

TUA NEWS RELEASE

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Tax Breaks for Illinois' Biggest Employers Cost Taxpayers Dearly

CHICAGO – Illinois' effective corporate income tax rate of 9.5% is contributing to the state's financial woes, according to the president of Taxpayers United of America.

"Illinois has the country's fourth highest corporate income tax rate and rather than helping the state's crisis level financial woes with increased revenue, it is compounding the problems by chasing away businesses. Unless, of course, those businesses are large enough to hold the state hostage by threatening to move their operations to a more business-friendly state," stated Jim Tobin.

"Illinois lawmakers don't have the economic good sense to lower the corporate income tax rate to a level that will attract and keep businesses. Instead, they engage in a damaging corporate welfare program that rewards those very businesses that threaten to leave."

"Large corporations like Sears and CME have already siphoned money away from small businesses and individual taxpayers with their tax discount deals that resulted from the threat of leaving Illinois. Now there is a string of corporations trying to get their turn at the corporate welfare trough."

"Office Depot, who recently merged with OfficeMax, is threatening to move the Naperville, IL, headquarters of OfficeMax to Boca Raton, Florida, home of the former's corporate operations. Their leverage is the 2,000 jobs that would go with them. Decatur stands to lose a major employer in Archer Daniels Midland. They are citing the state's burdensome income tax as the reason to leave Decatur and Illinois unless they receive a tax cut."

"It's time to say no to these corporations and end corporate welfare and lower the 9.5% corporate tax rate for everyone. Not only would we retain the large corporations and the revenue, we would retain the thousands of small businesses and the tens of thousands of individual taxpayers who have silently protested paying the state income taxes of the larger and richer corporations by leaving the state."

"It's no secret that Illinois is functionally bankrupt. Illinois and its flagship city of Chicago have been spanked for their reckless spending and borrowing by having their credit ratings repeatedly downgraded. Illinois now has the worst credit rating in the country. These spankings were, effectively, punishment for not reforming the state's sinking government pension funds; however they did nothing to force Speaker Michael Madigan (D), and Senate President John Cullerton (D), to provide the necessary leadership to finalize even minimal reforms."

"Instead of reforming their spend lust and a bankrupt government pension system, the Illinois General Assembly is considering at least three resolutions that would pave the way for a referendum to amend the State Constitution that would allow a graduated or progressive income tax. The proposed changes would increase the income taxes of 85% of Illinois' taxpayers. The top rate for the individual income tax could be as high as 11%. But even worse would be the estimated 12.8% corporate income tax rate."

"And we can't forget that Springfield Democrats passed a *temporary* 67% increase in the personal income tax rate along with a 30% increase in the corporate income tax rate in a structured vote, literally in the last minutes of the 97th Illinois General Assembly. This 'temporary' increase didn't make a dent in the state's indebtedness as it was supposed to."

"Such an irresponsible increase that will be sold as a tax increase only on the rich, will force even more back-room deals for the big corporations that will be paid for by individual taxpayers and small business - that is until they quietly take their jobs and their money to tax-friendly states."