

Lawmakers Announce Resolution to Remove Progressive Income Tax from November Ballot

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SPRINGFIELD – Lawmakers intent on fostering a strong economic recovery from the COVID-19 pandemic announced today a resolution to withdraw Gov. J.B. Pritzker’s \$3.7 billion progressive income tax hike from the Nov. 3, 2020, ballot.

Small businesses and households would be hit hard by a progressive income tax, exacerbating the economic downturn they are already enduring. Illinois Policy Institute research shows more than 100,000 small businesses, which file as “pass-through” entities, would see tax hikes of up to 47% under the current proposed progressive income tax.

These small businesses are the state's most prolific job creators, responsible for 60% of all new jobs each year.

Small businesses organized as C-corps would face an initial 10% income tax hike, bringing Illinois' corporate income taxes to the third-highest in the nation. Under the rules of the graduated income tax amendment, corporate income taxes could increase to the highest in the nation at 15.28%.

The typical Illinois family would have to pay anywhere between \$286 and \$1,056 more under a progressive income tax if lawmakers rely solely on increased revenue to offset income tax revenue losses from the COVID-19 outbreak.

Illinois House Republican Leader Jim Durkin and Illinois Senate Republican Leader Bill Brady introduced this resolution to remove from the ballot Senate Joint Resolution Constitutional Amendment 1, the measure passed by the 101st General Assembly nearly a year ago to ask voters to scrap the state's flat income tax for a graduated one. The accompanying Senate Bill 687, also passed during the last legislative session, would implement introductory tax rates ranging from 4.75% to 7.99% starting Jan. 1, 2021.

Illinois' constitution states an amendment initiative adopted by the General Assembly can be withdrawn from the ballot by a simple majority vote from each house.

Statement from Adam Schuster, director of budget and tax research:

"This is the absolute worst time to raise taxes on anybody. It is not a partisan issue – economists all agree that lawmakers should not raise taxes during or just after a recession, and all signs indicate the country is sliding into a recession.

"Illinois' primary job creators have been ravaged by the economic fallout that has accompanied COVID-19, and a \$3.7 billion progressive income tax hike would only crush the small businesses that survive. The current proposed rates wouldn't have raised enough to fill the state's budget holes prior to the pandemic – let alone make up for the lost revenue from this unprecedented economic shutdown. This would no doubt leave the middle-class the most vulnerable to a tax hike under this plan.

"Removing the progressive income tax from the November ballot is the correct move for Illinois. Residents and small businesses desperately need this protection and stability as we recover from the health crisis."

To read more about how a progressive income tax would hurt small businesses and taxpayers in the state of Illinois, visit: illin.is/ballotremoval.

