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Taxpayers Say Illinois Income Tax Hike is Legal Plunder

CHICAGO—With the help of Republican Sen. Dale Righter (Mattoon-55), the Illinois Senate voted 36-19 to override Gov. Bruce Rauner's (R) budget veto on Independence Day.

Two days later, led by longtime Democratic Speaker and Chicago machine boss Michael J. Madigan (Chicago-22), and including 10 Republicans, members of the Illinois House voted 71-42 to override Gov. Rauner's veto too.

Together, the Illinois General Assembly enacted the largest permanent income tax hike in the state's history, raising the personal income tax rate to 4.95 percent from 3.75 percent, and hiking the corporate income tax rate from 7.75 percent to 9.5 percent, which includes the often-overlooked personal property replacement income tax surcharge of 2.5 percent.

"The Illinois General Assembly should really be ashamed," said Jared Labell, executive director of Taxpayers United of America.

"We know how these tax hikes turn out for taxpayers. We've seen this one before. The temporary income tax increase in 2011 brought in more than \$32 billion in tax revenue, but did nothing to address the state's growing unpaid bill backlog and rapidly increasing government pension liabilities, now totaling more than \$250 billion according to Moody's," said Labell.

"Springfield plans to collect an estimated \$5 billion in additional state income tax dollars from hard-working Illinoisans, retroactive to July 1. But taxpayers did not get comprehensive pension reform, property tax cuts, or property tax freezes after two years of uncontrolled spending, \$15 billion in unpaid bills, and two years of political maneuvering between the legislators and governor."

"When was the last time you thought putting vast sums of money in the hands of politicians would be a promising idea?" asked Labell.

"This budget deal is no solution to the longstanding problem of decades of financial mismanagement by the state government. Illinoisans – our friends, our families, our neighbors – have suffered enough. We can do better."

Labell said there are few solutions Illinois taxpayers should pursue before leaving the state.

"Hiring new government employees under defined contribution 401(k)-style pension plans, rather than lavish defined benefit plans, would help the situation going forward, but Illinois is still facing a quarter-trillion dollars in unfunded government pension liabilities. Taxpayers need a constitutional amendment on the November 2018 ballot to repeal the pension-protection clause of the Illinois State Constitution. It creates a two-tiered system in Illinois that is unsustainable and divides residents into two political classes: government employees and non-government employees," said Labell.

"Until taxpayers can divert their tax dollars to directly fund whatever services they wish and no more, the legislators in Springfield will continue to engage in generational legal plunder with devastating income and property tax hikes."