Policy Solution

Unfortunately, Illinois lawmakers are on the verge of making the state’s dire fiscal situation even worse by pushing for a progressive income tax, which would likely increase the rate at which residents are abandoning the state.

At present, the Illinois Constitution requires a flat income tax. Changing the current tax structure to a progressive system would require a state constitutional amendment approved by a voter referendum and three-fifths of the state legislature.

Despite liberals’ talking points to the contrary, the flat tax is beneficial for several reasons. First, as a 2008 Organisation for Economic Co-operation and Development working paper explained, progressive income tax systems across the world have negatively impacted economic growth.

Contact Us

For more information, contact The Heartland Institute at 312/377-4000 or by e-mail at governmentrelations@heartland.org.

Or you can visit our website at Heartland.org
Third, a flat tax boosts economic performance by eliminating the tax bias against savings and investments.

Although supporters of the progressive “fair tax” claim it will solve the Prairie State’s budget crisis, this could not be further from the truth. Illinois does not have a tax revenue problem. Rather, Illinois has a massive spending problem.

Illinois is already an economic basket case: its population is decreasing at an alarming rate, unemployment remains high, and future unfunded liabilities keep growing. Simply put, increasing taxes on Illinois residents is the wrong path, and will only compound the Prairie State’s economic woes. Illinois legislators should focus on making the state a more attractive place for businesses and residents by decreasing spending, lowering taxes, and reducing unnecessary regulations.

Instead of focusing only on the tax revenue side of the equation, lawmakers should focus on fixing the structural issues on the spending side. This is where the real problem lies and where the long-term fiscal health of the state can be shored up.