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Another State Income Tax Hike Isn't Compromise, It's Suicide

Chicago, IL – Gov. Bruce Rauner (R) delivered his third budget address to the Illinois General Assembly today, calling on legislators to embrace structural change to the state government and pass a balanced budget.

But taxpayers should prepare for a long fight over the state's finances, said Jared Labell, executive director of Taxpayers United of America.

“Once again, politicians in Springfield have told taxpayers that they will strike a balance between tax increases and structural reforms to the state government to pass a balanced budget,” said Labell. “But if history is a guide, then taxpayers can bet that in Springfield, the word ‘compromise’ is synonymous with tax hikes.”

Rauner praised Senate President Cullerton (D) and Leader Radogno (R) for working together on the so-called “grand bargain,” which includes a multibillion state income tax increase.

“Senate President Cullerton, Leader Radogno and Senate lawmakers have shown tremendous leadership in bringing all parties together to find common ground on a combination of spending cuts, revenue, and changes that will create jobs and ensure long-term balanced budgets,” said Rauner. “Standing here three weeks ago, I encouraged them to keep working, to never give up. And they have done just that.”

The Senate's current budget proposal calls for a permanent state income tax hike but only temporary property tax relief. Rauner said he could accept an increase in the state's income tax rate if a permanent property tax freeze was adopted.

He also said he was open to “expand the state's sales tax to cover everyday services, and raise taxes on food and drugs” to mirror neighboring states, but Rauner cautioned that doing so, or creating a new state income tax on retirement income, would hurt lower-income families and seniors on fixed-income.

“Illinois is losing residents to states without income taxes, without mountains of government debt, and with more prosperous economies,” said Labell. “During the last income tax hike, Illinois lost a quarter of a million people from 2011 through 2014. Those who can afford to move will do so, while the taxpayers who remain in Illinois face steeper challenges.”

“The Civic Federation's proposed \$51 billion tax hike over the next six years is as laughable as Rauner's comment to the Illinois General Assembly about not pointing fingers or assigning blame,” said Labell. “The legislators laughed, but they are to blame. Both parties. Decades of overspending, lavish government pensions, mounting debt, and burdensome taxes have crippled Illinois. If taxpayers want economic growth to return to the state, the first step is keeping our tax dollars out of the government coffers and in the private sector,” said Labell.

“Rauner was right to argue that change must come to Springfield and the operations of the state government, but compromising on a multibillion dollar state income tax hike is economic suicide, not a strategy.”