



Why the League Supports a Fair Income Tax for Illinois

By Jean Pierce and Ann Courter, LWVIL Issues and Advocacy Committee

For more than 40 years, the League of Women Voters has supported a graduated rate income tax for Illinois. It made sense then, and it makes sense now. Finally, in May of this year the General Assembly agreed with us that the public deserves to vote on whether the state constitution should be amended to remove the requirement that income shall be taxed at a flat, non-graduated rate. This change would permit income to be taxed at different rates, with higher income taxed at higher rates, and lower income at lower rates, as in the federal income tax system.

In the general election in November 2020, at the top of the ballot, we will have the opportunity to amend the constitution in this way. All it takes is our votes - there is no need for a Constitutional Convention. To amend this section of the state constitution, approval is needed by either the majority of those voting in November 2020, or 3/5 of those who do not skip the question and vote on the proposed amendment.

Why does the League believe that a progressive income tax is a "Fair Tax", and why have we supported it for so long? The Fair Tax meets League criteria in *Where We Stand*:

- **Equity and Progressivity:** The Fair Tax is based on the ability to pay. This is not the case with the current flat tax. According to the Institute on Taxation and Economic Policy, currently, the bottom 20% of wage earners in Illinois have twice the state and local tax burden of the top wage earners, and the bottom 20% pay more than they would in any other Midwestern state. A Fair Tax will allow the state to apportion the burden more fairly.
- **Stability and Responsiveness:** By removing the current constitutional requirement that income be taxed at a flat rate, voters will allow the state to have more flexibility to design revenue structures to fit economic reality. As the huge income gap between rich and poor continues to grow, taxing our highest wage earners at a higher rate proportionate to their means could more effectively access additional needed revenues.

The state has about \$6.5 billion in unpaid bills despite serious funding cuts. Since 2000, cuts in spending on core services (healthcare, human services, and public safety) – have exceeded 20% and cuts to higher education have approached 50%. The constitutional amendment resolution passed by the General Assembly was paired with a law that sets out what the new tax rate structure will be upon passage of the amendment. With that rate structure, a Fair Tax should raise more than an additional \$3 billion each year, while 97% of Illinoisans--people earning \$250,000 or less - will not see their income taxes increase in 2021. Here is a [link](#) to a tax calculator for the proposed rates.

For decades, the state has kicked the can down the road, passing mounting debt to future generations. It is time to put the state on a steady path to meet its obligations with a modern income tax structure.