

Resolutions

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Advocate for Passage of a Fair Tax in Illinois

Submitted by: Delegates Dan Montgomery and Michelle Paul, Illinois Federation of Teachers Council; and Mike Newman, AFSCME

WHEREAS, the Illinois Constitution requires a flat tax on income that is regressive and unfair. Under this flat tax, middle- and working-class families pay significantly more in taxes as a percent of their income than the wealthy. The top one percent of income earners pay just 7.4 percent of their income in state and local taxes while lower income earners pay 14.4 percent, more than any other state in the Midwest; and

WHEREAS, the Illinois requirement for a flat tax is an outlier. Thirty-three other states and the federal government all rely on a fair tax. Unlike the flat tax which requires all earners to pay the same rate regardless of their ability to pay, a fair tax would apply higher rates to those who earn more and lower rates to those who earn less; and

WHEREAS, the Illinois flat tax system results in a structural deficit that does not generate enough revenue to pay the bills, let alone invest in the future or save for a rainy day. This structural deficit is even more profound in times of economic downturn and the fiscal crisis caused by COVID-19. For example, the state experienced a \$2.4 billion drop in revenue at the end of Fiscal Year 2020 and has a projected \$7.2 billion budget deficit for fiscal year 2021; and

WHEREAS, the Illinois General Assembly has placed a proposed Constitutional Amendment before the voters in the November 2020 election that would allow for the enactment of a Fair Tax, and upon approval of the Constitutional Amendment, a new income tax rate structure has already been approved under which 97 percent of Illinois income taxpayers will receive a tax cut or pay no more than they do now, while income over a quarter-million dollars a year is taxed at a rate sufficient to raise more than \$3 billion in new revenue annually; and

WHEREAS, Illinois needs a Fair Tax to fund kindergarten through 12 schools through the Evidence-Based Model (EBM). Without additional revenue, the state will not have the money needed to fund the EBM and provide resources for students who need them most. Currently, 83.6 percent of school districts have fewer resources than needed to educate the students they serve; and

WHEREAS, Illinois needs a fair tax to fund higher education. For over 20 years, the state has failed to properly invest in public colleges and universities. State funding for public higher education is down 52 percent since the year 2000. Without additional revenue, public colleges and universities will have to raise tuition and fees adding to the problem of college affordability, drastically reduce programs, or cut faculty and staff, all of which hurt Illinois students; and

WHEREAS, local governmental units including school and community college districts, townships, municipalities and county governments will directly benefit from the revenues generated by a Fair Tax, which will relieve the pressure on property taxpayers; and

WHEREAS, revenue generated by the Fair Tax is critically necessary to restore the fiscal health of public employee pension funds and thereby prevent continued attacks on retirement security; and

WHEREAS, the opponents of the Fair Tax, including the Illinois Policy Institute and big Illinois corporations, have already raised millions of dollars and begun a disinformation campaign seeking to defeat the Fair Tax; therefore, be it

RESOLVED, the Illinois AFL-CIO wholeheartedly endorses the passage of the Fair Tax Constitutional Amendment in November 2020; and be it further

RESOLVED, the Illinois AFL-CIO will fully engage in the efforts to pass the amendment, especially in tandem with other unions and our allies, and will help educate affiliate unions, union leaders, activists, and members on the benefits of a fair tax; and be it further

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RESOLVED, the Illinois AFL-CIO will engage in robust voter education and voter turnout efforts to win support for the Fair Tax leading up to the November 3, 2020, election; and be it finally

RESOLVED, the Illinois AFL-CIO will encourage affiliates to mobilize their membership to engage in voter education and voter turnout efforts in support of a fair tax.