



## **SHPA Supports Adoption of the Illinois Fair Tax Amendment**

### *Proposed Graduated Income Tax Rates Will Generate an Estimated \$3.6 Billion in Additional Annual Revenue for the State*

The Board of Directors of the Supportive Housing Providers Association of Illinois, following careful consideration of the arguments for and against, voted on Feb. 5 to endorse adoption of the Fair Tax Amendment to the state Constitution.

If approved by voters in the November 2020 general election, the Governor's Office of Management and Budget has estimated that the Fair Tax Amendment will generate \$3.6 billion in additional annual revenue, thereby helping the state to fix its structural deficit, provide adequate funding to supportive housing services, and meet its obligations to all Illinoisans, especially vulnerable citizens.

Last June, the governor signed into law Public Act 101-8, which specifies what the new rates will be if voters approve the Fair Tax Amendment this fall. As shown in the chart below, the top 3% of individuals, those earning more than \$250,000 per year, will pay more while the vast majority of Illinoisans will pay the same or less.

<b>Proposed Graduated Income Tax Rates (Public Act 101-8)</b>		
Marginal Rates	Net Income Level, Single Filers	Net Income Level, Joint Filers
4.75%	\$0 - \$10,000	\$0 - \$10,000
4.90%	\$10,000.01 - \$100,000	\$10,000.01 - \$100,000
4.95%	\$100,000.01 - \$250,000	\$100,000.01 - \$250,000
7.75%	\$250,000.01 - \$350,000	\$250,000.01 - \$500,000
7.85%	\$350,000.01 - \$750,000	\$500,000.01 - \$1,000,000
	For those with net income exceeding \$750,000, a single rate of 7.99% applies to <u>all</u> income	For those with net income exceeding \$1 million, a single rate of 7.99% applies to <u>all</u> income

Currently, the state Constitution requires that personal and corporate income is taxed at a flat rate. So, a janitor earning \$30,000 pays the same 4.95% rate as a CEO making \$3 million.

It is important to know that even if voters approve the Fair Tax Amendment, future income tax rate changes will still require, as is the case today, the General Assembly to pass a law.

If the amendment is not approved, it may be necessary to raise income taxes on *everyone* to generate the revenue state government needs to pay its bills.

Public Act 101-8 also provides for a 20% increase in the property tax credit and a \$100 per child tax credit, both of which are phased out at higher income levels. Corporations would be taxed at 7.99%.

We encourage all SHPA members to carefully consider the merits of the Fair Tax Amendment and the potential consequences if it is not adopted.