



A stronger Illinois begins at home

Housing Action Illinois Fair Tax Webinar

February 1, 2018

About Housing Action Illinois

For 30 years, Housing Action Illinois has been spearheading the movement for affordable housing in Illinois.

Our mission is to increase and preserve the supply of decent, affordable, accessible housing in Illinois for low- and moderate-income households.

Our membership principally consists of nonprofit homeless service providers, housing counseling agencies, nonprofit housing developers and other community-based organizations that often provide a means for less-advantaged people in communities to have their voices heard.



Why We Care About the State Budget

- The state budget funds programs that create affordable housing (such as the Illinois Affordable Housing Trust Fund and the Rental Housing Support Program) and end homelessness (such as the Emergency and Transitional Housing Program and the Homeless Prevention Program).
- These programs have been historically underfunded. Because Illinois increased revenue in July 2017, at the end of the two year state budget impasse, the worst proposed cuts were avoided. However, many programs are funded at levels that are lower than they were several years ago or have not received any funding increases to account for inflation.

Public Funding is Needed to Address Lack of Affordable Housing

ILLINOIS

In **Illinois**, the Fair Market Rent (FMR) for a two-bedroom apartment is **\$1,085**. In order to afford this level of rent and utilities — without paying more than 30% of income on housing — a household must earn **\$3,617** monthly or **\$43,406** annually. Assuming a 40-hour work week, 52 weeks per year, this level of income translates into an hourly Housing Wage of:

\$20.87
PER HOUR
STATE HOUSING
WAGE

OUT of
REACH 2017
THE HIGH COST OF HOUSING



FACTS ABOUT ILLINOIS:

STATE FACTS	
Minimum Wage	\$8.25
Average Renter Wage	\$16.32
2-Bedroom Housing Wage	\$20.87
Number of Renter Households	1,608,683
Percent Renters	34%

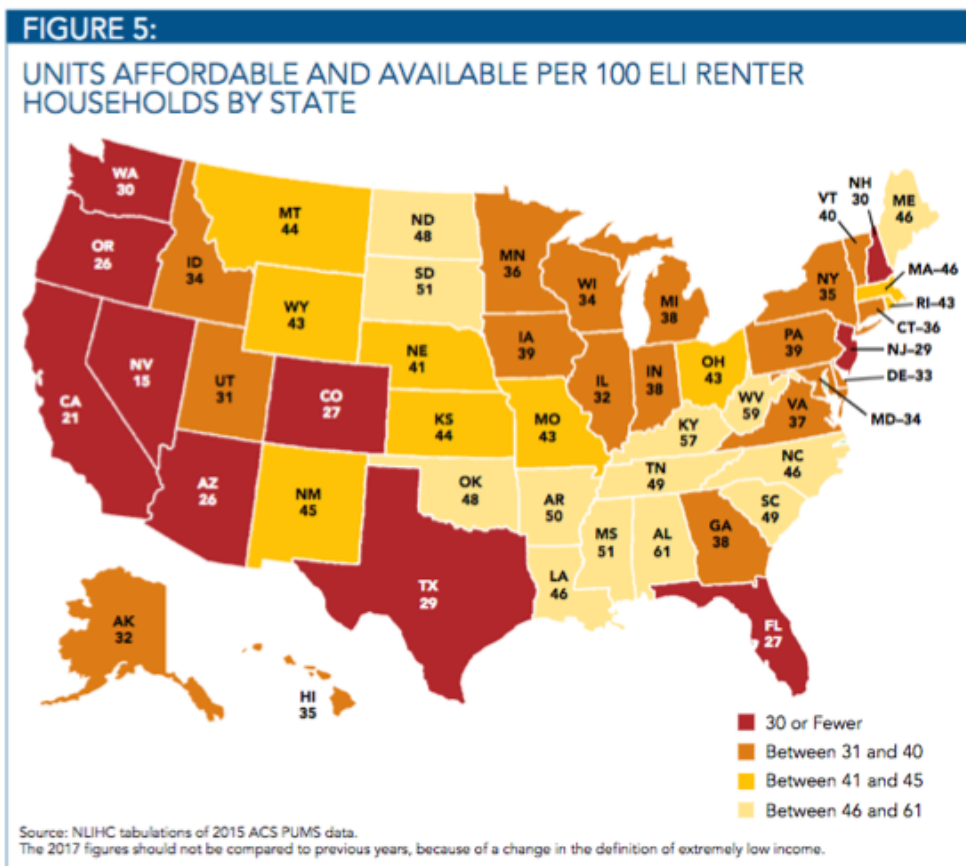
101 Work Hours Per Week At Minimum Wage To Afford a 2-Bedroom Rental Home (at FMR)	85 Work Hours Per Week At Minimum Wage To Afford a 1-Bedroom Rental Home (at FMR)
2.5 Number of Full-Time Jobs At Minimum Wage To Afford a 2-Bedroom Rental Home (at FMR)	2.1 Number of Full-Time Jobs At Minimum Wage To Afford a 1-Bedroom Rental Home (at FMR)

MOST EXPENSIVE AREAS	HOUSING WAGE
Chicago-Joliet-Naperville HMFA *	\$23.69
Kendall County	\$21.15
Grundy County	\$19.92
DeKalb County	\$17.65
Kankakee County	\$17.29

* Ranked from Highest to Lowest 2-Bedroom Housing Wage



Public Funding is Needed to Address Lack of Affordable Housing



In Illinois, there is a **shortage of 324,178** homes that are affordable and available for extremely low income renters.

THE GAP A Shortage of Affordable Homes
MARCH 2017





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A stronger Illinois begins at home

Responsible Budget Coalition

responsiblebudget.org

Membership
Strategy
Webinar

Goals of Today's Call

- Provide an overview of the campaign and a timeline of actions
- Walk members through a power point presentation to educate and mobilize their own constituencies.

Our Campaign's Goal

- Pass a Joint Resolution for a Constitutional Amendment calling for a Fair Tax through both chambers of the Illinois General Assembly by May 9, 2018.
 - This requires 3/5th vote in both chambers – 36 votes in the Senate, 71 votes in the House. The House is the key battleground.
 - A separate bill will be introduced setting rates for the Fair Tax if the constitution is amended.

Our Champions

Senator Don Harmon



Senate Sponsor
Constitutional
Amendment

Representative Christian Mitchell



House Sponsor
Constitutional
Amendment

Senator Toi Hutchinson



Senate Sponsor
Rates Bill

Representative Lou Lang



House Sponsor
Rates Bill

Outline of the Bill

- Introduce bill after primary (March 20)
- Raise at least \$2 billion in new revenue
- Tax cut for 90% of Illinois tax payers (any individual making less than \$100,000 or couple making less than \$200,000)
- Top rate for millionaires under 10%
 - Minnesota has a top rate of 9.85% beginning at \$156,000 for individuals or \$261,000 for couples

Campaign Timeline

There are 2 Major Phases of the Legislative Campaign

1. Today – March 20th (Primary Elections) – build out our roll call, educate our communities, raise the profile and need for a Fair Tax
1. March 21st-May 9th – High intensity campaign to move final legislators to vote in favor of the amendment

Phase 1 Goals: In-District Meetings with Your Elected Officials

- Tell them why a Fair Tax matters for your district
- Share why it matters to you
- Bring stories of the need for more revenue and middle class tax relief
- Make a clear ask: “Will you vote in favor of placing a constitutional amendment for a Fair Tax on the ballot in November 2018?”
- Who will commit to making a meeting happen?

Phase 1 Goals: Local Organizing

Local Chapters Meetings:

- Champaign Chapter – Tuesday, January 30th, 1:00-2:00pm, AFSCME, 1403 East Washington, Urbana, contact jessehoyt@healthyillinoiscampaign.org
- Peoria Chapter – Monday, February 5th, 5:00-6:00pm, contact Chama St Louis at chama@thegrassrootscollaborative.org
- Metro East Chapter – Monday, February 5th 6:00-7:30pm, Impact Center for Independent Living, 2735 E Broadway, Alton, IL
- Southern IL Chapter – Monday, February 5th 6:30-8:00pm, Carbondale Unitarian Fellowship, 105 N Parrish Lane, Carbondale, IL
- Springfield Chapter – Thursday, February 8th, 3:00-4:30pm, Illinois Network of Centers for Independent Living, 1 West Old State Capitol, Springfield. Contact Shelly Heideman at heideman@casscomm.com
- Kane/DeKalb Chapter – TBD

Phase 1 Goals - Local Public Actions



Phase 1 Goals – The People's Budget

Register Now!

<http://povertylaw.org/peoplesaddress>

Join the Responsible Budget Coalition for the
People's Budget Address

February 14 Springfield, Illinois

Let's tell Governor Rauner and the
Illinois legislature that we want a
real budget and a fair tax system!

Responsible
Budget
Coalition

Register now at
povertylaw.org/peoplesaddress

Phase 2 Goals – Introduce Legislation

March 27th at 11:00 AM (time is tentative)

- Rally for a Fair Tax
- Re-take the public narrative after the primaries
- Bring bi-partisan champions together to launch the final push
- Lay out the legislation

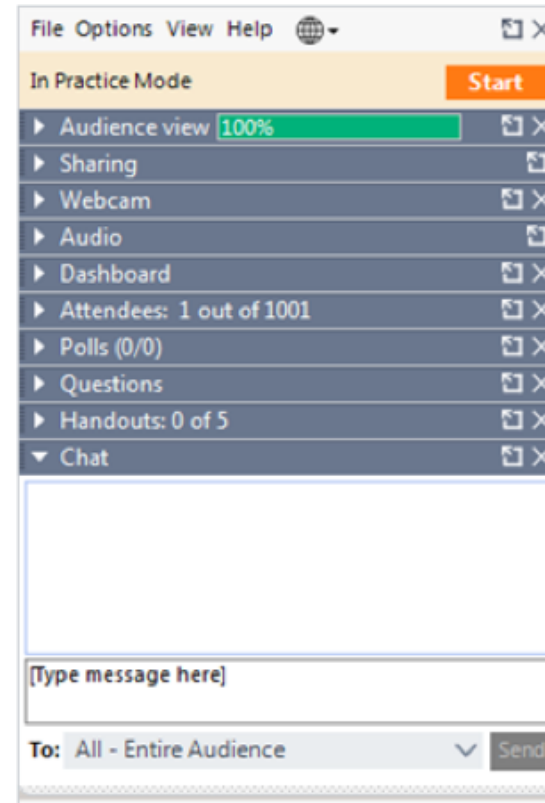
Phase 2 Goals – High Intensity Campaign

We need local groups to raise the pressure on their Reps

- Door knocking programs
- Public Accountability Sessions
- Attend Their Townhalls and Events
- (The General Assembly will be on recess March 21-April 8)
- Plan another trip to Springfield between April 9 and May 9

Questions?

Feel free to type your questions into the chat box on the right side of your screen.





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A Fair Tax for Illinois

www.responsiblebudget.org

The Responsible Budget Coalition

- Over 300 organizations
- Cross sector – human services, health care, higher education, pre-k – 12, labor unions, civic organizations, faith communities

RBC's work is guided by three core principles:

1. No more cuts to vital programs and services
2. Adequate revenue to repair damage done and make smart investments
3. Fairness in raising revenue

Before the Budget Impasse Illinois is Medium - Low Tax Overall

Midwest States	% of total income to local and state taxes	National Rank
Iowa	16.5%	14 th
Ohio	15.4%	21 st
Wisconsin	15.3%	22 nd
Michigan	15.2%	25 th
Illinois	15.1%	27 th
Indiana	14.7%	32 nd
Missouri	13.2%	48 th

Staying around 27th after SB9

Source: Federation of Tax Administrators. Includes all state and local taxes and fees.

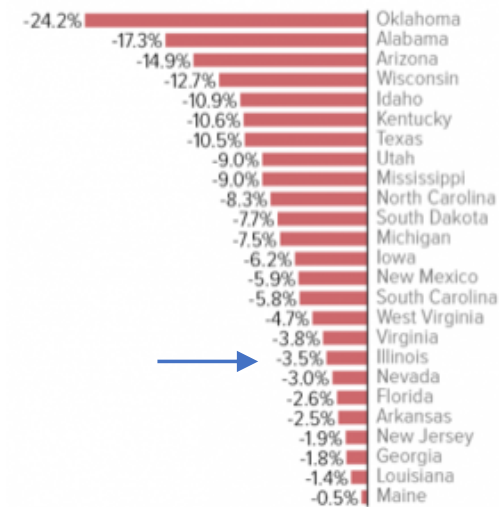
But, We Were Underinvesting in Our Communities

Consider that:

- 50th in the country in State Support for Public Education
- 50th in the country in full-time state workers per 1000 residents
- 37th in total state expenditures per capita

State General Funding Per Student Still Lower Than 2008 in 25 States

Percent change in state formula funding* per student, inflation-adjusted, fiscal years 2008-2016



*General or formula funding is the primary form of state K-12 funding. States also typically provide revenue for other, more specific purposes, such as bus transportation and contributions to school employee pension plans.

Note: California, Hawaii, Indiana, and Kansas are excluded because the data necessary to make a valid comparison are not available.

Source: CBPP budget analysis and National Center for Education Statistics enrollment estimates.

CENTER ON BUDGET AND POLICY PRIORITIES | CBPP.ORG

Where does the money go?

For every dollar a county sends to the state, how much does it get back?

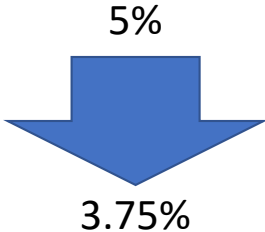
Appendix B: Ratios of Disbursements to Revenues by County



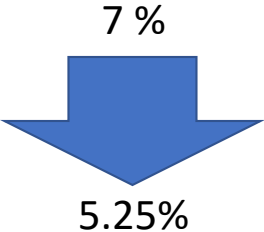
Note: See accompanying report for explanation and limitations on the data in this Appendix.

2014: Governor Rauner and the General Assembly Decide to Allow the Income Tax to Fall

Personal Income Tax Rate



Corporate Income Tax Rate



This created a \$5,000,000,000 budget deficit

The Last Tax Cut Benefited the Wealthy

Share of Tax Cut by Net Illinois Income—Illinois Residents Only

Net Illinois Income Group	Total Difference between 3.75% and 5% for Income Bracket	% of Tax Benefit	Average Cut	Average Net Illinois Income	Average Adjusted Gross Income	% of Tax Filers
\$0-\$25,000	(\$301,052,960)	8.1%	(\$106.89)	\$8,550.90	\$18,964.43	50.4%
\$25,001-\$35,000	(\$189,646,232)	5.1%	(\$372.32)	\$29,785.39	\$39,082.14	9.1%
\$35,001-\$50,000	(\$300,654,609)	8.1%	(\$526.45)	\$42,115.75	\$51,775.10	10.2%
\$50,001-\$75,000	(\$492,169,307)	13.2%	(\$768.78)	\$61,502.31	\$71,740.42	11.5%
\$75,001-\$100,000	(\$418,908,679)	11.2%	(\$1,080.17)	\$86,413.26	\$97,258.15	6.9%
\$100,001-\$200,000	(\$809,279,182)	21.7%	(\$1,677.04)	\$134,162.76	\$146,324.98	8.6%
\$200,001-\$1,000,000	(\$717,656,313)	19.2%	(\$4,371.34)	\$349,706.85	\$365,598.00	2.9%
\$1,000,001 or Greater	(\$503,206,395)	13.5%	(\$36,797.54)	\$2,943,802.83	\$2,976,255.53	0.2%
Total	(\$3,732,573,676)	100.0%	(\$668.28)	\$53,462.03	\$64,072.49	100.0%

13%

Bottom 60%

54%

Top 11%

Source: CTBA analysis of the Illinois Department of Revenue's Personal Income Tax data for tax year 2011. Numbers do not add up due to rounding.

Budget Impasse

- Illinois goes more than 2 years without a budget – longest in U. S. history.
- Backlog of unpaid bills reaches \$16 billion
- Road construction projects stopped
- State downgraded to near junk status – the lowest state rating in U.S. history.
- People are denied essential services, while providers go over a year without receiving payments.

Damage Done:

The Impact of the Illinois Budget Stalemate on Women and Children



High-Impact Higher Education

*Understanding the Costs of the
Recent Budget Impasse in Illinois*

Finally, a Budget – July, 2017

Raises c. \$5 billion

- Restores the Individual Income Tax Rate from 3.75% to 4.95%
- Restores the Corporate Income Tax Rate from 5.25% to 7%

Some progressive elements:

- Prohibits a taxpayer with an adjusted gross income of more than \$250,000 (or \$500,000 for spouses filing a joint federal return) from claiming: Standard Exemption, Property Tax Credit, Education Expense Credit.
- Increases the state's Earned Income Tax Credit from 10% of the federal EITC to 14% in tax year 2017 and then to 18 percent in tax year 2018.
- Increases the maximum Education Expense Credit amount from \$500 to \$750.
- Creates a new tax credit of up to \$250 for teachers who use personal income on instructional materials and supplies
- Closes 3 corporate loop holes.

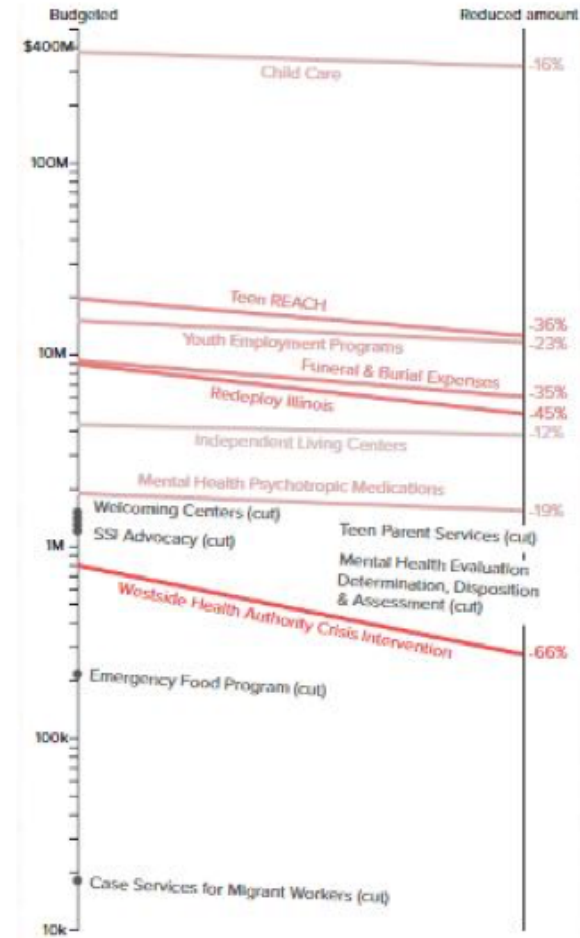
Illinois is Still Drowning in Red Ink

- Over \$3 billion in cuts
 - \$1.4 cut by creating a Tier III pension (no savings will be realized this year)
 - 10% cut to Higher Education
 - 10% cut to transfers to local government distributive fund and public transit funds
 - Additional Human Service lines zeroed out
- Authorized \$6 billion in bonding
- Authorized nearly \$1.5 billion in special fund transfers (must be paid back within 24 months)

More Cuts

October, 2017-
 Governor Rauner issued a \$89 million budget reduction across 36 social service programs.

- Teen Reach: -36%
- Youth Employment Programs: -23%
- Independent Living Centers: -12%
- Westside Health Authority Crisis Intervention: -66%



Note: Only programs with cuts greater than 10 percent are shown.
Data: Budgeted: FY18 budget approved by Illinois General Assembly; Reduced amount: Illinois Governor's Office
Credit: Patrick Judge | BGA

It's Even Worse than it Seems

Category	FY2000 (Nominal)	FY2018 Projected Net Appropriated Expenditures	FY2000 (Adjusted for Inflation and Population)	\$ Difference	% Difference
Healthcare (including Medicaid)	\$5.04 B	\$7.18 B	\$8.34 B	-\$1.16 B	-13.9%
PreK-12 Education*	\$4.84 B	\$7.79 B	\$8.01 B	-\$220 M	-2.7%
Higher Education	\$2.15 B	\$1.74 B	\$3.56 B	-\$1.82 B	-51.1%
Human Services	\$4.66 B	\$5.61 B	\$7.71 B	-\$2.10 B	-27.2%
Public Safety	\$1.39 B	\$1.90 B	\$2.30 B	-\$400 M	-17.4%
Other	\$1.64 B	\$1.05 B	\$2.71 B	-\$1.66 B	-61.0%

Note: K-12 education and human services have artificially high approps due to shift of pre-existing special funds to General Fund. Also note that Group Health is excluded .

Where Do We Go from Here?

- A Fair Tax for Illinois
- Higher incomes pay higher rates, and lower incomes pay lower rates

The Facts



- Illinois is 1 of only 4 states that mandates a flat tax in its constitution.
- 33 states, D.C. and the Federal Government use a Fair Tax structure
- Nearly all income growth over the past decades has been among the top 10% of earners – a flat tax fails to capture this growth
- States with a fair tax on average grow their economies as fast or faster as states that do not.
- A graduated income tax rate structure helps create a fair tax system by placing a greater tax burden on affluent families than on low and middle income families, when tax burden is measured as a percentage of income. (CTBA)

The Flat Tax is Unfair

Shares of family income for non-elderly taxpayers



It Just Makes Sense

Amending the Illinois Constitution to allow a Fair Tax would result in a **TAX CUT for 80-90% of Illinoisans** and **RAISE an additional \$1-\$3 Billion** to repair the damage done by the budget impasse and make smart investments in building thriving communities across our state.

The Process

Step One

Pass a Joint Resolution for a Constitutional Amendment through both the Illinois House and Senate by May 10, 2018.

The resolution requires 3/5 vote.

There is no veto.

Step Two

The question is placed on the ballot for the 2018 general election.

If we vote in favor, the constitution is amended.

*Separate legislation would set the specific rate structure. It would only require a simple majority of votes.

Two Approaches to Tax Policy...

- **Kansas**

- Cut top personal income tax rate from 6% to 4.5% in 2012
- Projected to reduce revenue by \$920 million in FY2017
- Income tax as share of state revenue fell from 50% to 40%
- Kansas's bond rating fell.
- Had to issue cuts to education and infrastructure.
- This year the Republican Legislature overrode the Governor to restore taxes.

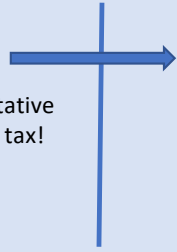
- **Minnesota**

- Raised income taxes in 2013
- Created the third-highest top marginal personal income tax rate (9.85%)
- \$1.4 billion budget surplus for FY2018-19
- Fastest growing economy in the Midwest
- Unemployment continues to fall, median household incomes increasing.

Next Steps

STEP 1

Contact your State Senator and State Representative to express your support for a fair tax!



STEP 2

Attend the next town hall meeting/cluster gathering.

STEP 3

SPRING 2018

Legislators vote to put the Fair Tax on the ballot as a Constitutional Amendment. **February 14th People's Budget Address Action in Springfield**

STEP 4

NOV. 6, 2018

YOU vote for Illinois to adopt a Fair Tax Structure.





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