



Written by [Dave Bohon](#) on January 12, 2011

Illinois Lawmakers Pass 66 Percent Income Tax Increase

Illinois lawmakers approved a 66 percent increase in the state income tax in the early morning hours of January 12, part of a dramatic effort to address the state's critical budget crisis. The Democrat-controlled legislature passed the increase at the tail end of a lame duck session, with some lawmakers who supported the measure scheduled to leave office hours later when a new General Assembly was sworn in.



The bill ([SB 2505](#)) passed in the House by a 60 to 57 vote late January 11, with the state senate approving the measure by a razor-thin 30 to 29 margin in the early morning hours of January 12th. Democratic Governor Pat Quinn had pushed the bill as a temporary fix to staunch a budget deficit that could hit \$15 billion this year. His office said that the increase, which will raise the personal income tax rate from three percent to five percent while hiking the corporate tax rate from 4.8 percent to seven percent, will generate some \$6.8 billion per year for the states coffers.

According to the [Associated Press](#), under the plan the tax increase will be combined with strict 2 percent limits on spending growth, as well as a safety switch to cancel the plan should state officials violate the limits. The plans supporters warned that rising pension and health care costs probably will eat up all the spending allowed by the caps, forcing cuts in other areas of government, reported the AP.

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In rhetorical fashion, Democratic House Speaker Michael Madigan blasted Republican lawmakers for dragging their feet on the measure, arguing that they remained on the sidelines instead of working with the Democratic majority to solve the states record budget woes. GOP legislators countered that they weren't invited to take part in negotiations, where they would have proposed something other than more taxes and continued runaway spending.

Republican State Representative Roger Eddy said the increase amounts to the legislature telling the people of Illinois, For eight years we've overspent. Now were going to make it your problem. Were making up for our mistakes on your back.

GOP lawmakers also predicted that the temporary increase would end up hanging around for a long time. Its a cruel hoax to play on citizens to say this is temporary, said GOP House Minority Leader Tom Cross.



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While their party has controlled the governors office and both houses of the legislature since 2003, Democratic lawmakers insisted that their party wasn't solely responsible for the financial problems in which the state finds itself. They argued that Republican governors and lawmakers backed some of the spending hikes over the years and insisted that Democrats were responsible for billions of dollars in past budget cuts.

This mess is a mess that is the responsibility of all of us as Republicans and Democrats, of several different governors and part of the mess isn't even anybody's fault, said Democratic House Majority Leader Barbara Flynn Currie.

While Governor Quinn had campaigned on a promise to veto any measure that increased taxes above his proposed one-point increase, he nonetheless supported the massive addition as strong action that will help to balance the states budget and pay down debt.

But fiscal and social conservatives said the move will hurt families and small businesses, already struggling with unemployment and high taxes. Placing a heavier tax burden on already over-taxed families in Illinois is a terrible move on the part of the Democratic controlled legislature, said David Smith, executive director of the [Illinois Family Institute](#). They have essentially taken much needed resources away from family budgets. Instead of cutting pork spending, they opted to continue to increase the insatiable demands of our growing state government.

John Nothdurft, director of government relations for the free-market [Heartland Institute](#), warned that the measure will substantially hinder Illinois ability to bounce back from the great recession on what many economists see as the eve of economic recovery.

Steve Stanek, Heartlands research fellow for budget and tax policy, added that reckless spending got Illinois into this mess, yet there was virtually no talk of cutting spending. Illinois already ranks 48th in net population growth, 48th in job growth, and 48th in economic performance, according to the American Legislative Exchange Council. Look for Illinois to soon rank last in the nation in every one of those categories.

Republican State Senator Dan Duffy called the mammoth tax increase the nuclear bomb of jobs bills and Gregory Baise of the Illinois Manufacturers Association predicted that the only businesses that will benefit are the moving companies that will be helping many of my members move out of this particular state.

In fact, Wisconsin's newly elected Republican governor, Scott Walker, said the move by Illinois lawmakers offered a perfect opportunity for Wisconsin to lower its own business taxes and invite companies from Illinois and elsewhere to relocate to his state. In a statement after the Illinois vote Walker declared that Wisconsin is open for business. In these challenging economic times while Illinois is raising taxes, we are lowering them. Already the legislature is taking up bills to provide tax relief to small businesses, to create a job-friendly legal environment, to lessen the regulations that stifle growth, and to expand tax credits for companies that relocate here and grow here.

Recalling the states Escape to Wisconsin tourism campaign of years ago, Walker declared, Today we renew that call to Illinois businesses, Escape to Wisconsin. You are welcome here. Our talented workforce stands ready to help you grow and prosper.



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