

Quinn's Tax Proposal Alienates Just About Everybody

Written by Rich Miller
Sunday, 22 March 2009 06:00

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The biggest problem with passing Governor Pat Quinn's tax-hike and budget proposals is not that almost every Statehouse interest group opposes them.

The Illinois Federation of Teachers, for instance, sent out a statement before Quinn had even finished his budget address to say that any state legislator who votes for the governor's proposed "pension cuts" would automatically lose the union's endorsement.

State workers are spitting mad about paying more into the pension plan and being forced to take unpaid days off.

Business groups are beside themselves about the tax hikes.

Mayors hate the idea that they won't get their usual 10-percent slice of Quinn's proposed income-tax increase.

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These are very serious, almost insurmountable obstacles, of course. But they're not the worst.

The biggest hurdle, by far, is that the governor focused on a problem that he alone wants to deal with, but that nobody else really cares about.

The governor, you already know, wants to raise the state's personal income tax rate from 3 percent to 4.5 percent, but also triple the \$2,000 personal exemption so that almost 5 million people will get a tax cut or pay no extra taxes. Quinn claims this is about "tax fairness" as much as it is about raising new money to close the state's \$11.5-billion budget deficit.

But, seriously, when was the last time you heard anybody complain about the Illinois income tax?

At just 3 percent, Illinois has the lowest flat tax in the nation. Quinn has pushed this tax-fairness idea for decades, but almost nobody else has. Tripling the personal exemption is just not something that any legislator has ever cared much about.

Since the governor's tax proposal has no real constituency within the General Assembly, he starts out with almost no legislative allies.

Just about every member of the Illinois General Assembly has fervently campaigned to reduce the property-tax burden and increase spending for schools. Also, suburban Cook County and Chicago legislators are hearing loud and constant screams of anger from their voters about their region's super-high sales tax.

There are some very angry everyday people demanding a solution to these festering problems. Yet Quinn's budget and tax-hike proposals do nothing about any of them.

In fact, the governor's proposals may be making the political situation for incumbent legislators far worse than they would be with a more "normal" tax hike and budget fix.

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For one, the governor has proposed a relatively tiny education-spending increase. That pretty much guarantees some local school districts, which are also experiencing serious problems in this economy, will have to raise property taxes even higher.

Local governments are strapped in this economy as well and are dying for money. Without help from the state via their usual share of the income-tax hike, they may also have to raise sales or property taxes.

Quinn wants to expand the state sales tax to cover items such as grooming and hygiene products, sweetened tea, and coffee drinks that are currently exempted from the full sales tax rate. That's not really a big thing, but in this sort of environment it could make for big headlines.

And, not surprisingly, legislators aren't particularly thrilled with voting for Quinn's 50-percent income-tax hike and still having to vote for well over a billion dollars in state budget cuts. Quinn's tax-exemption reform proposal took a tax hike that could've raised almost \$6 billion down to only about \$2.5 billion.

The governor said on Friday that he hoped he could convince the business lobby to support his tax hike by showing them how he's forcing teachers and state workers to pay more into the pension systems. But it's the height of folly to assume that the business lobby will ever get behind a tax hike.

The only groups that can be counted on to reliably support tax hikes are the very groups that Quinn has gone out of his way to whack. Public-school teachers, state workers, and people such as Chicago Mayor Richard M. Daley are absolutely key, and all of them are firmly in the "no" category.

I still think there will be a state tax increase in our near future. I just don't think yet that it'll be this one. Quinn has a horrific fight ahead of him.

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