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Tax Fairness

As the state budget deficit approaches \$11.5 billion and the national economy worsens, Illinois needs – now more than ever – a revenue system that works for Illinois' working families. But Illinois' current revenue system is both unfair and inadequate. Low and moderate-income families bear a disproportionately heavy burden of state and local taxes, and the amount of revenue generated is not enough to support the programs these families depend on – education, health care and vital public services.

Illinois' regressive income tax structure means that all individuals and families, regardless of their income, are taxed at the same rate. However, when the combination of sales, property and income tax rates are considered, the system proves far from flat or fair.

In the current system, Illinois' lowest-income working people have almost triple the tax burden as high-income earners:

- The lowest-income Illinois residents – those earning less than 16,000 per year – pay 12.7% of their total income in taxes – the highest overall tax burden in the state; and
- Middle class Illinois taxpayers – individuals earning up to \$48,000 per year – pay 10% of their income in taxes; while
- Individuals earning between \$148,000 and \$295,000 per year pay only 6.2% of their income in combined taxes; and
- The state's highest-income individuals – those earning \$295,000 per year or more, which includes those making millions of dollars annually – pay an even lower 4.6% of their income in combined taxes.

There are many ways to structure a reform of Illinois' broken revenue system, but accounting for the lack of balance and fairness in our current system must be a key part of any plan to address the crisis we face.

A graduated income tax structure, where individuals with higher incomes pay income tax at a higher percentage, is one way to create a fair tax system and fix current inadequacies. Right now, Illinois' constitution doesn't allow taxing individuals with different incomes at different rates. That's why the Campaign for Illinois' Future is committed to ensuring reform measures and tax fairness provisions such as expanded exemptions and tax credits are part of any plan to increase the state's income tax.

The state must ensure that an income tax increase significant enough to protect essential programs will not hurt the Illinois families who depend on them.