



April 29, 2019

Dear Senator,

On behalf of National Taxpayers Union (NTU), the nation's oldest taxpayer advocacy organization, I write to express our strong opposition to Senate Joint Resolution Constitutional Amendment 1. This misguided proposal would amend the state constitution to allow for the establishment of a graduated income tax structure, which would be a departure from the current system that only permits taxation at a single rate. Granting lawmakers the authority to impose more than one income tax rate would make tax increases easier and more frequent, thereby further burdening hardworking taxpayers and small businesses across the Prairie State. We urge you to stand with taxpayers and reject SJRCA 1 and any similar measure that attempts to impose a progressive tax system.

As you are aware, Section 3 (a) of the Illinois Constitution requires the income tax to be applied at a non-graduated rate. This key constitutional provision is an important taxpayer safeguard as any proposed tax increase must be levied on every taxpayer, not just those from a specific income level. Removing this protection would effectively hand lawmakers a blank check to hike taxes each time there is a budget problem. While proponents claim that higher taxes will only impact the wealthy, eventually, Illinois will run out of wealthy people to tax which will cause lawmakers to work their way down the income ladder and raise taxes on those with low and moderate incomes.

Adding more tax brackets at significantly higher rates would also have a significant negative impact on small businesses across Illinois. Since pass-through entities like S-corporations, sole proprietorships, and LLCs typically file under the individual tax code, they are subject to the individual income tax rate, rather than the corporate income tax rate. As such, any increase to the individual tax rates will divert important resources from job creators to government coffers. These resources could be used to add new workers, increase wages for existing employees, or make investments in their business.

Rather than strain families and small businesses with a higher tax burden, Illinois should follow in the footsteps of the federal government and implement pro-growth tax policy that benefits taxpayers. Hard working families and small businesses deserve to keep more of their own money, not have their earnings used to finance ever-increasing government spending. In fact, taxpayers are still adjusting to a massive 33 percent tax hike enacted in 2017 and further tax increases will only push more Illinoisan and their taxable income to other states - particularly those with more favorable tax climates.

To be clear: Illinois's fiscal problems cannot be solved with higher taxes, as taxpayers and businesses are already burdened with some of the highest taxes in the country. By following the tax reform model set by Indiana, North Carolina, Texas, and Wisconsin, Illinois can reverse years of stagnant growth and create an environment that encourages business development and is more conducive to economic growth. We hope you will oppose this constitutional amendment and embark on real reforms that will make Illinois more financially secure for the long term.

Sincerely,

Thomas Aiello
Policy and Government Affairs Associate