



## *Illinois General Assembly*

### **House Republicans Propose Accelerated Corporate Income Tax Roll Back**

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Springfield, IL... House Republican Leader Tom Cross (R-Oswego) along with members of the House Republican Caucus today are offering a broad-based approach to keeping good employers and making Illinois more competitive for jobs through legislation to accelerate a roll-back of the temporary corporate income tax hike passed by Democrats in January.

“It has been nearly a year since the Democrats passed their tax increases, and it is no surprise how our business community has reacted. Just Monday, we worked with the majority party to pass legislation to keep a few major employers here in Illinois, but it is only a matter of time before more companies come knocking at our door looking for relief. The days of special tax deals need to end,” said Cross. “A better solution is to speed up the expiration of the Democrats’ tax hike.”

House Bill 3918 takes a two-pronged approach to reducing Illinois’ business taxes:

1. Accelerates the expiration of the temporary corporate income tax increase. For income earned during calendar 2013 the rate declines from 7% to 6% and for income earned during calendar 2014 the rate would further decline to 4.8%.
2. Effective immediately the corporate income tax would be reduced by 0.25% anytime the Illinois unemployment rate increases by .3% in a four month span. For example, if the unemployment rate in January was 10% and in April it was 10.3% than this provision would take effect. At no point would the corporate income tax be less than 4.8% (the tax before Public Act 96-1496).

Without HB 3918, the Democrats’ temporary corporate income tax increase is set to expire January 1, 2025.

“Unemployment in Illinois has increased 1.1 percent since the Democrats imposed this tax in January,” said State Rep. Dwight Kay (R-Edwardsville). “Under our bill if unemployment goes up over a four month period, it triggers the corporate income tax rate to go down by a quarter percent. It is our hope that business would use the extra resources to hire more employees.”

House Republicans believe HB 3918 is needed to produce a better business climate in Illinois and what is lost in tax receipts to the state will be replaced with a gain in new employment and a broader tax base.

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“As a state, we need to be proactive in implementing sound, pro-business policies that reassure our business community that we want and need them in our state,” said State Representative Raymond Poe (R-Springfield). “The corporate income tax increase the Democrats passed last year has had the opposite effect. We need to reverse that trend by rolling back the corporate income tax increase to prove to our business community that we truly value their economic contributions to our state.”

“The competition for jobs is fierce; and today we’re not only competing with our neighboring states for employers who provide good jobs, we’re also competing with other countries around the world. The jobs package we passed this week will help, but we won’t succeed if we’re continuing to do damage control one or two businesses at a time. We need to enact policies that will make Illinois a better place to operate for all businesses. Accelerating the roll back of the disastrous January corporate income tax increase is a very necessary step,” said State Representative Dan Brady (R-Bloomington).

“Jobs, jobs, jobs. We need jobs. With double digit unemployment throughout the state, families are suffering,” said State Representative Mike Bost (R-Murphysboro). “We need to make Illinois a place where business is encouraged to grow and succeed.”

“We need broad-based tax reform, and accelerating the expiration of the tax hike will help all employers in the state of Illinois. It has become abundantly clear that the tax hike passed hours before I was sworn in in January has been beyond disastrous,” said State Rep. Mike Unes (R-East Peoria).

House Bill 3918 is supported by the Illinois Manufacturers’ Association, the Illinois Retail Merchant Association, the State Chamber of Commerce, the National Federation of Independent Business, and the Illinois Policy Institute.

“Imposing one of the highest corporate income tax rates in the country is unacceptable. Leader Cross is right to pursue competitive tax policy as a means to promote job growth, encourage investment and restore prosperity to Illinois. The Illinois Chamber is encouraged by legislative initiatives that recognize the importance of demonstrating to employers and investors that Illinois governments are conscious of the need to improve the state’s business climate by reversing course on the job killing tax increases we’ve seen in recent years,” said Doug Whitley President and CEO of the Illinois Chamber.

“Since the Democrats’ \$7 billion tax hike in January, 70,000 more Illinoisans have found themselves on the unemployment rolls. Illinois will not experience an economic turnaround until the state has a better business climate -- one that frees existing and new entrepreneurs from the yoke of heavy taxes. The Illinois Policy Institute urges the repeal of all the January tax hikes; Leader Cross’s bold bill to roll back the corporate tax hike is good policy. Passage of this bill would send a strong message to employers statewide and across the nation that Illinois once again will be a place for growth and opportunity,” said Policy Institute CEO John Tillman.

“We would love to simply repeal the Democrats’ tax increase and have had a bill on file to do just that, but there is no support for this by the majority party. We believe this is a concept that might be agreeable to them,” Cross said.

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