

Illinois Needs a Fair Tax — Now

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Next Tuesday marks Tax Day — an important time to think about whose interests our state’s tax and spending policies do and do not serve.

How does the State of Illinois’ tax system fare for middle class and low-income people? In a word: terribly.

Not only are low-income and middle class people forced to pay a larger portion of their income to state and local taxes than wealthier residents — but the state’s poorly designed tax system has also caused vital human services and education funding to be cut out from underneath them.

That’s because Illinois is just 1 of 8 states in the country that has a flat income tax system, and just 1 of 4 states that constitutionally mandates it. Under a flat tax, a minimum wage worker pays the same percentage of their income on state income tax as does a millionaire. This regressive, unfair revenue system has led to long-term fiscal woes that climaxed in our recent record-long budget impasse. Indeed, our higher-education system has been left in tatters, the business environment has grown grim and unfriendly, and crucial services have been slashed. All of this has fallen hardest on the millions of Illinoisans living in or on the brink of poverty.

The bipartisan budget that the General Assembly passed last summer was a vital step to staunch the bleeding and get the state back on the right track. But Illinois desperately needs a long-term solution — and it needs it now.

The Fair Tax Now campaign is working to fix Illinois’s regressive, unfair tax system.

The Responsible Budget Coalition (RBC) — a large and diverse group of more than 300 human services, health care, higher education, prek-12, labor unions, civic organizations, and faith communities — recently launched the Fair Tax Now campaign.

The campaign is pushing to amend the State Constitution to allow for a fair, graduated state income tax — which would require people with higher incomes to pay higher rates, while reducing the rate for moderate- and low-income families — through a ballot initiative in November 2018.

A fair tax would give low-income and working Illinoisans a break while bolstering the economy.

More than 90% of Illinoisans stand to receive a tax break from instituting a fair income tax system. In providing relief for working families, such a break would also be a boon for the economy: it would put money in the pockets of those mostly likely to spend it, thereby generating consumer demand and producing jobs.

A fair tax would ensure the wealthy pay their fair share.

As income inequality has grown, most of the income generated by the economy has gone to the ultra-rich — but Illinois’s current tax flax system has failed to capture it. A fair tax, on the other hand, would ensure that the spoils of the economy are being leveraged for crucial public investments.

A fair tax would help raise the revenue needed to improve Illinoisans’ lives.

As the two-year long budget crisis demonstrated, our entire state suffers when we don’t have enough revenue to invest in things such as education, healthcare, infrastructure, and other vital services. Even while providing a tax break to more than 9 in 10 Illinoisans, a fair tax would raise an additional \$2 billion in revenue — which could be used to repair the damage produced by the budget impasse and begin making smart investments in our state’s collective future.

A fair tax is particularly important in the Trump Era.

As we have written, the Trump Administration and Republican leaders in Congress are attempting to advance a two-step fiscal policy agenda in Washington, D.C. that would devastate people living in poverty.

Step one was passing the GOP tax plan, which delivers massive giveaways to large corporations and our country’s wealthiest households while eventually *raising* taxes on millions of moderate- and low-income families. We’re now in phase two: use the massive fiscal shortfalls created by the tax plan to justify gutting food, housing, medical and other basic assistance programs.

If implemented, these cuts would not just harm the millions of Illinoisans who rely on those programs — but they would also blow holes in state budgets all across the country, a hit that would be particularly acute for Illinois. So, as advocates and lawmakers push back against the harmful agenda being pushed by the Trump Administration and congressional Republicans, it is imperative that we get our fiscal house in order at the state level.

We need fiscal policies that ensure all of our communities in Illinois thrive.

A fair tax is good for Illinois families, communities, and our state’s fiscal health. It’s time for lawmakers to put the people of Illinois first. We can’t wait any longer.