

Rep. Jil Tracy Newsletter

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Jil's Statehouse Report

News from Springfield from State Rep. Jil Tracy

The Reality behind HB 174-The Largest Income Tax Increase in State History

Recently, there has been a renewed push for an income tax increase. House Bill 174, billed as an education funding reform measure, if enacted would be the largest income tax hike ever in the state of Illinois. The income tax rate would jump by an astounding 67%, raising individual income tax levels from 3% to 5% and corporate tax rates from 4.8% to 5%. As if the income tax hike isn't destructive enough to our already imperiled economy, this legislation would create a whole new category of sales taxes to be levied on service industries. The sales tax would be imposed on 39 services, ranging from dry cleaning and hair cuts, to internet providers and cable television.

There are a number of misconceptions about House Bill 174. One that seems most common is the name of the proposal itself, "education funding reform." The word 'reform' is certainly open to interpretation, but in my view this legislation actually hampers any possibility of real reform. Simply throwing billions of new tax revenue into our current budget dilemma merely allows the system to continue on its unrealistic fiscal path. It actually allows for the state to skirt spending reforms because it simply masks the fundamental problems with the current budget process. You don't keep pouring water into bucket with a hole in the bottom. You fix the hole first and then slowly began to refill the bucket. Trying to fix our budget deficit without first plugging the holes of waste and abuse will only allow those new revenues to continue to leak out in the most inefficient manner.

I think the other biggest misconception with this measure is the statement that this will make for more equitable school funding and reduce reliance on local property taxes. The fact of the matter is that only 5% of the tax revenues raised through HB 174 would go toward education programs in the first year. The current budget deficit and out of control spending clearly show that this type of open check book leads to a government that does not exhibit any type of fiscal restraint. That lack of financial discipline is exactly why we are facing a multi-billion dollar deficit.

HB 174 contains a component purporting to provide property tax relief. While we all want to reduce the burden property taxes places on local residents, there is simply no guarantee that property taxes would be lowered. It is said the entire state of Illinois' property tax burden is in the range of \$14.5 billion. HB 174 would only relieve about 1.7% of that. One of the most important aspects to keep in mind when looking at this legislation is that there are no certainties. Just as there's no guarantee you will see property tax relief, there is no guarantee your child's school will see a large increase in state



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funds.

When looking at legislation of this nature it is best to assess the risks and rewards. With the current state of the economy and the enormous scope of this legislation, the risks far outweigh any rewards. The fragile economy and an array of tax increases would be a recipe for disaster. We already have a difficult time bringing new opportunities and businesses to Illinois. This type of proposal would ensure that negative business climate remains in place. The sales tax that would be placed on services would be a nail in the coffin to small, local business. It would likely force many business owners to reduce their workforce, while at the same time increasing their costs.

Most importantly, passing this tax increase would take away any pressure to reduce and reform state government spending habits. We are looking at a budget deficit in the range of \$7 to \$8 billion dollars for Fiscal Year 2010. As important as it is to correct this budget hole, it is just as important to ensure it doesn't happen again in the near future. In order to do that, we must have real reform of existing programs and services, spending and accountability measures which ensure tax dollars are being used to their full potential, and initiatives to ferret out all government waste and abuse. These ideas will help correct past problems which nearly bankrupted the state, but they will also create a friendly economic environment where business owners seek to locate and create jobs in a state with a stable, sustainable economy.

All, this being said, I am committed to making education funding a top budget priority and I will continue to look for ways to reform over spending and cut the less essential items. We have to get back to funding only core governmental functions and not overspending what we take in. "My colleagues and I worked very hard to get these measures enacted into law. As a matter of fact, two of these bills received near unanimous approval during the 95th General Assembly, but were caught up in the infighting last year between the Speaker and Senate President and never made it to the Governor's desk," said Rep. Tracy.

health care needs. This brochure would inform individuals of alternative options that would allow them to see an in-state professional.

Also signed into law was Senate Bill 1527. The legislation will allow county clerks to issue death certificates for families of residents of their county, even if the death occurred in another county. Currently, only the county clerk in the county where the death occurred may issue a certification of death. The new law should make it more convenient for families to obtain death certificates of their loved ones, while avoiding an unneeded trip during what is a difficult and emotional time.

If there are further questions regarding these new measures or other recently enacted laws please contact Representative Tracy's district office at (217) 223-0833.

House Passes Legislation Requiring General Assembly Approval for State Property Sales

House Bill 4744, passed out of the Illinois House 2 weeks ago, would require the State and Governor to receive approval from the General Assembly prior to selling any piece of surplus property worth more

than \$1 million. This legislation redefines “surplus real property” as any property that has not been used by the State for at least the past three years and for which there is no foreseeable use in the next three years. The measure is in response to Governor Quinn’s proposed sale of Thomson Correctional Center to the federal government, which originally planned to house Guantanamo Bay terror suspects at the location.

Governor Quinn declared the correctional center “surplus property” in order to gain the right to sell it without General Assembly approval. However, these types of property sales normally would be classified as “state real property.” “Surplus property” was originally categorized as such things as old computers and furniture, in order to allow for the quick sale of such items.

It is important to remember that this state of the art prison was paid for and maintained with taxpayer funds. Any decisions of this magnitude should be fully vetted in a transparent manner, such as that before the legislature.

With the passage of the legislation in the House, it now moves onto consideration by the Senate. If the Senators give it their seal of approval, it will head to Governor Quinn. Once the Governor receives the final legislation he has sixty days to either sign or veto the measure. If he does sign the legislation into law it becomes effective immediately, thus potentially halting the sale of Thomson prison until General Assembly members approve the transaction.

Redistricting Reform

One of the most influential decisions regarding the make up of state government occurs every ten years after national census figures are calculated. The redistricting map process sets about to draw district boundaries for state, as well as congressional members every decade. The current system is hugely flawed. There is an inherent conflict of interest by allowing a legislator to essentially draw his or her own district, basically allowing one to pick and choose areas which are most favorable to his or her candidacy.

Democracy is based on accountability. Elections are the democratic way in which public officials are held accountable. But when the legislature is allowed to draw its own maps, they inherently want to preserve their own interests. Without competition in legislative districts, rank and file members began to lose that sense of accountability.

With the redistricting process about to be underway, I have signed on to a proposal which will take the remap procedure out of the hands of legislators and return it to the public. House Joint Resolution Constitutional Amendment 56 will set up a special, independent commission to draw legislative boundaries. Lawmakers would need to approve this map with a two-thirds vote. If the new map is not approved the Chief Justice of the Supreme Court and a justice from the opposing party would choose a “Special Master” responsible with the decision. HJRCA 56 would require public hearings, ensure public display of possible maps and even allow residents to submit their own potential map scenarios.

The facts speak for themselves; just take a look at the statistics. Only 3% of challengers over the last ten years have been successful in defeating incumbents. The 17th Congressional District runs from Rock Island to Decatur and captures Quincy in between. That essentially means voters are not being given alternative choices. Constituents should be choosing their representatives, not legislators choosing their constituents.

If the General Assembly approves the above constitutional amendment, voters will be asked during the November election if they agree to the proposed changes. I would love to hear your feedback on this proposed legislation.

For more information about the campaign, please visit my website at www.electjiltracy.com My email is jiltracy@yahoo.com

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