

# AFSCME backs tax on gross receipts

## Union: Support not tied to scrapping of prison plan

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*Published Wednesday, April 11, 2007*

Despite years of contentious differences with Gov. Rod Blagojevich over job cuts, the largest state employees' union Tuesday endorsed his plan to impose a new tax on most business transactions.

The endorsement by Council 31 of the American Federation of State, County and Municipal Employees came four days after the Blagojevich administration dropped its proposal to replace nearly 200 front-line prison workers with middle-management positions.

Council 31 executive director Henry Bayer denied there was any quid pro quo, noting that the union has argued for years that the state needs a tax hike of some kind to generate more money to hire additional state workers.

"The GRT (gross-receipts tax) would increase revenues substantially, which would give sufficient money so the state could deliver vital services that citizens are demanding," Bayer said. "We think the chance of getting services restored is greater when there is a sufficient amount of revenue."

However, Blagojevich wants to use the more than \$7 billion he expects to raise from the gross-receipts tax to provide a huge increase in education funding and launch his program to give every Illinoisan access to health insurance. The governor also has touted cuts to what he refers to as a "bloated" state work force as one of his administration's crowning achievements.

"We're supporting the gross-receipts tax, not the budget," Bayer said.

With the tax, Bayer said, he can make a better argument that money should be spent on corrections officers, health-care workers and others who provide front-line services.

"Legislators have expressed to us in the past an understanding of the need for more staff," he said. "They've always said, 'Where is the money coming from?' This is the vehicle to generate revenue."

Blagojevich spokeswoman Rebecca Rausch said the administration is "excited and proud" to have AFSCME's endorsement for the GRT, which has been criticized by both Republicans and Democrats as anti-business and anti-consumer.

"AFSCME represents a large number of people. They understand the state needs new revenue, and this is the best way to get it," Rausch said.

She said Blagojevich had made no commitments to AFSCME about hiring new employees.

"I'm not aware of any part of this discussion that has anything to do with adding people to the payroll," Rausch said. "Our priorities are health care for all, properly funding education and funding our pension obligations. AFSCME may have different priorities."

Rausch also said it was a coincidence that the endorsement was announced just days after the administration dropped a plan to restructure positions in the Department of Corrections. That plan would have eliminated 200 union lieutenant, sergeant, leisure-activity specialist and supply-supervisor positions and replaced them with non-union majors and security chiefs. Bayer said the administration had notified the union Friday that it was abandoning the plan.

"We convinced them it would not save any money," Bayer said.

"We've been communicating with AFSCME since shortly after the (March 7) budget address," Rausch said. "It's not like anyone woke up on Friday and said, 'We are not going to do that.' We're reasonable. We heard their concerns."

In previous years, AFSCME has supported a plan to raise the income and sales taxes, with the money used to help education, provide property tax relief and fund other state services. The so-called "tax swap" is still being promoted this year as an alternative to Blagojevich's gross-receipts tax.

Bayer said the union still supports that plan, too, despite endorsing the GRT.

But with Senate President Emil Jones, D-Chicago, saying he will not allow a vote on the alternative, and Blagojevich saying he will veto an income tax increase, AFSCME decided to support the gross-receipts tax, Bayer said.

"As it now appears, in the Senate at least, they are going to be voting on the GRT," Bayer said. "That's what we want people to vote for."

Sen. Larry Bomke, R-Springfield, arguably has more AFSCME members in his district than any other lawmaker. He said AFSCME's endorsement of the tax will not change his vote.

"I can't see a way that I could support that tax in its current form," Bomke said, adding that Blagojevich has not talked about using any extra revenue to restore state services.

Meanwhile, the governor fell short of getting a firm endorsement from Chicago Mayor Richard Daley, who has advocated the "tax swap" to adequately fund education. Daley said he likes the administration's GRT plan but indicated that lawmakers may end up blending elements of competing proposals.

Blagojevich has vowed not to support the kind of general tax increase central to a tax swap, which would trade a sales- or income-tax hike for relief in school-related property taxes.

"There's a lot of proposals down there, and I think it's going to be a combination of things," Daley said at a Tuesday news conference with suburban mayors. "Everybody believes they're right, everybody's very emotional, very passionate about this issue, and there has to be a compromise."

Daley and other members of the Metropolitan Mayors Caucus shied away from endorsing a specific school-finance plan but said they may weigh in soon.

Instead, the group recommended ways to make local school districts financially accountable if the General Assembly approves a long-term funding stream for public education. A new arm of the State Board of Education would monitor compliance.

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