

Press Release...



FROM THE OFFICE OF STATE REPRESENTATIVE LA SHAWN K. FORD

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For More Information:

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Ford Urges Against a Penny-Wise but Pound-Foolish Budget Approach

CHICAGO- In reaction to the Budget Address given today by Governor Rauner, State Rep. La Shawn K Ford, D-Chicago, urges against a penny-wise but pound-foolish approach as the budget for the state of Illinois is crafted.

“Gov. Rauner has a tough mission to accomplish, given the fact that our state has a \$300 million short fall in child care funding for low-earning families and a potential budget shortfall of approximately \$5 billion in the spending year that begins on July 1,” said Ford. “This shortfall is partly due to the expiration of a major portion of the state’s income tax increase at the start of this year. This financial crisis is one that has occurred over time, and we should not expect the problem to go away by cutting support services to the most vulnerable families across the state. The state must find ways to eliminate waste and not eliminate services and programs that support Illinois’ families. We must have a budget that is not penny-wise and pound-foolish, costing the state more in the long run from cuts to programs that could leave families hopeless. Democrats and Republicans owe it to the people of Illinois to work together to leave no family or business behind. I urge Gov. Rauner to govern with a fair approach and propose ideas that will both cut waste and increase revenue in order to provide for health, safety, welfare of the people; eliminate poverty and inequality; assure legal, social and economic justice; and provide opportunity for the fullest development of individuals in the state.

Ford calls for the restructuring of the Tax Code of Illinois and has introduced legislation that would change the Constitution of the state of Illinois to allow such a change. “Any budget that doesn't improve Illinois' tax code will delay any financial recovery in Illinois,” said Ford. “As we work to structure our budget for the next year, we have to be more flexible in how we structure our tax code, and we must consider a fair income tax in which the income tax rate a person pays increases as their income increases. This legislation would amend our state Constitution so we can design a fair tax code and not be limited to a flat tax rate like we have now which is the same rate whether you make \$35,000 a year or \$35 million a year. We still have much work to do to improve Illinois’ financial health. It is clear that more revenue is needed, but it must be fair and progressive and not regressive, as the proposed expanded sales tax would be. Regressive tax policy hurts working families and those working to enter the labor force.”

Ford/Response to Budget Address p. 2/con't.

Ford has introduced House Joint Resolution Constitutional Amendment 19 (HJRCA0019: <http://www.ilga.gov/legislation/BillStatus.asp?DocTypeID=HJRCA&DocNum=19&GAID=13&SessionID=88&LegID=84888>), which provides that individual income taxes may be at a graduated or a non-graduated rate.

According to a January 2015 report by the Institute on Taxation and Economic Policy (<http://www.itep.org/pdf/whopaysreport.pdf>), Illinois has the 5th most unfair state and local tax system in the country. In their analysis, when all state and local taxes are included, such as sales and excise taxes, property taxes and income taxes, lower income Illinoisans pay an overall tax rate almost three times that of the top income earners in Illinois. The lowest 20%, with incomes less than \$19,000 per year, pay an overall tax rate of 13.2%, whereas the top 1%, with incomes more than \$498,000 per year, pay an overall tax rate of 4.6%.

The legislation also provides that any such tax imposed on corporations shall be at a non-graduated rate, not to exceed the average of the lowest and highest individual rates by more than a ratio of 8 to 5. “This legislation does not change the current flat tax rate for corporations, and also creates predictability for corporations as they look at their tax rates,” said Ford.

For more information, contact one of Ford’s constituent service offices: 816 S. Oak Park Avenue in Oak Park at 708-445-3673, 4800 W. Chicago Avenue in Chicago at 773-378-5902 or in the Stratton Office Building in Springfield at 217-782-5962, or visit www.lashawnford.com.