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FLAWED COMMERCIAL CLUB OF CHICAGO STUDY DRAWS ERRONEOUS CONCLUSIONS FROM INCORRECT DATA

By Jim Tobin

CHICAGO — A flawed report just released by the Civic Committee of the Commercial Club, described as “[A]n invitation-only group of about 80 chief executives,” which recommends raising the state income tax and state sales tax, is based on incorrect data.

This report perpetuates the myth that Illinois is a ‘low-tax’ state and claims that the state could raise its income tax and sales tax rates without jeopardizing its competitive status. It proposed raising the state personal income tax 33 percent, from three to four percent, and, as reported by the *Chicago Tribune*, raising the corporate state income tax from 4.8 to 6.4 percent. The Tribune and Commercial Club didn’t even get the corporate rate right. The total corporate income tax rate is 7.3 percent, and raising the rate from 7.3 percent to 8.9 percent would make Illinois’ state corporate income tax the eleventh-highest in the nation.

Despite this extremely misleading and flawed report, the fact remains that Illinois is a high-tax state, not a low-tax state. The non-partisan Tax Foundation in Washington, D.C., reports that for 2006, Illinois’ State-Local Tax Burden is already at 10.9 percent, the 14th highest in the nation. The Tax Foundation measures tax burden by taking taxes as a percentage of income. The *total* tax burden for Illinois (Federal, State and Local) for 2006 was 32.7 percent, the 10th highest in the nation. Only nine states have total tax burdens higher than Illinois, and the Commercial Club wants to raise taxes even more. Are these ‘80 chief executives’ of the Civic Committee living on another planet?
(<http://www.taxfoundation.org/files/illin.pdf>)

Illinois taxpayers, both individual and corporate, are maxed-out. Any further increases in state taxes only will encourage companies to move to states with lower tax burdens and increase Illinois unemployment. The state must do what companies in the private sector do to avoid deficits: Cut spending. Higher taxes are an option the state can’t afford now.

And speaking of spending, their report didn’t scratch the surface of the real spending cuts Illinois needs. The pensions and benefits are a good start. But where in their report do they mention cutting corporate welfare, or “member initiatives”, or wine subsidies, or the Illinois Arts Council, or patronage jobs, or Electronic Music Festivals, or new Toll way signs, or getting rid of the Lt. Governor’s office and combining the Treasurer and Comptroller offices? Illinois politicians have created this sorry mess by overspending and now these so-called business leaders want the hard working taxpayers to pay for it? They sound just like the politicians that got us into this mess.

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