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ILLINOIS BUSINESS TAX CLIMATE WORSENS SIGNIFICANTLY FROM 2009 TO 2010

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The business tax climate of Illinois worsened significantly from fiscal year 2009 to fiscal year 2010, according to a report just released by the nonpartisan Tax Foundation in Washington, D.C. The Illinois ranking among the 50 states dropped from 23rd to 30th.

The Tax Foundation's *State Business Tax Climate Index* identifies which states' tax systems foster business and economic growth. The Index examines corporate taxes, individual income taxes, sales taxes, unemployment taxes, and property taxes to determine the rankings.

The five states with the best business tax climate are: South Dakota, Wyoming, Alaska, Nevada, and Florida. The states with the worst business tax climate are: Iowa, Ohio, California, New York, and New Jersey.

In view of Illinois' 10% unemployment rate, it is unconscionable that Gov. Patrick Quinn (D) is supporting huge tax increases that would damage our state's business climate even further. House Bill 174, which was passed by the State Senate on May 30, 2009, would raise the state individual income tax an astronomical 67% and the state corporate income tax a job-killing 33%. This increase in the corporate tax, from 7.3% to 9.7%, would give Illinois the 4th highest corporate tax rate in the nation.

As the Tax Foundation points out: "States do not enact tax changes (increases or cuts) in a vacuum. Every tax law will in some way change a state's competitive position relative to its immediate neighbors, its geographic region, and even globally. Ultimately it will affect the state's national standing as a place to live and to do business." In our current economy, members of the Illinois General Assembly should be seeking ways to encourage business growth by cutting taxes. Tax increase bills should be put where they belong: the trash bin.

Source: www.TaxFoundation.org/files/bp59.pdf

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