



July 22, 2024

The Honorable William Hall
City of Chicago
121 N. LaSalle Street, Room 300
Chicago, IL 60602

In re: Subcommittee on Revenue—Service Tax

Dear Chairman Hall:

Today I am writing to you on behalf of our 21,000 members regarding your subcommittee's charge of exploring potential new revenue sources for the City of Chicago.

At your inaugural subject matter hearing, the subcommittee heard testimony from citizens and organizations such as the Chicagoland Chamber of Commerce. We strongly concur with the Chicagoland Chamber's testimony.

Additionally, the Johnson administration officials provided an overview on the city's historical tax structure and revenue streams. Of note, City Chief Financial Officer Jill Jaworski touched upon the tax base and proffered expansion of the sales tax base to include services. Although CFO Jaworski did not specify if taxing consumer services or professional services was under consideration, it is important to distinguish between the two concepts.

As the professional organization that represents CPAs and CPA firms in Illinois who specialize in tax practice and policy, we are providing you with the attached information paper. The information paper addresses tax policy and economic implications of taxing professional services. Notably, the highlights include:

- Taxing professional services is legally invalid tax policy, per the Illinois Supreme Court
- Taxing professional services disincentivizes Chicago's economic growth
- Taxing professional services will limit consumer choices and raise the cost of provided services

We are acutely sensitive to the task of your subcommittee and the City's long-term financial hurdles. As your committee continues its work on behalf of the City

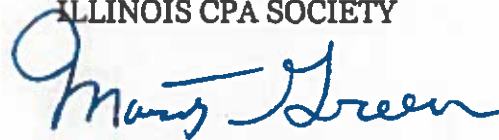
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Council and the citizens of Chicago, adherence to the tenets of sound tax policy and recognition of economic implications of the exploration of new taxes are necessary for the economic recovery and vitality of Chicago.

Thank you in advance for your consideration of this information. Please feel free to contact me at 217.789.0104 or by email at greenm@icpas.org if we can provide you with additional information or answer any questions you may have.

Sincerely,

ILLINOIS CPA SOCIETY

A handwritten signature in blue ink that reads "Martin Green". The signature is written in a cursive style with a large initial "M".

Martin Green, Esq.
Senior VP & Legislative Counsel
Government Relations

encl.