

The Great State of Chicago: The Financial Reality of an Endless Debate

Written by Rich Miller

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I talked with former state Senator Howie Carroll last week about the proposal by state Representative Bill Mitchell (R-Forsyth) to kick Chicago and suburban Cook County out of Illinois. Mitchell's resolution has just a tiny number of co-sponsors, but he's managed to get himself lots of statewide and national media coverage, and he clearly appears to be enjoying his 15 minutes of fame claiming that his region of the state is tired of paying for Chicago's liberal programs.

Carroll knows all too well about breaking the state in two because he sponsored just such a resolution back in 1981. Carroll, a Chicago Democrat, proposed to make Cook County a separate state. According to newspaper accounts from the time, the resolution was introduced in the midst of heated fighting between Chicago-area and Downstate legislators over funding for mass transit.

Carroll's proposal flew out of the Senate on a voice vote. Carroll claimed at the time that once the state was divided in two, Downstaters would finally realize that Cook County was paying a lot of their expenses.

Everybody thought Carroll had devised a fine joke – just another in the long line of shots that Chicago legislators were taking at Downstaters, and vice versa. Republican State Senator Roger Sommer of Downstate Morton told United Press International that he could surely score points with the folks back home by voting for Carroll's proposal. "This is something my constituents have wanted for a long time," Sommer said.

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Senator Carroll's resolution soon flew out of the House as well. But not long after the House passed the measure, one of then-House Speaker George Ryan's lawyers took a closer look and realized that Carroll had exactly followed the U.S. Constitution's requirements for mandating a congressional vote on splitting an existing state into two. It turns out that Carroll wasn't joking.

Speaker Ryan ordered one of his members to file a "motion to reconsider" the next day to prevent the resolution from automatically being transmitted to Congress. (Governors have no say on resolutions.) Without that action, Congress would've taken a vote on Carroll's demand.

The debate at the heart of Carroll's resolution still rages today. Many if not most Downstaters assume their taxes are subsidizing Chicago, and Chicagoans tend to have an outsize estimate of how much revenue they're generating.

A regional analysis of state expenditures versus state revenues hasn't been done in many years. The General Assembly's Legislative Research Unit (LRU) has refused to conduct a new study because of the uproar created the last time it did one.

That last LRU report, in 1987, found that the suburbs (including suburban Cook) paid 46 percent of state taxes but got back just 27 percent of state spending.

Downstate was the biggest "tax eater," according to the LRU report, paying just 33 percent of the state's taxes while benefiting from a whopping 47 percent of the state's spending. Chicago paid 21 percent of the taxes and got 25 percent of the spending.

A few months ago, the highly respected Taxpayers Federation of Illinois published a study of state tax collections. Downstate paid just 30 percent of all state personal-income and sales taxes collected in 2009 despite having 35 percent of the population.

Chicago and suburban Cook County paid 40 percent of the two taxes while having 40.5 percent of the population. About even.

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And the suburban collar counties paid 30 percent of the two taxes while having only 24 percent of the population.

Once again we see that the suburbs are paying more than their share, while Downstate isn't holding up its end.

The Taxpayers Federation didn't look at corporate income taxes. There are a lot of corporations in Chicago and the suburbs compared to Downstate.

An official with the group told me they're hoping to do a regional spending study. So we shall soon know who's right and who's wrong in this endless debate.

But it's not looking good for Downstate's case. The region simply doesn't have the kind of money that exists in Chicagoland. Downstate generated just 29 percent of the state's personal income in 2009, while Cook had almost 45 percent. And Downstate roads, schools, etc. rely heavily on state assistance.

Mitchell and lots of other Downstaters might still want to kick Cook County out of Illinois, but, whether they like it or not, taxes and (most likely) spending can't be used as an excuse.

Rich Miller also publishes Capitol Fax (a daily political newsletter) and CapitolFax.com.