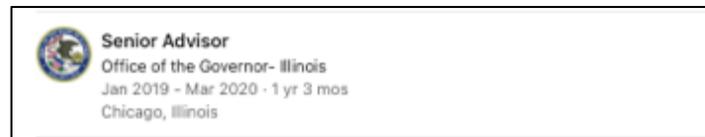


Nikki Budzinski's office pushed a plan that would have resulted in Illinois having one of the highest income taxes in the nation and still allow politicians to raise taxes even higher.

While Nikki Budzinski was serving as a Senior Advisor in the Office of the Governor, JB Pritzker advocated for a constitutional amendment to change Illinois' tax system:

- From January 2019 to March 2020, Nikki Budzinski served as a Senior Advisor of the Office of the Governor of Illinois. (Nikki Budzinski, [LinkedIn](#), Accessed: 1/19/2022)



(Nikki Budzinski, [LinkedIn](#), Accessed: 1/19/2022)

- Governor JB Pritzker advocated for “a constitutional amendment to permit a graduated-rate income tax” and proposed “a new rate and bracket structure.” New Illinois Gov. J.B. Pritzker (D) has proposed sweeping changes to Illinois’ tax code, advocating a constitutional amendment to permit a graduated-rate income tax and proposing a new rate and bracket structure.” (Jared Walczak, “Twelve Things to Know About the ‘Fair Tax for Illinois,’” [Tax Foundation](#), 3/11/2019)
 - “A provision in the state constitution which prohibits a graduated-rate income tax has long been a source of controversy. In a state where taxes tend to be high, it has also been crucial to keeping one tax (the individual income tax) highly competitive, because there are practical and political limits on just how high a rate can go when it is applied uniformly.” (Jared Walczak, “Twelve Things to Know About the ‘Fair Tax for Illinois,’” [Tax Foundation](#), 3/11/2019)

The proposal would give Illinois some of country's highest income taxes without preventing the legislature from enacting further tax increases in the future:

- Pritzker's proposal “would give Illinois some of country's highest income taxes.” “The constitutional amendment Gov. Pritzker is championing would change all that, and under the rates and brackets he has proposed, would give Illinois some of country's highest income taxes (individual and corporate), particularly on businesses. That's of particular concern in a state that has struggled to stem the tide of business departures, as the governor noted in remarks this week, but it's only one of many issues raised by the proposal.” (Jared Walczak, “Twelve Things to Know About the ‘Fair Tax for Illinois,’” [Tax Foundation](#), 3/11/2019)
- The proposal would raise rates for some Illinoisans, going from a 4.95 percent flat individual income tax to a six-rate tax ranging from 4.75 to 7.95 percent based on total – not marginal – income. “Under Gov. Pritzker's proposal, however, the current 4.95 percent flat individual income tax would be transformed into a six-rate tax, with rates ranging from 4.75 to 7.95 percent. A recapture provision means that filers with income in the top bracket will have their entire income, not just their marginal income, subject to the top rate of 7.95 percent. Meanwhile, the base corporate rate would increase from 7 to 7.95 percent (10.45 percent counting the personal property replacement tax), in a misguided—

and miscalculated—effort to match the new top rate on individual income.” (Jared Walczak, “Twelve Things to Know About the ‘Fair Tax for Illinois,’” [Tax Foundation](#), 3/11/2019)

- **Nothing in the proposal prevents the legislature from increasing taxes further.** “Pritzker’s rate proposal is just that—a proposal. If the legislature and voters grant approval for a graduated-rate income tax, nothing prevents the legislature from adopting higher taxes than those proposed now, or a future legislature from raising rates. Even under a single-rate tax, rates have risen twice in the past eight years (from 3 percent to the current 4.95 percent rate), and a graduated-rate income tax would make future rate increases much easier. The governor implicitly acknowledged this when he dismissed the alternative of a 5.95 percent flat tax. When most or all taxpayers share in a tax increase, there is substantial political pressure to balance revenue needs with tax competitiveness. The ability to single out select taxpayers for higher rates—which will also fall on many small businesses—would make future tax increases easier in a state where lawmakers have already demonstrated a willingness to countenance unusually high rates.” (Jared Walczak, “Twelve Things to Know About the ‘Fair Tax for Illinois,’” [Tax Foundation](#), 3/11/2019)

The proposal was ultimately rejected, with 55% of Illinoisians opposing the change:

- **The proposal to change Illinois’ income tax from a flat rate to a graduated tax was rejected.** “The proposal on every ballot in Illinois to change the state’s income tax from a flat rate to a graduated tax was rejected, the Associated Press projected early Wednesday, as the vote trailed by a 10-point margin and the committee pushing for its passage conceded defeat.” (Shelby Bremer, “Illinois’ Graduated Income Tax Proposal Rejected, AP Projects, as Pritzker-Backed Committee Concedes Defeat,” [NBC Chicago](#), 11/4/2020)
 - **“Votes against the proposal were leading 55% to 45%, more than 2.7 million votes against to more than 2.2 million votes in favor, with 98% of precincts reporting statewide, election results showed at around 8:45 a.m. early Wednesday.”** (Shelby Bremer, “Illinois’ Graduated Income Tax Proposal Rejected, AP Projects, as Pritzker-Backed Committee Concedes Defeat,” [NBC Chicago](#), 11/4/2020)

Opponents of the tax change determined that it would “make it easier for lawmakers to raise rates, with middle-class taxpayers eventually also getting taxes at high rates:”

- **Opponents of the tax change determined that it would “make it easier for lawmakers to raise rates, with middle-class taxpayers eventually also getting taxes at high rates.”** “Republicans and pro-business groups are fighting the proposal, which they contend will make it easier for lawmakers to raise rates, with middle-class taxpayers eventually also getting taxed at high rates.” (Verity Sturm, “Gov. J.B. Pritzker’s graduated-rate income tax: Here’s what you need to know,” [Chicago Tribune](#), 8/22/20)

The plan would result in “the typical middle-income family seeing a tax hike of up to \$3,500:”

- **The plan would result in “the typical middle-income family seeing a tax hike of up to \$3,500.”** “Illinois Gov. J.B. Pritzker has proposed a “fair tax” plan he claims would cut taxes for 97 percent of Illinoisans. But his proposed tax rates would raise only \$1.4 billion, less than half of the \$3.4 billion the governor has projected the tax hike would bring in, or the \$3.3 billion required to close the current structural deficit. And even Pritzker’s revenue

overestimate is far short of the \$14 billion to \$19 billion required to meet the governor's spending promises. If Pritzker is serious about his proposed spending, these initial tax rates would have to be increased across the board, with the typical middle-income family seeing a tax hike of up to \$3,500." (Adam Schuster, Orphe Divounguy, Bryce Hill, "Pritzker 'Fair Tax' Would Cost Typical Illinois Family \$3,500, Cost State Economy 286,000 Jobs," [Illinois Policy](#), 3/11/19)