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Local News: Springfield

Jefferson prefers gov's tax proposal

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REGISTER STAR SPRINGFIELD BUREAU

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SPRINGFIELD — Breaking from his Republican colleagues, Rockford Rep. Chuck Jefferson said he may support Gov. Rod Blagojevich's plan to increase taxes on Illinois businesses.

Jefferson, the lone Democrat representing the Rock River Valley in Springfield, said he prefers the governor's proposed gross receipts tax to a competing plan for across-the-board tax increases. Both plans are designed to facilitate more state funding for K-12 education and other priorities.

Blagojevich wants to phase out the corporate income tax, replacing it with the gross receipts tax — a tax on businesses revenue. The governor says his plan would mean \$7.6 billion more annually for the state.

Separately, Blagojevich wants Illinois to raise an additional \$1 billion each year by taxing the payroll of companies not offering health care to employees.

It's going to affect small businesses a little bit less, Jefferson said of the gross receipts tax. When you get to a \$2 million plateau, you're obviously making a little bit more money than you were with the \$1 million plateau. People are a little more receptive than they were with the original proposal.

Blagojevich amended his original plan, exempting from the tax businesses with revenues of less than \$2 million annually. The original, announced in early March, exempted businesses with revenues of less than \$1 million.

Blagojevich said businesses — he called them fat cats — must start paying their fair share.






Business leaders argue the cost of the tax compounds because the tax is applied at each stage of production.

Bob Trojan, president of Rockford Linear Actuation Inc., said he was surprised to hear Jefferson is poised to support the governor's plan.

Perhaps (Jefferson) doesn't realize the negative-cost impact of this proposal on our local manufacturers, but as I learn more about it, (that) makes me even more against it, Trojan said by e-mail.

Republicans representing the Rock River Valley have resoundingly rejected the governor's tax plan.

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1 of the 52%ers wrote:

I am not a business owner, but I am a business person. This is a glaring example of how out of touch lifetime politicians are with reality. Blago's tax scheme is to tax all the money that businesses with over \$2M in annual sales HANDLE. The governor thinks that a business with over \$2M in annual sales is capable of paying a confiscatory tax. Never mind what sort of PROFIT the business actually made!! The reality is, some business is extremely competitive, and single digit profit margins are a way of existence, and taxing a business such as this would either drive them out of business or out of state. If this thing goes through, this will set the state of Illinois back decades. To those legislators who oppose the Gov's tax scheme, I say hold steadfast to your convictions, do not be swayed by any deal offers, and vote the right way.

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Several GOP lawmakers say they are intrigued by the property tax relief component of the competing tax plan, House Bill 750.

HB 750 would raise \$9 billion annually by raising personal and corporate income taxes and expand the sales tax to cover services as well as goods, proponents say. The plan promises \$3.6 billion in tax relief, including \$2.7 billion for property tax payers.


Blagojevichs plan includes \$1 billion in property tax relief.


Lawmakers will continue debate when they return to the Capitol this week after two weeks of spring break.

The gross revenue tax is invasive, said Rep. Jim Sacia, a Pecatonica Republican who owns a farm equipment company. I cant think of enough negative adjectives to describe how horrible this tax would be. I would be among the businesses that would move out of state. I absolutely would.

Jefferson said his warm view of the gross receipts tax did not result from any deal with the governor. Asked whether the governor promised to support one of his pet projects, perhaps with a \$50,000 state grant, Jefferson responded: Im not that easy.

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