

Time for Action (TFA) Alert Illinois Fiscal Crisis

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Address the Illinois Budget Crisis -- Support HB 174

ACTION NEEDED: The General Assembly is making important decisions on the state budget and the future of Illinois right now. Contact your State Representative and Governor Quinn as soon as possible. The Senate passed HB 174 in May, so be sure to thank the senators who voted for the bill and ask them to continue to support it. You can also contact Speaker Madigan, Senate President Cullerton, House Minority Leader Cross, and Senate Minority Leader Radogno.

- * Insist that they protect students, families and communities from a ruinous state budget shortfall which is resulting in program cuts and eliminations and forcing some local governments and program providers to borrow money in order to pay their employees.
- * Urge them to support and pass HB 174. Passage of this bill would provide needed revenue to the state by increasing the personal income tax rate to at least 5 per cent. It also provides for needed tax reform, property tax credits and adds some progressivity to the current tax structure in the form of tax credits to low and moderate income families.
- * Ensure that Illinois will be able to pay for much needed services, including improvements in the way schools are funded.

BACKGROUND: HB 174 would increase the personal income tax by two percentage points, from 3% to 5%, and broaden the sales tax base to include 39 services commonly taxed in other states. It would raise the corporate income tax to 5% from 4.8%. It would generate \$5 to \$6 billion in new revenues so the state could pay its bills.

The bill would double the income tax credit for property taxes paid by individuals and make it refundable. This credit would be capped at \$1500. It would triple the value of the Earned Income Tax Credit and make other tax relief adjustments for middle- and lower-income taxpayers, who make up 60% of all income tax payers.

If HB 174 is passed, the new monies raised in Fiscal Year 2010 will be used to pay the state's bills. Starting in Fiscal Year 2011 and continuing thereafter, 33 and 1/3% of all new revenues generated from the tax increases in HB 174 will go to the Common School Fund (this new revenue for education must be *added to* the appropriation amount from the previous year). Similarly, commencing in FY 2011 and continuing each year thereafter, 16 and 2/3% of all new revenues generated from the tax increases in HB 174 will go to the Higher Education Fund. The rest of the new revenue from HB 174 will go to the State General Revenue Fund (GRF).

The LWVIL has supported HB 174 and its earlier version, SB 750, since it was introduced by Sen. James Meeks in 2004. Although HB174 has undergone some revisions, it still provides for schools and necessary services that serve children and families. It will improve the financial status of Illinois.