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Springfield is battleground in fight over governor's tax plan

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SPRINGFIELD, Ill. — The battle over Gov. Rod Blagojevich's controversial plan to tax the gross receipts of Illinois businesses flared in the state capital Wednesday, as businesspeople from the Metro East area and around Illinois descended on Springfield to line up for and against the proposal.

Blagojevich has proposed shifting the way Illinois taxes larger businesses in the state, to impose a tax on all monetary transactions up front instead of using the current state income tax formula, which taxes profits.

Supporters say it would prevent companies from using loopholes to avoid taxes and would raise \$7.6 billion to help boost education funding and health care. Opponents say it would unfairly burden businesses and drive jobs from the state.

Two groups of business owners gathered in Springfield to lobby lawmakers on the issue Wednesday. Focusing on what the tax would buy, business owners from across the state spoke in favor of the tax increase at a statehouse news conference organized by the Campaign for Better Health Care, a health care advocacy group.

"If I get a better-educated employee, if I get better health care, to increase my productivity, to reduce my down time, (and if) I can offer (employees) benefits and train them also, it's a win for me," said Edmond Brown, owner of ELB Enterprises, a janitorial services company in East St. Louis.

ELB Enterprises would currently fall within the small-business exemption in the governor's plan, which wouldn't impose the tax on businesses with less than \$2 million annually in gross receipts. But Brown said he expects his business to soon grow to the point that it would be covered by the tax.

A study released Tuesday by Kenneth Thorp, an Emory University economist, estimated that for every dollar the state spends on health care, \$2 will be saved, totaling more than \$15 billion over the next four years.

"Do you pay a dollar today to reduce that cost?" asked Brown. "As a business owner, as a person who looks at return on investment, I'd rather pay that dollar today than pay it on the back end tomorrow."

Focusing on what the tax would cost, members of the Edwardsville Chamber of Commerce gathered in Springfield to ask lawmakers to oppose the tax, calling it unfair and a dangerous damper on the state's business economy.

The state Chamber of Commerce and other business groups have maintained that the business tax would end up being passed on to consumers in the form of higher prices for goods and services, and that it is unfair because it taxes business revenue, not profit.

Paul Seibert, an administrator at The Governor French Academy, a college prep

school in Belleville, called it "the most unfair and the most unreasonable" tax proposal the state has seen.

"With my (profit) margin, I certainly can't absorb that (tax increase), and I have clientele that I would definitely lose if I had to increase (tuition) another 2 to 5 percent," Seibert said. "... We probably need more revenue in the state, but shouldn't it be based on your ability to pay, not on something that stands to put you out of business because you didn't make a profit in the process?"

Ann Tosovsky, owner of Home Nursery in Edwardsville, spoke at a rally against the gross receipts tax held by the Edwardsville Chamber of Commerce. She held up a \$10 plant, telling the crowd that she would have to sell 100,000 more plants like that just to break even under the gross receipts tax.

"This spring, we had horrible weather: If we don't make a profit, we can't stay in business," Tosovsky said. "The profits we do make, we normally reinvest in more inventory, more ground. We constantly try to grow our business, and if you don't have profits, you can't do that."

Blagojevich and top lawmakers will continue to negotiate on the issue over the next two months.

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