

IFT Supports Funding Reform and New Revenue Options

Summary:

The Illinois Federation of Teachers believes this is the year for the Illinois General Assembly and governor to choose new revenue solutions to our current fiscal crisis and structural deficit.

At Issue:

Illinois faces a multi-billion dollar deficit for FY 2010 and beyond because of the immediate economic crisis, past decisions not to find reliable revenue streams and the long-term, built in structural deficit that fails to collect revenue from the service sector economy.

The IFT believes the General Assembly and governor can cobble together a series of revenue enhancements that will allow the state to meet its obligations to public education, health care and service providers and a 21st century transportation system. The following revenue options should be considered for passage by May 31.

The IFT has supported SB 750 with its income tax and a sales tax on consumer services. The IFT supported SB 2288 which utilized the income tax alone. IFT is also modeling other approaches such as:

- an income tax increase with no property tax relief;
- a sales tax “swap” that expands the sales tax base to include consumer services while lowering the overall state rate on all tangible goods and services from 5% to 4% or less.

The following is a list of revenue options for state government to adopt.

Income tax

1% \$3.8 billion

1.5% \$5.7 billion

2.0% \$7.6 billion

Graduated Income Tax

On personal incomes over \$250,000

\$2.7 billion

Sales Tax on selected Consumer Services

\$2.1 billion

Gasoline Tax @ 8 cents per gallon

\$500 million

Cigarette Tax @ \$1.00 per pack

\$300 million

Internet Sales Tax

\$160 million

Gaming Expansion

Conclusion:

State government has not raised broad based revenue since 1989 nor reformed its antiquated revenue system. The IFT urges the General Assembly to face this current crisis and long-term needs by raising the revenue necessary to provide quality educational opportunities and public services the citizens of Illinois deserve.