

TEF NEWS RELEASE

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INDEPENDENT ANALYSIS OF PRITZKER INCOME THEFT AMENDMENT CONFIRMS WORST FEARS

An analysis by the nonpartisan Washington-based Tax Foundation of the Democrat-sponsored amendment to the Ill. State Constitution confirms the worst fears of taxpayers if the amendment is approved on November 3. The amendment would, among other things, change the Illinois flat-rate income to a graduated income tax.

In June 2019, a law was enacted (Public Act 101-0008) establishing new individual and corporate income tax rates that would take effect on January 1, 2021, should the proposed constitutional amendment be ratified by voters.

Under this act, corporate income would be taxed at 10.49 percent, which would become the second-highest rate in the nation, while pass-through business income would be taxed at a top rate of 9.49 percent, the sixth-highest such rate nationwide.

According to the foundation, the proposal “Omits inflation indexing (resulting in ‘bracket creep’), creates a marriage penalty, and includes a recapture provision which subjects the entirety of a taxpayer’s income to the top marginal rate once they reach that bracket.”

“The analysis clearly shows the devastating effects the proposed new graduated state income tax would have on the Illinois economy,” said Jim Tobin, economist and president of the Taxpayer Education Foundation (TEF). “A corporate income tax rate of 10.49 percent would crush Illinois businesses. Illinois’ neighbors are making their tax rates more competitive, not less.”

The foundation clearly states that the rate structure set forth in Public Act 101-0008 is only a starting point. If voters grant approval for a graduated-rate income tax, nothing prevents the legislature from adopting higher taxes than those proposed now, or a future legislature from raising rates.

“On November 3, taxpayers have what will be the final chance to save Illinois from going under,” said Tobin. “It’s crucial that hard-working taxpayers go to the polls. They won’t have another chance.”

Source: <https://taxfoundation.org/illinois-fair-tax/>