

Fiscal Policy

2008 Issues Briefing

Kathy Nesburg, LWVIL Issue Specialist

Yes, 2007 was supposed to be the year that Illinois repaired its structural deficit and began its long climb out of debt. For years the state has been spending more money than it receives in tax revenues or other payments. The state has borrowed money, postponed payments to providers until the next fiscal year, and postponed payments to its pension systems.

In early 2007, the governor proposed a Gross Receipts Tax (GRT) on businesses. It quickly became apparent that there was no support in the General Assembly for the GRT and the proposal died. Also, the GRT would not bring in sufficient revenues to repair the structural deficit. Other proposals to change the revenue structure also failed. The League supports HB/SB 750 which has not been called for a vote. HB/SB 750 would increase the income tax, broaden the sales tax to include services and provide some property tax relief.

There are many consequences of the failure to deal with Illinois' need for more revenue. The state will continue to lurch from crisis to crisis. The transportation crisis is an example of the problems that the citizens of Illinois will face this fiscal year because of the failure of elected officials to deal with the structural deficit. Another consequence is the gradual shrinking of services as the government pays providers of services late or fails to pay them enough. Service providers will compensate for loss of revenue by cutting staff, programs, hours of service or by shutting down. Schools, medical providers, nursing homes, infrastructure repairs and replacement, and public safety are all in need of attention and more money, not less.