

TEF NEWS RELEASE

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ILLINOIS FINANCES FAR WORSE THAN REPRESENTED

The financial condition of Illinois is far, far worse than represented in the media, [according to Mark Glennon, founder of the newsletter Wirepoints, as described in his November 21, 2018 edition.](#)

“This is a perceptive and important analysis,” said Jim Tobin, president of Taxpayer Education Foundation.

Their study found that Illinois’ bill backlog is actually \$1.2 billion more than what it was in 2017.

When the 32% state income tax increase went into effect July 1, 2017 the bill backlog was \$14.7 billion. Now, it’s shown as \$7.1 billion, seemingly an improvement of \$7.6 billion.

However, Illinois borrowed \$6 billion through a bond offering and applied it against the bill backlog. In addition the payments triggered federal reimbursements, which were also applied against the backlog. Combining both the bonds issued and federal taxpayer support, the improvement in the state backlog should have been \$8.8 Billion in total. That is \$8.8 billion of improvement that should have had nothing to do with the tax increase.

That \$8.8 billion alone should have taken the balance down to \$5.9 billion today, but the bill backlog is at \$7.1 Billion. That means despite the \$5 billion per year state income tax hike, there was not a real reduction in unpaid bills. In fact, according to Wirepoints the amount of unpaid bills will reach \$24 billion in five years.

“Glennon said it’s a bottomless pit without many drastic, structural reforms,” said Tobin. “He’s right on the mark.”

Despite the recent tax increase and growing bill backlog, governor elect JB Pritzker has promised additional spending. [According to policy research organizations](#), the proposed spending would cost at a minimum an additional \$13 billion billed to Illinois taxpayers.

To pay for the backlog, lavish state government pensions, and other government promises Pritzker has called for an amendment to the Illinois constitution. That amendment is the Income Tax Increase Amendment, a graduated income tax for Illinois. The soonest such an amendment can be passed is in 2020.

“It’s impossible to tax our way out of this mess,” said Tobin. “Illinois has led the country in out migration for four years, and another tax increase will drive even more taxpayers out of their homes. Illinois must make reforms to the pension system and allow local government bankruptcy to begin fixing Illinois.”