



Ralph Martire: State has leaders who can put politics aside

THE STATE JOURNAL-REGISTER

Posted Jun 10, 2009 @ 12:04 AM

Last update Jun 10, 2009 @ 06:37 AM

Most commentary about Illinois state government devolves into chronicling a litany of uglies, and for good cause.

Precious few other governments (state or banana republic) have the dismal record of Illinois on everything from pay to play politics, to funding an adequate education for every kid.

Judging from the media coverage, you'd think the General Assembly's failed effort to pass a tax increase last week was more of the same. And you'd be wrong.

Unlike previous budget battles between conflicted legislators and former Gov. Rod Blagojevich, when political self-interest, insider dealing and possibly even criminal activity drove the agenda, the process last week — particularly in the state Senate — saw the introduction of concepts like true leadership and political sacrifice to attain a broader, public good. That's right, in Illinois. Why the media missed this is unclear, but it may have something to do with confusion. See, it seems as if commentators have confused the bare-bones income tax increase initiative that failed to pass the House with the more comprehensive tax reform legislation that did pass the Senate.

Of the two initiatives, the one that was by far the less ambitious was the proposal that died in the House. The House bill would have temporarily increased the state's personal income tax rate from 3 percent to 4.5 percent. This increase would sunset in just two years. Developed as a House compromise with the governor, the bill's starting point was the tax reform proposal Quinn suggested during his budget address, but stripped of all reforms. That left a naked tax increase that would only generate enough revenue to plug a portion of the state's budget hole, and then for just two years, leaving a big financial cliff three years from now when the tax increase sunsets.

The bill that ultimately passed the Senate (HB174, Senate Amendment 2) was very different. It was essentially a modified version of SB750, legislation initially introduced by Rev. Sen. James T. Meeks a few years ago. On the revenue side, the Senate legislation would increase the personal income tax rate from three to five percent, and expand the state sales tax base to include a select set of services already taxed by Illinois' neighboring states. Unlike the House proposal,

however, the Senate legislation also incorporated significant reforms for both tax and education policy.

On the tax reform side, the Senate legislation would have delivered meaningful property tax relief to homeowners, while targeting additional relief to low income working families through an expansion of the Illinois Earned Income Tax Credit. It also doubled the tuition tax credit from \$500 to \$1,000. But even after providing this significant relief that would make the Illinois tax system fairer, the Senate legislation that passed would generate about \$1.5 billion more than the House initiative that failed. As for education, the Senate bill would have devoted significant new revenue to early childhood, K-12, and higher education. It even implemented numerous educational reforms covering items as diverse as fiscal accountability to enhanced science, technology and math programs and teacher mentoring.

So how could it be that the bigger, permanent tax increase passed, while the smaller, temporary tax increase failed? One answer is simple. The House proposal didn't solve any problems confronting the state. None. Even if that proposal passed, the state would still have a deficit, still not be able to pay its public pension obligations, have no new revenue for education, and would have provided no tax relief to homeowners or low-income families. Can you imagine being a legislator who supported that proposal, going back to your district, and explaining to voters that yes, you increased their taxes, but no, you didn't solve any problems — not a one?

Of course that was destined to fail. The Senate bill passed because it in fact solves difficult problems. It modernizes the tax system while making it fairer and more sound, allows the state to pay its bills on time and invests more in education at all levels. The even better news is the Senate bill passed because Senate President John Cullerton stepped to the plate and led. It passed because courageous Democrats who represent districts that lean Republican, put the interests of the people of Illinois above politics, and conservative senators who are naturally disinclined to support tax increases, recognized that the hard facts dictate that Illinois pass a revenue enhancement if the state is to pay its bills or make needed investments in schools, services and infrastructure. Finally, Illinois has real leaders who are willing to put political concerns aside and take fact-based, courageous action in the public interest. The media missed it, but citizens shouldn't.

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