



HR0344

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HOUSE RESOLUTION

2           WHEREAS, We, the members of the Illinois House of  
3 Representatives, are bound by our constitutional oath to  
4 "provide for the health, safety and welfare of the people" of  
5 Illinois, and we recognize this can best be done by having the  
6 lowest possible tax burden and by maximizing the number and  
7 diversity of jobs and opportunities in Illinois, to make  
8 Illinois competitive, fiscally sound, and economically  
9 productive; and

10           WHEREAS, A free, stable, and growing economy, low tax  
11 rates, and low prices for Illinois consumers, leads to the  
12 creation of the maximum number of new Illinois jobs, whereas  
13 higher tax rates and higher prices of goods and services for  
14 Illinois consumers would actually destroy Illinois jobs; and

15           WHEREAS, There are essential public functions that are  
16 legitimately filled by government, which derives its just  
17 powers from the consent of the governed, including the power to  
18 tax the people of Illinois at the minimum rate necessary to  
19 fulfill these essential functions; and

20           WHEREAS, Whenever Illinois taxes are higher than the  
21 minimum needed to carry out essential public functions, that  
22 government is moving away from the health, safety, and welfare

1 of the people of Illinois, no matter what the motivations are  
2 of the people that raise these taxes; and

3 WHEREAS, A proposed Gross Receipts Tax may soon be imposed  
4 upon all Illinois goods and services sold by the private sector  
5 within Illinois at a rate of up to 1.95%; and

6 WHEREAS, The proposed tax would be imposed upon all  
7 businesses regardless of whether they make a profit, and would  
8 fall most harshly upon start-ups, struggling firms, and small  
9 businesses; and

10 WHEREAS, This proposal is poor tax policy, criticized by  
11 economists and economic development experts across the nation  
12 as exactly the direction Illinois should not go if we hope to  
13 enjoy a growing economy; and

14 WHEREAS, This proposed Illinois Gross Receipts Tax, the  
15 highest gross receipts tax rate in the nation, would be imposed  
16 repeatedly upon the entire value of an Illinois good or service  
17 each time it changes hands as it moves through the economic  
18 process; and

19 WHEREAS, An example of this "pyramiding effect" can be seen  
20 in agriculture, Illinois' primary industry, where the seeds,  
21 the fertilizers, the farm chemicals, the machinery, and the

1 elevator services used by an Illinois grain farmer are all  
2 scheduled to be taxed, and the full burden of all of these  
3 taxes would be borne by the farmer; and

4 WHEREAS, Inputs used by many other Illinois industries and  
5 professionals would also be taxed repeatedly under the "pyramid  
6 effect"; and

7 WHEREAS, Much of the cost of this new tax, if it is  
8 enacted, will be indirectly passed on to consumers of Illinois  
9 goods and services, thereby creating a significant increase in  
10 these costs and giving Illinoisans an incentive to buy  
11 elsewhere, thereby destroying more Illinois jobs; and

12 WHEREAS, The better-trained a worker is, and the more  
13 specialized the work that he or she does, the harsher the tax  
14 would be upon his or her workplace; and

15 WHEREAS, The proposed Illinois Gross Receipts Tax is  
16 precisely what a tax ought not to be in the modern economy,  
17 and, if implemented, it would have a destructive effect upon  
18 Illinois by repeatedly taxing specialized work and services;  
19 and

20 WHEREAS, Only five U.S. states currently have a gross  
21 receipts tax, and all of them levy this tax at a rate much

1 lower than 1.95%, which would be by far the highest GRT tax  
2 rate in the nation; and

3 WHEREAS, Three of these five states use their (much lower)  
4 gross receipts taxes to replace their income tax or their sales  
5 tax, rather than trying to implement a gross receipts tax on  
6 top of these two other taxes; and

7 WHEREAS, The neighboring and comparable State of Indiana  
8 repealed its Gross Receipts Tax in 2002 for many reasons  
9 including those described here; and

10 WHEREAS, House members and motivated local citizens have  
11 held hearings throughout Illinois on the proposed Gross  
12 Receipts Tax, and testimony and comments have been gathered  
13 from a diverse variety of workers, consumers, farmers, and  
14 small businesspeople, and the vast majority of these Illinois  
15 citizens have told Springfield that they fervently oppose the  
16 proposed new tax; therefore, be it

17 RESOLVED, BY THE HOUSE OF REPRESENTATIVES OF THE  
18 NINETY-FIFTH GENERAL ASSEMBLY OF THE STATE OF ILLINOIS, that we  
19 oppose the Gross Receipts Tax proposed by the Governor of  
20 Illinois; and be it further

21 RESOLVED, That a copy of this resolution be presented to

1 the Governor of Illinois.