



ITEF COMMENT



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ILLINOIS' \$6.4 BILLION OVERSPENDING ORGY THREATENS TAXPAYERS

by Jeffrey Babbitt

It's now official: The State of Illinois' Fiscal Year 2004 revenue increased more than \$5 billion over its FY2003 revenue, while the amount of money spent by the state government skyrocketed nearly \$6½ billion between FY2003 and FY2004. Hopefully, now we can all stop talking gibberish about the phony "revenue crisis" and start dealing with the Overspending Crisis our politicians and bureaucrats have created.

ITEF's updated examination of revenue records from the Comptroller's office for all 12 months of Fiscal year 2004, ending June 30, 2004, show that tax revenue for the State of Illinois has risen 4½ times the rate of inflation compared to FY2003. Total state revenue for FY2004 is up 10.5% -- 4½ times the 2.3% rate of inflation -- or about \$5.2 billion. This includes a \$924 million increase in state income-tax revenue and a \$590 million state sales-tax revenue increase.

At the same time, our analysis of the Comptroller's data on total state expenditures for the 12 months of FY2004 show that total state spending has increased nearly 9% -- almost 4 times the rate of inflation -- or about \$6.4 billion. The largest chunk of this surge in spending -- over \$2 billion in additional funds -- has gone directly into the pockets of state employees. Another significant increase is an extra \$900 million in debt payments, thanks to Gov. Rod Blagojevich's (D) preference for borrowing over spending cuts.

As our pols in Springfield continue to hammer out a budget for FY2005, taxpayers should remember that Illinois' taxing and spending habits are "business as usual" of a very expensive sort. When ITEF examined state revenue and spending for FY2002 and 2003, we showed that total state spending increased 6% despite a tiny reduction in the FY2003 state budget. For FY2004, it's déjà vu all over again, as state spending jumped almost 9% while the FY2004 state budget stayed at \$52.6 billion.

Obviously, a 10.5% revenue hike is not a "crisis." Nor does a \$6½ billion spending hike remotely resemble "fiscal responsibility." It appears Illinois pols are setting us up for massive tax increases so that they can continue their spending binge.

Jeffrey Babbitt is the Executive Vice President of the Illinois Taxpayer Education Foundation (<http://www.ntui.org/>)