

A FAIR TAX FOR ILLINOIS



SEIU Local 73

Representing over 29,000 Public Service Employees in Illinois & NW Indiana

THE RESPONSIBLE BUDGET COALITION

Over 300 organizations

Cross sector – human services, health care, higher education, pre k-12, labor unions, civic organizations, faith communities

Non-partisan – focused on good policy, not electioneering



Illinois's tax structure is **unfair** and
inadequate

THE FLAT TAX IS UNFAIR

8TH

**most regressive taxing
state in the nation**

20%

**of Illinois' lowest
earners**

pay more than any other midwestern
state and have 2 times the tax
burden of the wealthy.

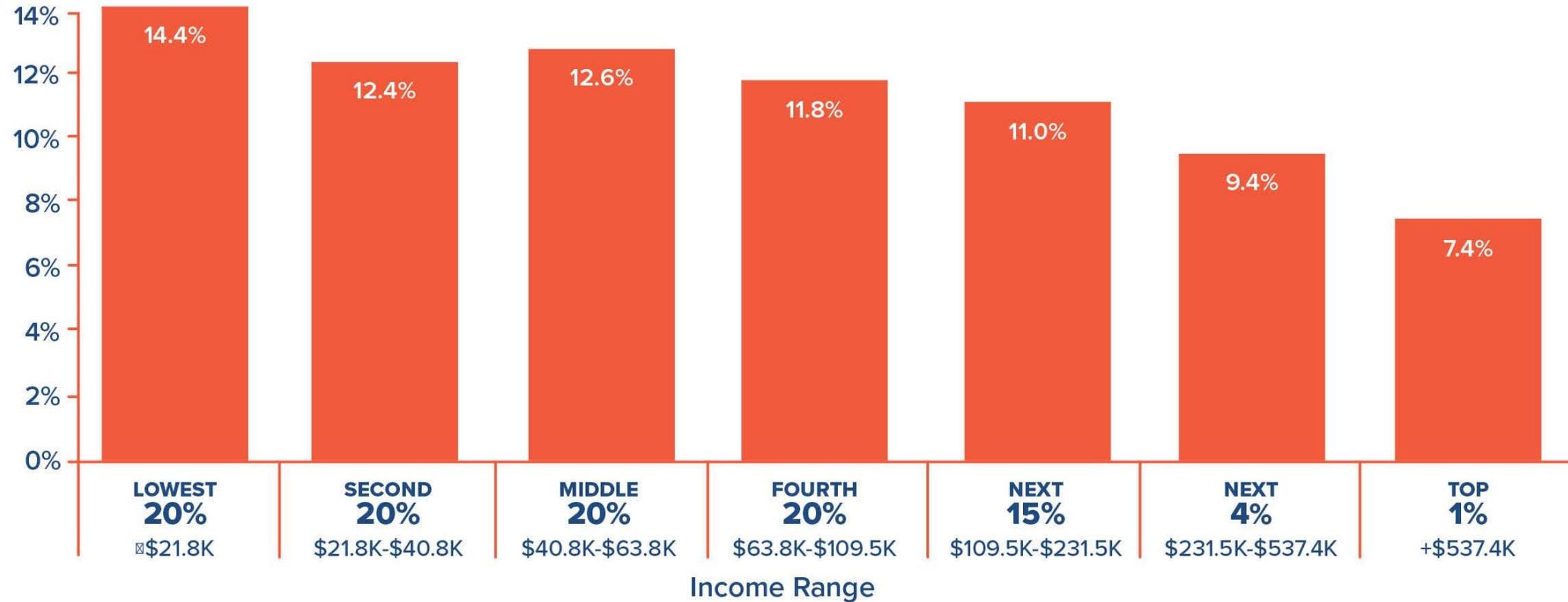
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THE FLAT TAX IS UNFAIR

TOTAL STATE & LOCAL TAXES IN ILLINOIS, 2018 (ITEP)

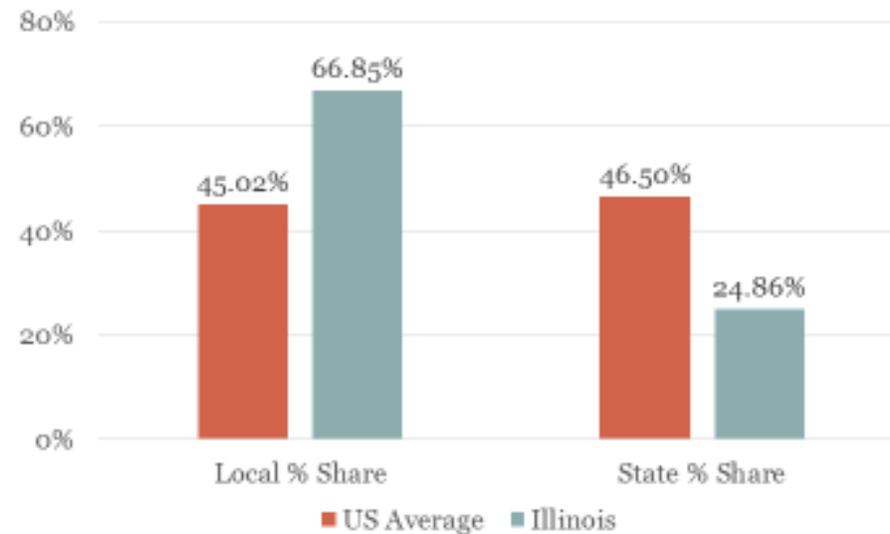
Shares of Family Income



K-12 FUNDING

The Illinois Example: Part 1 Kicking Down Costs

Local and State Share of Education Funding Spending, FY2016



THE FLAT TAX IS INADEQUATE

CRITICAL SERVICE LOSSES, (FY2000-FY2019)

Category	% Change
Higher Education	-52%
Healthcare	-22%
Human Services*	-28.8%
Public Safety	-20.7%

Source: CTBA FY2019 Budget Report (2018)

*Excluding Early Childhood Education

ILLINOIS'S FISCAL CRISIS

In 2020, the budget deficit will be \$3.2 billion

\$15 billion in backlog-related debt

Illinois has a structural deficit, meaning that if the state doesn't change tax policy or service levels, revenues will grow more slowly than spending each year.

FAIR TAX IS THE ANSWER

What is the fair tax? With higher rates for people with higher incomes and lower rates for people with lower incomes, **it allows for tax breaks to working families while requiring rich people and big corporations to pay their fair share.**



Illinois is 1 of only 4 states that mandates a flat tax in its constitution.



32 states, D. C., and the Federal Government use a fair tax structure



A fair tax helps create a more equitable tax system by placing a greater tax burden on affluent families than on low and middle income families, when tax burden is measured as a percentage of income.

FAIR TAX IS THE ANSWER

FLAT TAX

Under a flat tax, a minimum wage worker pays the same percentage of their income on state income tax as does a millionaire. When you add other taxes, like sales tax, **lower income families end up paying a higher percentage than the rich in taxes.**

Illinois's flat tax places an unfair burden on low- and middle-income families and cannot sustain the state's revenue needs.

FAIR TAX

Under a Fair Tax, millionaires and minimum wage workers pay a different rate based on their income. The state applies lower tax rates to lower income households and higher tax rates to higher income households.

A Fair Tax will ensure Illinois's ability to fund schools and social services and help return Illinois to fiscal stability.

The Governor's Fair Tax plan would generate \$3.4 billion in revenue per year, most of it from millionaires.

A Fair Tax could bolster funding needed for critical public investments without balancing the budget on the backs of low- and middle-income families.

THE GOVERNOR'S FAIR TAX PLAN

- 97% of taxpayers get tax relief
- Same or lower tax rate for all income under \$250,000
- Expanded property tax credit and child tax credit

Single & Joint Filers		
<u>Marginal Rates</u>	<u>Net Income Level</u>	<u>% of IL Taxpayers</u>
4.75%	\$0 - \$10,000	27.2%
4.90%	\$10,001 - \$100,000	58.9%
4.95%	\$100,001 - \$250,000	11.1%
7.75%	\$250,001 - \$500,000	1.9%
7.85%	\$500,001 - \$1,000,000	0.6%
7.95%	Over \$1,000,000	0.3%

THE GOVERNOR'S FAIR TAX PLAN

97 percent of taxpayers get tax relief.

 <p>HOUSEHOLD WITH TWO CHILDREN RENTERS</p>	<p>\$17,160 HOUSEHOLD INCOME — PROPERTY TAX PAID</p> <p>\$20 INCOME TAX RELIEF — PROPERTY TAX CREDIT \$200 CHILD TAX CREDIT</p> <p>\$220 TOTAL TAX RELIEF UNDER FAIR TAX</p>
 <p>HOUSEHOLD WITH TWO CHILDREN HOMEOWNERS</p>	<p>\$125,000 HOUSEHOLD INCOME \$5,000 PROPERTY TAX PAID</p> <p>\$65 INCOME TAX RELIEF \$50 PROPERTY TAX CREDIT — CHILD TAX CREDIT</p> <p>\$115 TOTAL TAX RELIEF UNDER FAIR TAX</p>
 <p>HOUSEHOLD WITH TWO CHILDREN HOMEOWNERS</p>	<p>\$61,000 HOUSEHOLD INCOME \$3,500 PROPERTY TAX PAID</p> <p>\$41 INCOME TAX RELIEF \$35 PROPERTY TAX CREDIT \$195 CHILD TAX CREDIT</p> <p>\$271 TOTAL TAX RELIEF UNDER FAIR TAX</p>
 <p>HOUSEHOLD WITH NO CHILDREN HOMEOWNERS</p>	<p>\$250,000 HOUSEHOLD INCOME \$8,000 PROPERTY TAX PAID</p> <p>\$65 INCOME TAX RELIEF \$80 PROPERTY TAX CREDIT — CHILD TAX CREDIT</p> <p>\$145 TOTAL TAX RELIEF UNDER FAIR TAX</p>

Assumptions: Illinois base income is prior to state exemptions and deductions. Income tax relief is the savings after changing the rate structure. Property tax credit is a 20 percent increase on top of the existing property tax credit. Child tax credit fades out as family income increases so lower-income people get the most benefit, with a total phase out at \$80,000 for single parents and \$100,000 for married couples.

THE GOVERNOR'S FAIR TAX PLAN

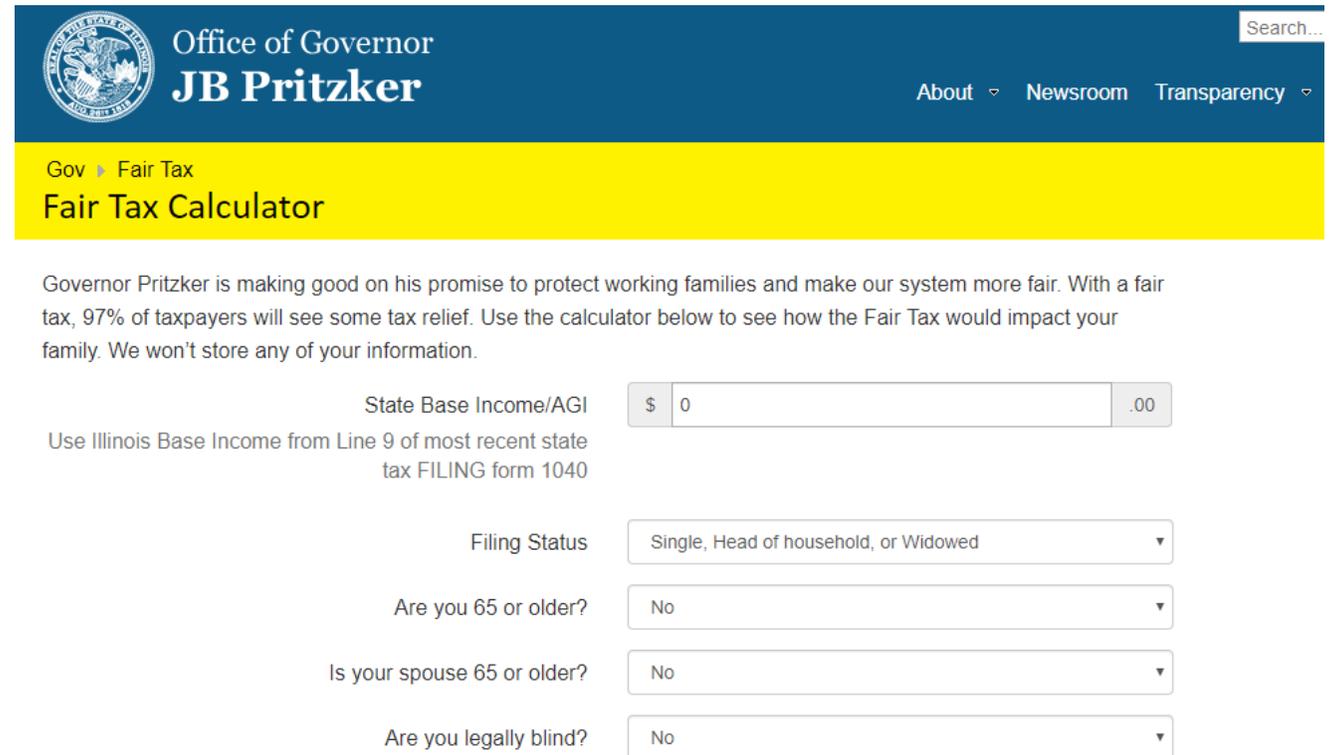
The wealthy pay their fair share.

 HOUSEHOLD WITH TWO CHILDREN HOMEOWNERS	\$500,000	HOUSEHOLD INCOME	 HOUSEHOLD WITH ONE CHILD HOMEOWNERS	\$5,000,000	HOUSEHOLD INCOME
	\$16,000	PROPERTY TAX PAID		\$25,000	PROPERTY TAX PAID
	\$6,686	INCOME TAX INCREASE		\$150,000	INCOME TAX INCREASE
	\$160	PROPERTY TAX CREDIT		–	PROPERTY TAX CREDIT
	–	CHILD TAX CREDIT		–	CHILD TAX CREDIT
	\$6,526	FAIR TAX INCREASE ON WEALTHY		\$150,000	FAIR TAX INCREASE ON WEALTHY

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HOW WILL YOUR HOUSEHOLD'S TAXES CHANGE?

To calculate how much your family would pay under the Governor's new Fair Tax plan, visit <https://bit.ly/2HvJmWf>



The screenshot shows the 'Fair Tax Calculator' page from the Office of Governor JB Pritzker. The page has a dark blue header with the state seal and navigation links. Below the header is a yellow banner with the title 'Fair Tax Calculator'. The main content area is white and contains an introductory paragraph and a form with several input fields.

Office of Governor
JB Pritzker

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Gov ▾ Fair Tax
Fair Tax Calculator

Governor Pritzker is making good on his promise to protect working families and make our system more fair. With a fair tax, 97% of taxpayers will see some tax relief. Use the calculator below to see how the Fair Tax would impact your family. We won't store any of your information.

State Base Income/AGI .00

Use Illinois Base Income from Line 9 of most recent state tax FILING form 1040

Filing Status ▾

Are you 65 or older? ▾

Is your spouse 65 or older? ▾

Are you legally blind? ▾

THE PROCESS

STEP 1

Pass a resolution to put the Fair Tax on the ballot in both the Illinois House and Senate by the end of this legislative session.

The resolution requires 3/5 vote.

STEP 2

The question is placed on the ballot for the 2020 general election.

We need 60% of voters to vote in favor on the ballot question, or more than half of all the people who vote in the election

If we vote in favor, the constitution is amended.

NEXT STEPS

- 1 Contact your state senator and state representative to express your support for a fair tax!
- 2 Legislators vote to put the fair tax on the ballot as a constitutional amendment
- 3 We spring into action, working to educate the public on the Fair Tax and what it would mean for Illinois
- 4 **YOU** vote for Illinois to adopt a fair tax structure





QUESTIONS?

FAIR

TAX

NOW

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