

Love Hurts: Progressive Income Tax Would Hit More Than 4 million Illinoisans With Marriage Penalty

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CHICAGO – About 4 million Illinoisans could be penalized for their love next Valentine’s Day if voters pass Gov. J.B. Pritzker’s constitutional amendment for a progressive income tax.

New research by the nonpartisan Illinois Policy Institute finds Pritzker’s income tax rates would force 96% of Illinois couples to pay higher income taxes simply because they chose to file their income taxes jointly rather than separately. This legislative flaw, called a marriage penalty, punishes Illinois couples earning between \$10,000 and \$1 million. That is because the proposed tax brackets do not change to adequately account for combined incomes.

While lower and middle-class families will see a marriage penalty under the progressive income tax, wealthy couples earning between \$350,000 and \$1 million would be eligible for marriage bonuses, according to the Institute. For example, a couple earning \$1 million could save as much as \$9,000 in state income taxes by filing jointly rather than separately.

Researchers warn that marriage penalties have been proven to increase the gender pay gap.

Highlights from the research:

Under the proposed income tax structure, 2 million couples would face higher taxes by filing jointly compared to filing as singles.

Illinois couples who collectively earn more than \$250,000 face an average marriage penalty of more than \$2,500, or a 15% increase to their income tax liability.

Only 15 states currently have some form of marriage penalty in their tax brackets. The federal income tax code also avoids the marriage penalty for those earning less than \$518,400 individually.

Marriage penalties have been shown to result in fewer working women, exacerbating the gender pay gap. In comparison, lowering the total tax burden could result in more job opportunities and greater incomes for all workers.

Orphe Divounguy, chief economist at the nonpartisan Illinois Policy Institute offered the following statement:

“Illinois couples should beware a legislative flaw in Pritzker’s progressive income tax that will mean paying more in taxes than they would have as singles.

“The marriage penalty isn’t only unfair for Illinois lovebirds in lower or middle incomes, it likely has negative consequences for Illinois’ already sluggish job market, including widening the pay scale between men and women. This goes completely against the governor’s claims about the ‘Fair Tax’ – especially when factoring in the hundreds of dollars worth of regressive fee and tax hikes Illinoisans shouldered this year.”

To read more, visit illin.is/marriagetax.

For bookings or interviews, contact media@illinoispolicy.org or (312) 607-4977.