

Republicans Spooked by a Pair of Tax Bills

Written by Rich Miller
Sunday, 11 March 2012 10:27

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Despite a long Illinois tradition of supporting them, it's not exactly news that Republican members of the General Assembly no longer like voting for taxes of any kind. And that attitude created a couple of somewhat absurd positions last week.

Let's start with the "roll your own" bill. Legislation has been proposed to tax a growing practice of allowing people to use commercial machines to roll their own cigarettes in convenience stores and gas stations.

The stores sell their customers loose, bulk tobacco and then the customers dump the product into special rolling machines, which cost several thousand dollars each. The result is a per-carton sale price that is about half the price of a pre-rolled carton of brand-name cigarettes, mainly because the taxes on loose tobacco are much lower than on commercial cigarettes.

Several states are confronting the issue after the machines started appearing in stores. Legislatures in Indiana and Virginia are considering bills to up the tax on loose tobacco used in the machines, for instance. Wisconsin's Department of Revenue told the stores last October to start paying taxes on the tobacco as if they were selling actual cigarettes.

Critics say these stores with the machines are little more than cigarette factories set up to avoid

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high cigarette taxes. Defenders say they're not doing anything different from coffee shops that allow customers to pick specific blends, grinds, and brands.

Tobacco giant Philip Morris is just one of the companies backing the Illinois bill. The company is worried that the roll-your-own machines will eventually eat into its profits. The tobacco company's lobbying team is also warning that if the bill doesn't pass, Philip Morris and other tobacco companies will likely jump into the machine-rolling business themselves, which could potentially cost the state hundreds of millions of tax dollars a year.

But the Republicans on the Senate Executive Committee balked at backing the measure, and it was "shelled out" last week by an amendment and moved to the Senate floor as basically an empty bill. The bill's sponsor, Senator Terry Link (D-Waukegan), said last week that he doubted he could come to an agreement with the opponents and would likely propose very similar language in the next few weeks.

Republicans admitted privately that they backed away from voting for anything that might look like a tax increase. They also say they'll probably support the bill after the primary ends because of the very real negative revenue consequences for the state.

Then there's the proposal by state Senator Toi Hutchinson (D-Olympia Fields) to charge a \$5-per-head entrance-fee tax on strip clubs that sell alcohol. The money generated would be sent to the state's Sexual Assault Prevention Fund. The proposal sailed out of the Senate Public Health Committee last week on a unanimous vote, but there was a catch. Actually, there were two catches.

The bill has generated a bit of controversy, but it apparently presented a unique dilemma for a couple of Republicans who sit on the Public Health Committee. Possibly harming the business interests of "immoral establishments" might be a plus. But voting to tax those establishments still meant voting for a tax.

So two Republicans in hotly contested GOP primaries – Shane Cultra (R-Onarga) and Christine Johnson (R-Shabbona) – discreetly left the hearing room just before the committee began voting on what some have jokingly called the "pole tax." The bill passed unanimously but without those two votes.

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Johnson's primary opponent, Dave Syverson (R-Rockford), also sits on the Public Health Committee, but he voted for the bill. Johnson has been running television ads blasting Syverson for favoring tax hikes and touting herself as the true social and fiscal conservative in the race.

Cultra, the other walkout, is also the more socially conservative candidate in his Republican primary race against state Representative Jason Barickman (R-Champaign).

As I mentioned earlier, things are expected to calm down a bit after the March 20 primary. The Republicans will still oppose most taxes, but the mere mention of the word probably won't spook them so badly once they get past their elections. Maybe then everybody can grow up and start acting like adults.

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