



HGSUW News & Views

Hasselberg Grebe Snodgrass
Urban & Wentworth
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KENNETH SNODGRASS JR. WINNER OF 2018 DISTINGUISHED COMMUNITY SERVICE AWARD



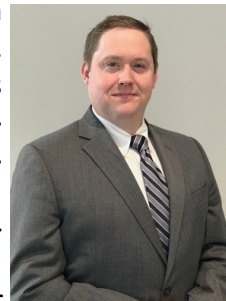
We are judged by the company we keep. The Peoria County Bar Association Distinguished Community Service Award recipient this year is in good company. The past winners of this award include: William Rutherford, Rex Linder, Justice Mary McDade, Magistrate Judge John Gorman and many more.

Each of these men and women, like this year's recipient, because of the better angels of their nature have given of themselves to improve our community. This year's recipient is Kenneth M. Snodgrass, Jr. Ken is being recognized for 16 years of continuous service to Youth Farm and The Children's Home Association of Illinois, one of Central Illinois' premier charitable organizations.

During the years 2003 through 2007, Ken served on the Board of Trustees of Youth Farm. During Ken's five years on the Board, he served on several committees, including the annual Youth Farm Cattle Auction (see AWARD page 2)

MEET OUR NEW ATTORNEY KEVIN O. SHEAHAN

We are pleased to announce that Kevin O. Sheahan has joined our firm as a new associate. Kevin was born in St. Louis and grew up in Edwardsville, Illinois. Kevin received his undergraduate education at the University of Illinois at Urbana-Champaign and is a 2013 graduate of the Southern Illinois University School of Law. Prior to joining our firm, Kevin worked as a law clerk in the United States District Court for the Southern District of Illinois.



Kevin lives in Dunlap with his wife Kelsey, a native of Mason County. Kevin is a member of the Illinois State Bar Association and the Peoria County Bar Association. He is also licensed to practice in Missouri and a member of the Missouri Bar Association. Kevin focuses his practice in the areas of workers' compensation, insurance defense, and general civil litigation.



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(AWARD from page 1) and Youth Farm's Executive Team. Ken's service to Youth Farm culminated in his being elected as President of the Youth Farm Board. As a Member of the Board, Ken was one of the Board Members who was instrumental in the merger of Youth Farm with The Children's Home in 2007. The merger insured the viability of Youth Farm and enhanced Children's Home as a charitable organization.

After Youth Farm's merger with Children's Home, Ken served on The Children's Home Executive Committee, Personnel Committee, Finance Committee and Capital Campaign Committee. Ken's service to Children's Home culminated in his being elected Chairman of the Board of Trustees during the years 2013 through 2015. Ken served continuously on the Board for ten years and currently serves on the Children's Home Foundation Board.

Children's Home just celebrated its 150th anniversary and employs over 400 people serving the children of our community. The mission of the Children's Home is, "Giving children a childhood and future by protecting them, teaching them and healing them, and by building strong communities and loving families." Ken's sustained service over the last 16 years to Youth Farm and Children's Home and his commitment to future service is why he has been selected as the Peoria County Bar Association's 2018 Distinguished Community Service Award recipient. Ken, by his community service, has helped hundreds of children in Central Illinois and has brought great credit upon himself, our legal profession and the Peoria County Bar Association.

Please join us in congratulating Ken and supporting Children's Home.



2017 TAX REFORM FAMILY LAW IMPACT

An individual who pays alimony or separate maintenance may deduct an amount equal to the alimony or separate maintenance payments paid during the year as an "above-the-line" deduction. (An "above-the-line" deduction, i.e., a deduction that a taxpayer need not itemize deductions to claim, is generally more valuable for the taxpayer than an itemized deduction.) And, under current rules, alimony and separate maintenance payments are taxable to the recipient spouse (includible in that spouse's gross income).

However, new rules are coming soon. Under the Tax Cuts and Jobs Act rules, there is no deduction for alimony for the payer. Furthermore, alimony is not gross income to the recipient. So for divorces and legal separations that are excluded (i.e., that come into legal existence due to a court order) after December 31, 2018, the alimony-paying spouse won't be able to deduct the payments, and the alimony-receiving spouse won't include them in gross income or pay federal income tax on them.

These new rules don't apply to existing divorces and separations. It's important to emphasize that the current rules continue to apply to already-existing divorces and separations, as well as to divorces and separations that are executed before January 1, 2019.

Some taxpayers may want the Tax Cuts and Jobs Act rules to apply to their existing divorce or separation. Under a special provision, if taxpayers have an existing (pre-2019) divorce or separation decree, and they have that agreement legally modified after Dec. 31, 2018, the new rules apply to that modified decree if the modification expressly so provides. There may be situations where applying these new rules voluntarily is beneficial for the taxpayers, such as a change in the income levels of the alimony payer or the alimony recipient.

If you have any questions regarding family law or any other divorce issues, please contact Charles J. Urban or Boyd O. Roberts III at (309) 637-1400.



THE DEDUCTIBILITY OF PRE-PAID REAL ESTATE TAXES IS AN OPEN QUESTION

The tax reforms enacted at the end of 2017 led to an unusual situation, people rushing to stand in line for the opportunity to pay taxes before they were due. Under the reforms, starting in 2018 the allowable deduction for state and local taxes will be limited to \$10,000.00. Therefore, people who anticipated paying state and local taxes in excess of that amount sought to pay their Real Estate Taxes in 2017 in the hopes of being able to deduct them before the limitation takes effect. The reforms also significantly increased the standard deduction amounts for 2018, which means that many people who will be taking itemized deductions in 2017 will not be doing so in 2018. Thus, some people sought to pay their 2017 Real Estate Taxes in 2017 in order to increase their deductions for the tax year in which they will be itemizing. As a result of this interest in pre-paying Real Estate Taxes, Collectors' Offices across the country, including in Peoria County, quickly set up procedures for pre-payment.

On December 27, 2017, the Internal Revenue Service issued guidance that indicates that some of the people who waited in long lines at Collectors' Offices to pre-pay their Real Estate Taxes may have done so in vain. The Internal Revenue Service advised that in its opinion only those who pre-paid Real Estate Taxes that had actually been assessed in 2017 could deduct the payments for the 2017 tax year.

What the Internal Revenue Service's guidance means for Illinois residents is not clear. In Illinois, Real Estate Taxes for a year come due in the subsequent year. Therefore, those who "pre-paid" their 2017 Real Estate Taxes were actually paying them in the tax year they were incurred. This, along with a review of the Illinois law on Real Estate Taxes, has led many to believe that pre-paid Real Estate Taxes in Illinois are deductible under the Internal Revenue Service's interpretation of the tax reforms. However, the Internal

Revenue Service has not clarified whether it agrees with this interpretation, and thus deductions taken for pre-paid Real Estate Taxes could be disallowed, and increase the likelihood of an audit.

It should also be noted that the Internal Revenue Service's guidance is not a law, but only the agency's interpretation of the law. Its interpretation may be challenged, and the courts may decide that pre-paid Real Estate Taxes that the Internal Revenue Service advised were not deductible were in fact deductible under the law. Additionally, there has been a call for legislative action on this issue, and amendments to the law could be made which clarify whether pre-paid Real Estate Taxes are deductible.

If you have any questions on the deductibility of pre-paid Real Estate Taxes, or if you have any other tax related questions, please contact James R. Grebe, John G. Dundas, or Kyle M. Tompkins at (309) 637-1400.

IT'S OFFICIAL! CORN IS KING!

Legislation passed by the Illinois General Assembly has officially named, you guessed it, corn, as the "State Grain" of Illinois. The grain industry thrives in the State of Illinois with corn as one of the top traded commodities. With its many uses, corn is a versatile grain that is essential to our economy.



At Hasselberg Grebe Snodgrass Urban & Wentworth, we represent grain facilities, farmers and other actors in the agriculture industry throughout the State of Illinois. With our vast experience, we counsel our clients on a variety of grain-related issues including, but not limited to, grain contracts, liens, regulatory matters and real estate issues.

For any grain or agriculture-related legal issues, please contact James R. Grebe or William P. Streeter at (309) 637-1400.



ESTATE TAX REFORM

There was much public discourse concerning the future of the Federal Estate Tax, otherwise known as the “death tax,” prior to Congress passing the Tax Cuts and Jobs Act and speculation that the Estate Tax would be eliminated under the sweeping tax reform, which did not come to fruition. However, Congress did double the Federal Estate Tax exemption amount from approximately \$5.49 million for an individual to approximately \$11.2 million. The Tax Cuts and Jobs Act also retains other beneficial provisions to estates including portability and stepped up tax basis. The Illinois Estate Tax exemption amount remains at \$4 million, which could still affect many individuals and married couples, although at a lower Illinois tax rate.

In light of these changes, we strongly recommend that you have your current estate planning documents reviewed to determine if there are any potential changes that may serve you. Beyond taxes, our firm’s estate planning services also offer a variety of other benefits to our clients. We stress the importance of addressing administrative decisions while you are living to ease the burden on your loved ones when the time comes. Additionally, appointing a trusted agent under a Power of Attorney for Property and Healthcare may alleviate the potential need to establish a guardianship should an unfortunate event render you unable to make your own decisions. We further assist our clients in nominating guardians for minor children, establishing living or testamentary trusts, and planning for business succession.

Any questions concerning tax or estate planning may be directed to James R. Grebe, David B. West, or Kyle M. Tompkins at (309) 637-1400.

SAFER ILLINOIS ROADS

In addition to several other laws that went into effect on January 1st, Illinois lawmakers implemented new legislation amending the Illinois Vehicle Code, which aims to make Illinois roads safer for motorists and bicyclists. Under the new law, House Bill 1784, a motor vehicle may overtake and pass to the left of a bicycle proceeding in the same direction on a portion of a highway designated as a no-passing zone when: (1) the bicycle is traveling at a speed of less than half of the posted speed limit of the highway; (2) the driver is able to overtake and pass the bicycle without exceeding the posted speed limit of the highway; and (3) there is sufficient distance to the left of the centerline of the highway for the motor vehicle to meet the overtaking and passing requirements in the Code. House Bill 1784 also permits any person operating a bicycle or motorized pedal cycle to use the shoulder of a roadway. The new legislation further allows bicyclists to equip a lamp emitting a steady or flashing red light, visible from a distance of 500 feet, in addition to or instead of a red reflector, to the rear of a bicycle.

If you have any questions regarding any traffic matters, please contact Boyd O. Roberts III at (309) 637-1400.



WHO GETS THE DOG?



For years, Illinois law has treated pets as property to be divided and given to one of the parties in a divorce. However, that has now changed as of January 1, 2018, when the law being referred to as the “Pet Custody Law” went into effect. In some cases, pets are a vital part of the family dynamic to which each spouse is emotionally attached, especially with the increasing trend in two-income households with no children.

Under the new law, pets may be treated more similarly to children than property with judges considering the best interest of the pet. Ultimately, the law provides judges with greater discretion in deciding what to do with a pet rather than simply giving it to one of the spouses as part of the division of assets. Judges may consider which spouse was the better owner, decide who would be the (see PETS on page 5)



(PETS from page 4) most fit to keep ownership, and even grant joint custody under the new law.

If you have any questions regarding pet custody or any other divorce issues, please contact Charles J. Urban or Boyd O. Roberts III at (309) 637-1400.



BIG CHANGES MADE TO FEDERAL INCOME TAX LAW

On December 22, 2017, President Donald Trump signed the Tax Cuts and Jobs Act of 2017 into law, which made major reforms to the Internal Revenue Code. The reforms primarily apply to tax years 2018 and forward, and thus 2017 tax returns will generally not be effected.

The Act reduces the highest individual tax rate from 39.6% to 37%, and has similar deductions for lower tax brackets. Additionally, the cut offs for the tax brackets have been raised, and thus more income will be included in the lower tax brackets. The Act also largely eliminates the “marriage penalty” as all but the top two brackets for married couples are exactly double those of single filers. The top corporate tax rate has also been reduced from 35% to 21%. The corporate tax rate deduction is permanent, meaning it will remain the same absent additional changes to the Act. The individual tax rate reduction, like most of the other provisions in the Act relating to individuals, is set to expire after 2025, and thus individual rates will revert back to 2017 levels at that time unless further action is taken by Congress.

Deductions is another major area of change in the Act. The standard deduction has been increased to \$24,000 for married couples filing jointly, \$12,000 for singles, and \$18,000 for head of households. This is up from \$12,700, \$6,350, and \$9,350 respectively in 2017. Those who are 65 or older, blind, or disabled may be eligible to take additional amounts for their stan-

dard deductions. The increased standard deduction will be somewhat offset by the elimination of the personal and dependent exemptions.

For those that do not take the standard deduction, many deductions that were previously available when itemizing have been eliminated or reduced. Those eliminated include deductions for personal casualty losses (except those in federally declared disaster areas), theft losses, alimony payments for post 2018 divorce decrees, tax preparation fees, unreimbursed employee expenses, and other miscellaneous expenses. The home mortgage interest deduction limit has been reduced to interest on the first \$750,000 of mortgages taken out after December 14, 2017. This deduction has been eliminated for home equity loans regardless of when the loan was taken out, unless the proceeds were used to improve the home on which the loan was taken. The state and local income tax deduction has also been limited to \$10,000.

Some itemized deductions have not only survived, their potential benefits have also expanded. Taxpayers may deduct unreimbursed medical expenses if they exceed 7.5% of their Adjusted Gross Income, a decrease in the threshold from 10%. It should be noted that this change was made retroactive to the 2017 tax year, but will also revert back to the 10% threshold in 2019. Additionally, the charitable deduction limitation has increased from 50% of Adjusted Gross Income to 60%.

The “individual mandate” of the Patient Protection and Affordable Care Act has also been repealed for post-2018 tax years. Thus, those who do not meet the requirements of having qualified health insurance or being exempt from the mandate to carry such insurance will not be subject to a fine in 2019 and beyond. The mandate remains in effect for 2018, however.

The Act is a comprehensive reform to the Tax Code, and contains many other changes relevant to both individuals and businesses.

If you have any questions regarding how the recent tax reforms will affect you or your business, or if you have any other tax related questions, please contact James R. Grebe, John G. Dundas, or Kyle M. Tompkins at (309) 637-1400.



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Hasselberg Grebe Snodgrass Urban & Wentworth is a 13-attorney full service law firm with individual lawyers concentrating in particular areas of the law. The firm serves clients throughout the State with a focus on Central and Southern Illinois. Practice areas include: Adoption Law, Administrative Law, Agricultural Law, Bankruptcy, Commercial Law, Corporate Law, Criminal Law, DUI/DWI, Elder Law, Estate Planning, Environmental Law, Family Law, Federal Taxation, Governmental Law, Insurance Law, Labor and Employment, Land Use, Litigation, Personal Injury, Planning, Probate, Real Estate, Traffic Violations, Trusts and Estates, Wills, Worker's Compensation, and Zoning.



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