



**ILLINOIS CHAMBER
OF COMMERCE**

NEWS RELEASE

For Immediate Release
March 21, 2007

For Further Information:
Doug Whitley or Deb McCarver
217-522-5512

CAPITAL CITY OFFICE
215 E Adams St
Springfield IL 62701
217 522 5512

CHICAGO OFFICE
311 S Wacker Dr, Suite 1500
Chicago IL 60606
312 983 7100

**Study: Illinois Businesses Already Pay
Half of State Tax Burden**

Illinois Businesses Tax Burden 49.8 % -- higher than all surrounding states, according to Ernst & Young Study

Blagojevich Tax Increase Plan raises business tax burden to 55%

SPRINGFIELD, IL -- Illinois businesses already pay about half the state's overall tax burden – a figure that is already higher than every surrounding state, according to a study performed by Ernst & Young released today.

According to the study, Illinois businesses pay 49.8% of the taxes collected by state and local governments.

In addition, under Gov. Blagojevich's plan to impose a new gross receipts tax and payroll tax, the share of taxes paid by Illinois businesses would increase to 55%.

“Contrary to Gov. Blagojevich's public rhetoric, this study demonstrates Illinois businesses that create jobs and employ Illinois workers pay more than their fair share of taxes to state and local government,” said Doug Whitley, President and CEO of the Illinois Chamber of Commerce.

“Governor Blagojevich is intentionally misleading the public about his tax increase plan and that is no way for a Governor to communicate on a public policy issue.

“If Governor Blagojevich's massive tax increase proposal is enacted, Illinois' business tax burden would be so high, employers would be forced to reevaluate their relationship with the State of Illinois.”

Gov. Blagojevich is attacking businesses and job creators by continually saying they need to pay their “fair share.” But in reality, Illinois businesses already pay half of the state and local tax burden in Illinois. Businesses pay more of the tax burden here than businesses do in any surrounding state. If Gov. Blagojevich's gross receipts tax and payroll tax plans are enacted,

more –

the tax burden paid by Illinois businesses would increase to 55 percent – nearly 40 percent higher than what businesses pay in Wisconsin.

“We strongly object to the Governor’s mischaracterization of businesses and in this state. Despite the Governor’s rhetorical assault, as this report shows, businesses in Illinois pay their taxes. In fact, businesses paid more than \$29 billion in taxes last year,” Whitley said.

“This study gives legislators concrete data about the tax burden on businesses in our state and we hope that they take it into serious consideration as they evaluate legislation that could have a detrimental impact on business this session,” said Joan Parker, director of government affairs for the Chicagoland Chamber of Commerce. “In Cook County, where the 7 percent assessment cap has shifted the already high property tax burden even further onto business over the past three years, the effect is especially devastating. This data is one more example of why that flawed law should not be renewed.”

Earlier this week, the Washington DC-based National Tax Foundation issued an analysis that said Blagojevich’s tax increase proposal would be the largest state tax increase from any state in the last decade. (TaxFoundation.org)

The Ernst & Young report takes into account all taxes paid by businesses, including property taxes on business property, state unemployment and workers’ compensation insurance taxes, sales, use and excise taxes paid by businesses (not consumers) on business purchases, corporate income and personal property replacement taxes, existing gross receipts taxes already applied to utilities, insurance companies and riverboat gambling and corporate and business license, franchise and other taxes.

Gov. Blagojevich has continued to focus on corporate income taxes in his public rhetoric, but even his own Administration spokespeople acknowledge there is more to business taxes than one single tax. Businesses pay many other taxes that help form the overall tax burden and businesses attitude toward investment and jobs. Blagojevich spokesperson Becky Carroll admitted: “What businesses look at is not one tax, but all taxes.” (State Journal Register, March 12, 2007)

The study was performed by Ernst & Young at the request of the Illinois Chamber of Commerce, the Illinois Business Roundtable and the Chicagoland Chamber of Commerce.

“The employers’ tax burden in Illinois is already high and we think the Governor should demonstrate more concern about the cost of doing business in our state,” Whitley said.

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The Illinois Chamber of Commerce promotes the interests of Illinois business by working to improve the state’s business climate. The Illinois Chamber aggressively advocates legislation and public policies that support economic growth, and is a source of timely and reliable information on matters important to its members, Illinois employers and the general public. The Illinois Chamber also provides effective programs and services to its 3,500+ members to meet their business needs, including immediate answers to legal and human resources concerns and access to training and consulting services.