

# TEF NEWS RELEASE

## Taxpayer Education Foundation

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## PROPERTY TAXES IN ILLINOIS HURT THE STATE'S BUSINESS TAX CLIMATE

[A recent report from the Washington-based, nonpartisan Tax Foundation](#) reveals that Illinois property taxes not only have an adverse effect on the state's business tax climate, but that Illinois is one of the worst states in the country using the foundation's index.

The property tax component of the foundation's index evaluates state and local taxes on real and personal property, net worth, and asset transfers.

"The study shows that across the country, property taxes impose one of the most substantial state and local tax burdens most businesses face," said Jim Tobin, president of Taxpayer Education Foundation (TEF).

"Illinois had a dismal rank of #40 among the 50 states," said Tobin. (A rank of 1 is best, 50 is worst.) "In contrast, all the surrounding states had better scores. Wisconsin was #23, Iowa was #35, Missouri was #7, Kentucky was #36 and Indiana was #2."

According to the foundation, states are in a better position to attract business investment when they maintain competitive real property tax rates and avoid harmful taxes on tangible personal property, intangible property, wealth, and asset transfers.

The foundation states that a well-structured property tax generally conforms to the benefit principle (the idea in public finance that taxes paid should relate to benefits received) and is more transparent than most other taxes. On the other hand, taxes on intangible property, wealth, and asset transfers are harmful and distortive.

"The politicians in Springfield need to revisit property tax caps in cities and towns across the state, lower the maximum property tax rates, and seriously clamp down on home rule municipalities, which now have virtually unlimited taxing powers."