

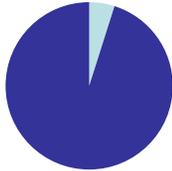


What's flawed about the current tax policy in Illinois?

Families earning less than \$57,000 pay 10.9% in taxes* in Illinois



Families earning \$445,000 or more only pay 4.9% in taxes* in Illinois



*Taxes: Sales and Excise, property, and income taxes after federal deduction offset

Institute on Taxation and Economic Policy, 2013

How would it help business if people who earn less paid less for taxes?

Middle income earners spend most or all of their income for necessities, supporting the economy.



Higher income earners and those with greater wealth save a higher percentage of their income. Their discretionary spending is relatively unaffected by marginal tax changes.



How our Tax Rates Compare to other States in the Midwest:

Even with the temporary tax hike in 2011, Personal income taxes (5%) are only slightly higher than those in Indiana (4.75) and are lower than any surrounding state.

Increasing taxes does not kill jobs

**The 2 states with the lowest taxes in the Mid-West (IL and MO) also had the lowest GDP growth during 2010 (1st year of recovery post recession)*

Higher state taxes bring in more revenue, not "Tax Flight"

** People relocate for new jobs, cheaper housing, better climate, age, marital status. This "migration" is far more likely to be due to cheaper housing than to lower taxes.*

Center on Budget and Policy Priorities

Talking points:

1. Spending alone did not cause the deficit problem.
2. Illinois cannot fix its problem with cuts ALONE.
3. Illinois residents should be taxed reasonably to keep up with a modern economy.
4. A graduated income tax will NOT hurt the economy but will actually help it.
5. The problem can be solved with comprehensive tax reform

Timeline:

May, 2014: 60% of both houses of the General Assembly pass a bill calling for a referendum to be placed on the Nov., 2014 general election

Nov., 2014: 60% of those voting on the referendum (or a majority of those voting in total) approve the referendum

Following that, Actual legislation then needs to be passed by GA.

If the state uses Iowa's rates, \$6.8 Billion would be raised, while taxes would decrease for 56% of the state's citizens

LWVIL position in Where We Stand:

Income Tax - The LWVIL supports a fairer income tax with a graduated rate schedule.

Current language of Illinois Constitution (adopted 1970):

“Section 3. Limitations on Income Taxation (a) A tax on or measured by income shall be at a non-graduated rate.”

Current proposed bills,

HJRCA 33 & SJRCA 40

“Propose to amend the Revenue Article of the Illinois Constitution. Provides that there may be one tax on the income of individuals and corporations, that this may be a fair tax where lower rates apply to lower income levels and higher rates apply to higher income levels .”

What can you do???

1. When talking to legislators, ask whether they are in favor of a graduated rate income tax. If not, why not?
2. Go to lwvil.org and look for Graduated Rate Income Tax information, including links for a Power-Point, FAQs, talking points, letter to the editor templates.
3. Keep an eye on editorials, articles, and letters to the editor about the graduated tax proposal. Write a personal letter in opposition or support, or alert your League president or the LWV IL (issues@lwvil.org) to the article so it can be addressed.
4. See if any other organizations you belong to would like to be educated on the issue. Please contact the League of Women Voters at issues@lwvil.org.

We welcome queries from those who want more information, have questions, or want to be involved

For More Information, or to schedule a speaker:

Contact the League of Women Voters® Illinois
issues@lwvil.org

You may also visit the website of the
Center for Tax and Budget Accountability
to read “The Case for a Graduated Income Tax in Illinois



A Graduated Income Tax for a Better Illinois!

Educate ourselves,

Educate our legislators,

Educate the voters!

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