10b and list.

SECTION D - CASH BALANCE

Repeat the Cash Available figure on Line A, list total receipts on Line B, add together Lines A and B and list the total on Line C. List total expenditures on Line D. Subtract Line D from Line C, and list the total on Line E. **Line E must indicate \$0.00 for a Final Report.**

Investment Total: Amount from Investment Schedule should be carried forward and listed on Line F.

THE ILLINOIS STATE BOARD OF ELECTIONS IS REQUESTING DISCLOSURE OF INFORMATION THAT IS NECESSARY IF YOU QUALIFY AS A POLITICAL COMMITTEE, AS OUTLINED UNDER PUBLIC ACT 78-1183. DISCLOSURE OF THIS INFORMATION IS REQUIRED. FAILURE TO PROVIDE ANY INFORMATION COULD RESULT IN A CIVIL PENALTY OF UP TO \$5,000. THIS FORM IS IN COMPLIANCE WITH THE FORMS MANAGEMENT PROGRAM ACT.

NAME OF POLITICAL COMMITTEE:

REPORTING PERIOD

FROM	THRU

FOR OFFICE USE ONLY

SCHEDULE A RECEIPTS

CHECK THE PART OF FORM D-2, SECTION A, BEING ITEMIZED:

- PART #1- INDIVIDUAL CONTRIBUTIONS INCLUDING TICKETS AND RAFFLE SALES
- PART #2- TRANSFERS IN POLITICAL COMMITTEE CONTRIBUTIONS INCLUDING TICKET AND RAFFLE SALES
- PART #3- LOANS RECEIVED INCLUDING ENDORSER
- PART #4- OTHER RECEIPTS

POLITICAL COMMITTEE IDENTIFICATION No.

SEE PAMPHLET "A GUIDE TO CAMPAIGN DISCLOSURE" FOR GUIDANCE.

ITEMIZED RECEIPTS FULL NAME, MAILING ADDRESS, AND ZIP CODE	DATE RECEIVED	AMOUNT OF EACH RECEIPT	AGGREGATE AMOUNT FOR THIS REPORTING PERIOD
		\$	\$
		EMPLOYER:	OCCUPATION:
		\$	\$
		EMPLOYER:	OCCUPATION:
		\$	\$
		EMPLOYER:	OCCUPATION:
		\$	\$
		EMPLOYER:	OCCUPATION:
		\$	\$
		EMPLOYER:	OCCUPATION:
		\$	\$
		EMPLOYER:	OCCUPATION:
		\$	\$
		EMPLOYER:	OCCUPATION:

USE A SEPARATE SCHEDULE A FOR EACH PARTS 1, 2, 3, & 4

TOTAL THIS PERIOD \$ _____

INSTRUCTIONS FOR COMPLETION OF THIS SCHEDULE A

SEE PAMPHLET "A GUIDE TO CAMPAIGN DISCLOSURE" FOR ADDITIONAL GUIDANCE.

1. Enter the name of political committee.
2. Enter the reporting period.
3. Place committee identification number in the box marked POLITICAL COMMITTEE IDENTIFICATION NO..
4. Indicate the numbered part of form D-2, Section A, being itemized. Use a separate Schedule A for each numbered part of Section A.
5. A receipt must be itemized if it exceeds \$150 in aggregate from one source during the reporting period.
6. Each itemization shall be by full name and mailing address (including zip code) of the source as well as the date received, the amount of each receipt, and the aggregate amount from that one source for the reporting period.
7. Any contribution from a natural person or any loan from or endorsed by a natural person that exceeds an amount in aggregate of \$500 must include the employer and occupation of such person. If, after making written and/or oral requests for this information, as outlined in Section 100.160 of our rules and regulations, the occupation and employer are still unknown, include a statement that the committee has made a good faith effort to obtain the information.
8. Proceeds from fund raising activities shall be reported in Part 1 if received from individuals and in Part 2 if received from other political committees.
9. When itemizing loans, include endorsers and co-signers, if any.
10. The last page for each numbered part is to be totaled at the bottom of the last page.
11. This total is to be entered on the appropriate line of the D-2, Section A.

SCHEDULE A-1

REPORT OF CAMPAIGN CONTRIBUTIONS OF \$1000 OR MORE

FOR OFFICE USE ONLY
POLITICAL COMMITTEE IDENTIFICATION NO.

Full name and complete mailing address of Political Committee:

CHECK IF AN ADDRESS CHANGE

SEE PAMPHLET "A GUIDE TO CAMPAIGN DISCLOSURE" FOR GUIDANCE.

Note: Schedule A-1 reporting requirements now apply throughout the calendar year.

This form must be filed within 5 business days after receipt of any contribution of \$1000 or more, or within 2 business days if that receipt was within 30 days or less before the date of an election and the political committee supports or opposes a candidate or public question on the ballot at that election or makes expenditures in excess of \$500 on behalf of or in opposition to a candidate(s), or a public question(s), on the ballot at that election by either:

1. **HAND DELIVERY** - to a State Board of Elections office (see bottom of form for addresses),
2. **FACSIMILE** - to (217)-782-5959 or (312)-814-6485. Please retain a confirmation transmission for your records,
3. **ELECTRONIC TRANSMISSION** - If this political committee is required to file its reports electronically, the Schedule A-1 must also be filed electronically.

Postal service or other mail services may be used. **CAUTION**; such services do not guarantee that the A-1 form will be received by our office prior to the deadline. **A POSTMARK IS NOT USED TO DETERMINE WHETHER AN A-1 FORM HAS BEEN TIMELY FILED.**

THESE CONTRIBUTIONS MUST ALSO BE REPORTED ON THE NEXT REGULARLY SCHEDULED FORM D-2 QUARTERLY REPORT, SCHEDULE A OR SCHEDULE I.

RECEIVED FROM: FULL NAME, MAILING ADDRESS, AND ZIP CODE	DATE	AMOUNT
		\$
		\$
		\$
		\$
		\$

SIGNATURE OF TREASURER OR CANDIDATE	DATE
-------------------------------------	------

Name and address of person submitting this report if other than the committee's chair or treasurer:

THE ILLINOIS STATE BOARD OF ELECTIONS IS REQUESTING DISCLOSURE OF INFORMATION THAT IS NECESSARY IF YOU QUALIFY AS A POLITICAL COMMITTEE AS OUTLINED UNDER PUBLIC ACT 78-1183, DISCLOSURE OF THIS INFORMATION IS REQUIRED. FAILURE TO PROVIDE ANY INFORMATION COULD RESULT IN A FINE UP TO \$5,000. THIS FORM IS IN COMPLIANCE WITH THE FORMS MANAGEMENT PROGRAM ACT

ALL POLITICAL COMMITTEES RETURN TO:

STATE BOARD OF ELECTIONS
2329 S MACARTHUR BLVD
SPRINGFIELD, IL 62704-4503

OR

STATE BOARD OF ELECTIONS
69 W WASHINGTON ST, STE LL-08
CHICAGO, IL 60602-3026

INSTRUCTIONS FOR COMPLETION OF THIS SCHEDULE A-1 FORM

The State Board of Elections may impose fines for delinquent filing of a Schedule A-1 up to 150% of the contribution(s) reported late if the violation is determined to be willful or wanton, and up to 50% of the contribution(s) reported late if the violation is determined to be negligent or inadvertent.

*According to 10 ILCS 5/9-10(d) of the Act a contribution is received “on the date (i) a monetary contribution was deposited in a bank, financial institution, or other repository of funds for the committee, (ii) the date a committee receives notice a monetary contribution was deposited by an entity used to process financial transactions by credit card or other entity used for processing a monetary contribution that was deposited in a bank, financial institution, or other repository of funds for the committee, or (iii) the public official, candidate, or political committee receives the notification of contribution of goods or services.”

SEE PAMPHLET “A GUIDE TO CAMPAIGN DISCLOSURE” FOR ADDITIONAL GUIDANCE.

1. A political committee shall file a report of any contribution(s) of \$1,000 or more from a single source, with the Board within 5 business days after receipt of the contribution(s), except that the report shall be filed within 2 business days after receipt if (i) the contribution(s) is received 30 or fewer days before the date of an election and (ii) the political committee supports or opposes a candidate or public question on the ballot at that election or makes expenditures in excess of \$500 on behalf of or in opposition to a candidate, candidates, a public question, or public questions on the ballot at that election. **Note: Schedule A-1 reporting requirements now apply throughout the calendar year.**
2. Enter the name and mailing address of the political committee.
3. Enter the committee identification number in the box marked POLITICAL COMMITTEE IDENTIFICATION NO.
4. List full name and mailing address (including zip code) of the contributor, date the contribution was received, and the amount of the contribution(s).
5. A candidate's own funds as well as Loans and In-Kind contributions must also be reported if they are \$1000 or more.
6. Information reported on this A-1 will be restated on the next regularly scheduled D-2 report form Schedule A.
7. **This form must be dated and signed by the treasurer or chair.**
8. **If you are required by law to file your reports electronically, all A-1 reports must also be filed electronically. For such committees, an A-1 will not be considered received until it is filed electronically.** If you need assistance, please contact the State Board of Elections.
9. Committees that are not required to file reports electronically may file A-1 reports in person, by facsimile transmission or electronically.
10. Include the full name and mailing address of the person submitting the Schedule A-1 on behalf of the committee, **if other than** the chair or treasurer.

INSTRUCTIONS FOR COMPLETION OF SCHEDULE B

1. Enter the name of political committee.
2. Enter the reporting period.
3. Place committee identification number in the box marked POLITICAL COMMITTEE IDENTIFICATION NO..
4. Indicate the numbered part of the D-2, Section B, being itemized. Use a separate Schedule B for each numbered part.
5. An expenditure must be itemized if it exceeds \$150 in aggregate to a single entity during the reporting period.
6. Each itemization shall be by full name and mailing address (including zip code) of the receiving party as well as the date of the expenditure, its purpose, beneficiary, the amount of each expenditure, and the aggregate amount to each entity.
7. The beneficiary of an expenditure is normally the committee itself; however, in the case of a transfer out, the beneficiary will be the receiving committee. In the case of an expenditure made on behalf of another committee, the beneficiary would be that committee. Such a third party beneficiary would need to be notified that it is the recipient of an inkind contribution which it is required to report.
8. Part 8 itemizations of credit card expenditures or reimbursed expenditures shall list the name and address of the actual provider of services, as well as the purpose, beneficiary, amount, date and aggregate amount for each expenditure in excess of \$150 in the aggregate during the reporting period.
9. Each numbered part must be totaled at the bottom of the last page.
10. The total must be entered on the appropriate line on the D-2, Section B.

INSTRUCTIONS FOR COMPLETION OF SCHEDULE C

1. Enter name of political committee.
2. Enter reporting period.
3. Place committee identification number in the box marked POLITICAL COMMITTEE IDENTIFICATION NO..
4. Each outstanding debt or obligation remaining at the end of a quarterly reporting period must be itemized if it exceeds \$150. This includes any unpaid debts and obligations carried over from previous reports. Unpaid loans as well as unpaid bills should be reported.
5. Each debt will be itemized by complete name and mailing address (including zip code), the date the debt incurred, the original amount of the debt, the cumulative payment on the debt to date, and the outstanding balance at the close of the reporting period.
6. The total will be reported at the bottom of the last page.
7. This total will also be reported on the form D-2, in Section C.
8. Debts and obligations will be reported on the Final and all quarterly reports.

NAME OF POLITICAL COMMITTEE:

REPORTING PERIOD

FOR OFFICE USE ONLY

FROM THRU

SCHEDULE I IN-KIND CONTRIBUTIONS

POLITICAL COMMITTEE
IDENTIFICATION No.

SEE PAMPHLET "A GUIDE TO CAMPAIGN DISCLOSURE" FOR GUIDANCE.

FULL NAME, MAILING ADDRESS, AND ZIP CODE	DATE RECEIVED	AMOUNT OF EACH RECEIPT	AGGREGATE AMOUNT FOR THIS REPORTING PERIOD
CONTRIBUTOR			
		EMPLOYER:	OCCUPATION
VENDOR PAID (if applicable)	DESCRIPTION		
CONTRIBUTOR			
		EMPLOYER:	OCCUPATION
VENDOR PAID (if applicable)	DESCRIPTION		
CONTRIBUTOR			
		EMPLOYER:	OCCUPATION
VENDOR PAID (if applicable)	DESCRIPTION		
CONTRIBUTOR			
		EMPLOYER:	OCCUPATION
VENDOR PAID (if applicable)	DESCRIPTION		

TOTAL THIS PERIOD \$ _____

INSTRUCTIONS FOR COMPLETION OF SCHEDULE I

1. Enter name of political committee.
2. Enter reporting period.
3. Place committee identification number in the box marked POLITICAL COMMITTEE IDENTIFICATION NO..
4. An In-Kind contribution must be itemized if its estimated value exceeds \$150 in an aggregate from one source during the reporting period.
5. If an In-Kind contribution is valued in excess of \$150, it must be itemized by full name and mailing address (including zip code) of the contributor as well as the date it was incurred, a description of the goods or services provided, the estimated value of each receipt, the vendor's name and address, if applicable, and the aggregate value for the reporting period from that source.
6. If a value cannot be assessed, the In-Kind contribution must be described on the Schedule I.
7. If the contributor of the In-Kind is a person, and the value exceeds an amount in aggregate of \$500, you must include the employer and occupation of such person. If, after making written and/or oral requests for this information, as outlined in Section 100.160 of our rules and regulations, the occupation and employer remain unknown, include a statement that the committee has made a good faith effort to obtain the information.
8. The estimated values must be totaled at the bottom of the page.
9. This total must be reported on the D-2, Section A, line 5a.

NOTES

NOTES

Prepared by the Illinois CPA Society's

Taxation Individual Committee: Legislators Tax Guide Task Force



ILLINOIS CPA SOCIETY®
www.icpas.org

a: 550 W. Jackson, Suite 900
Chicago, IL 60661-5742

P: 800.993.0407 or
312.993.0407

f: 312.993.9432

a: 524 S. 2nd Street, Suite 504
Springfield, IL 62701-1705

P: 217.789.7914 or
800.572.9870

f: 217.789.7924