

PROPOSED AMENDMENT TO THE ILLINOIS CONSTITUTION

That will be submitted to the voters
November 3, 2020



This pamphlet includes
EXPLANATION OF THE PROPOSED AMENDMENT;
ARGUMENTS IN FAVOR OF THE AMENDMENT;
ARGUMENTS AGAINST THE AMENDMENT;
FORM OF BALLOT

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Amendment Act (5 ILCS 20).

Jesse White • Secretary of State

At the General Election to be held on the 3rd day of November, 2020, you will be called upon to adopt or reject the following proposed amendment to the Illinois Constitution. As required by law, I provide you with the following information.

JESSE WHITE

Secretary of State

To the Electors of the State of Illinois:

The Illinois Constitution establishes a structure for government and laws. There are three ways to initiate change to the Illinois Constitution: (1) a constitutional convention may propose changes to any part; (2) the General Assembly may propose changes to any part; or (3) a petition initiative may propose amendments limited to structural and procedural subjects contained in the Legislative Article. The people of Illinois must approve any changes to the Constitution before they become effective. The purpose of this document is to inform you of proposed changes to the Illinois Constitution and provide you with a brief explanation and a summary of the arguments in favor of and in opposition to the proposed amendment.

Proposed changes in the existing constitutional amendment are indicated by underscoring all new matter and by crossing with a line all matter which is to be deleted.

**PROPOSED AMENDMENT
TO SECTION 3 OF ARTICLE IX
OF THE ILLINOIS CONSTITUTION**

ARTICLE IX – REVENUE

SECTION 3. LIMITATIONS ON INCOME TAXATION

(a) The General Assembly shall provide by law for the rate or rates of any tax on or measured by income imposed by the State. A tax on or measured by income shall be at a non-graduated rate. At any one time there may be no more than one such tax imposed by the State for State purposes on individuals and one such tax so imposed on corporations. In any such tax imposed upon corporations the highest rate shall not exceed the highest rate imposed on individuals by more than a ratio of 8 to 5.

(b) Laws imposing taxes on or measured by income may adopt by reference provisions of the laws and regulations of the United States, as they then exist or thereafter may be changed, for the purpose of arriving at the amount of income upon which the tax is imposed.

EXPLANATION

The proposed amendment grants the State authority to impose higher income tax rates on higher income levels, which is how the federal government and a majority of other states do it. The amendment would remove the portion of the Revenue Article of the Illinois Constitution that is sometimes referred to as the "flat tax," that requires all taxes on income to be at the same rate. The amendment does not itself change tax rates. It gives the State the ability to impose higher tax rates on those with higher income levels and lower tax rates on those with middle or lower income levels. You are asked to decide whether the proposed amendment should become a part of the Illinois Constitution.

ARGUMENTS IN FAVOR OF THE PROPOSED AMENDMENT

Illinois' current tax system unfairly benefits millionaires and billionaires and this amendment will set things right for middle-class and working people. Currently, it is unfair that billionaires pay the same tax rate as regular people.

Voting "yes" on the amendment means that the State will enact a new tax structure where only those making above \$250,000 a year will see their taxes go up.

This amendment is simply upgrading Illinois' old tax system to a graduated system which is how the federal government and the majority of other states do it.

This Amendment Would Make Illinois' Tax System Fair.

Approval of this amendment would enact a fair system that allows the state to tax wealthy people at higher rates and lower income people at lower rates, replacing Illinois' current unfair tax system, in which wealthy people pay the exact same tax rate as lower and middle income people.

Illinois' current tax system unfairly benefits millionaires and billionaires, and approval of this amendment will set things right for the middle class and working people.

This amendment will help small business owners by creating a stable economic environment for their businesses to thrive.

While others try to mislead you, under the current tax system in Illinois, policymakers already have the authority to set any tax rate and to change tax rates at their will. The current system forces policymakers to charge the same tax rate to everyone, regardless of how much money they make. If this amendment passes, the State will have the ability to tax higher income earners at a different rate. In fact, upon passage of this Amendment, a new tax structure will go into effect where 97% of taxpayers will pay the same or less, while only those making more than \$250,000 a year will see a tax increase.

This amendment does not tax retirement income.

The Federal Government and Most States Use the Graduated Tax System Proposed in this Amendment, Not the Unfair System Currently Used in Illinois.

Illinois is among a minority of states that do not utilize graduated tax rates because the Illinois Constitution requires a "flat tax" that penalizes middle-class and working people and benefits higher income individuals.

A majority of states and the federal government already use the kind of graduated income tax system proposed in this amendment to ensure that wealthy people pay their fair share of taxes.

Nearby states including Iowa, Minnesota, Missouri, Ohio, and Wisconsin are among the majority of states that have graduated tax systems.

Illinois' Current Income Tax System Relies on Taxes from Middle and Lower Income Earners, While a Graduated System Would Lower that Burden and Fund Critical Programs such as Education and Human Services.

While some states have fair tax rates in which the highest income earners pay the highest tax rate, Illinois' "flat tax" rate continues to rely unfairly on taxes from middle and lower income earners.

Under Illinois' "flat tax" structure, a nurse making \$50,000 per year pays the same tax rate as an executive making \$4 million per year. A graduated tax rate would have the executive pay more.

Because of the way our current tax system is set up, the bottom fifth of Illinois taxpayers (those making below \$21,800) contribute 14.4% of their income to state and local taxes, compared to 7.4% for the top 1 percent of Illinois taxpayers.

If this Amendment passes, the State has already enacted a new graduated tax structure where 97% of taxpayers will pay the same or less.

Under the new tax structure, only the top 3% of Illinois income earners would pay more in income taxes. Everyone who makes \$250,000 or less a year would pay the same or less.

Over 95% of small businesses earn \$250,000 or less a year in profits, and their owners will not see a tax increase under the new tax structure.

This change will generate additional revenue each year that can help address Illinois' budget deficit and fund critical programs, including the State's education system, public safety, and social services like mental health and substance abuse treatment and domestic violence shelters.

After the COVID-19 Pandemic, We Need to Do All We Can to Help the Economy and Middle-Class and Working People.

Working people and essential workers like nurses, first responders, and grocery store clerks should not pay the same tax rate as the wealthy. Nurses making \$50,000 a year should not pay the same tax rate as an executive making \$4,000,000 a year.

Having wealthy people pay more would reduce the burden on working families. This is money that middle and lower income people need for housing, groceries, medicine, and essentials.

When the wealthiest people pay more, middle and lower income earners can pay less while the State funds critical services that our essential workers rely on.

ARGUMENTS AGAINST THE PROPOSED AMENDMENT

1) The Amendment gives the Legislature power to increase taxes on any group of taxpayers with no limits and no accountability and without any requirement to use the additional revenue to fund essential needs such as healthcare, education, or public safety.

2) Taxes and spending are out of control. The Legislature should not be allowed to keep raising taxes until they get their spending under control.

3) In the wake of the COVID-19 pandemic, now is the worst possible time for a massive tax increase.

The Amendment gives the Legislature power to increase taxes on any group of taxpayers with no limits and no accountability and without any requirement to use the additional revenue to fund essential needs such as healthcare, education, or public safety.

The proposed amendment would give the Legislature unlimited new authority to increase income tax rates on any group of taxpayers at will, including low-income and middle-income families and small business owners. There would be no limit on the number of tax brackets that could be created and no limit on how high tax rates could be increased on individual taxpayers. In addition, this proposed change will pave the way for a tax on retirement income.

Nothing in the amendment requires the Legislature to do anything to control spending. Nor does it require funds to be spent on essential needs such as healthcare, education, or public safety. It would simply give the Legislature a blank check to spend billions of dollars however they want, with no accountability.

Taxes and spending are out of control. The Legislature should not be allowed to keep raising taxes until they get their spending under control.

Illinois already has some of the highest property taxes and sales taxes in the nation. And the Legislature has increased Illinois income tax rates twice in the past decade to try to deal with the out-of-control spending in Springfield.

Even before the COVID-19 pandemic, our state had a huge and growing multi-billion-dollar budget deficit, and the unfunded pension liability skyrocketed to over \$137 billion. That's because the Legislature has continued to increase state spending instead of eliminating government waste, corruption, and abuse.

Because they refuse to control spending or pass major reforms, the Legislature will just

continue to raise taxes on everyone in Illinois, and middle-class families will be their next target.

In the wake of the COVID-19 pandemic, now is the worst possible time for a massive tax increase.

The COVID-19 pandemic caused layoffs, unemployment, bankruptcies, and closures. As small businesses and local employers struggle to rebuild, this is the worst possible time to impose huge new tax increases. Even before the COVID-19 crisis, many residents and businesses were leaving the state because of the high tax burden. If the Amendment passes, it would be the last straw for thousands of small businesses, causing more jobs to leave the state, and making Illinois lose out on investments to rebuild our economy. This would mean fewer jobs and less opportunity for Illinois families.

FORM OF BALLOT

Proposed Amendment to the 1970 Illinois Constitution

The proposed amendment grants the State authority to impose higher income tax rates on higher income levels, which is how the federal government and a majority of other states do it. The amendment would remove the portion of the Revenue Article of the Illinois Constitution that is sometimes referred to as the "flat tax," that requires all taxes on income to be at the same rate. The amendment does not itself change tax rates. It gives the State the ability to impose higher tax rates on those with higher income levels and lower income tax rates on those with middle or lower income levels. You are asked to decide whether the proposed amendment should become a part of the Illinois Constitution.

YES	For the proposed amendment of Section 3 of Article IX of the Illinois Constitution.
NO	

Due to COVID-19, all 2020 General Election voters are encouraged to cast a ballot prior to Election Day, either by mail or during early voting. Voting by mail is an easy option for voters and you can request a vote by mail ballot through email, mail, or in person. An application is available from your local election authority or at: <https://elections.il.gov/electionoperations/VotingByMail.aspx>. To register to vote or check your registration status, visit: <https://ova.elections.il.gov>.

**CAPITOL BUILDING
SPRINGFIELD, ILLINOIS
OFFICE OF THE SECRETARY OF STATE**

I, Jesse White, Secretary of the State of Illinois, do hereby certify that the foregoing is a true copy of the Proposed Amendment, the Explanation of the Proposed Amendment, Arguments in Favor of the Amendment and Arguments Against the Amendment and a true copy of the Form of Ballot for this call as the regularly scheduled general election on Tuesday, November 3, 2020, as set forth in compliance with the Illinois Constitutional Amendment Act.



IN WITNESS WHEREOF, I hereunto set my hand and affix the Great Seal of the State of Illinois, Done in the City of Springfield, this first day of June, 2020.

Jesse White
Jesse White
Secretary of State

This voter information material is available in written format in English, Chinese, Hindi, Polish, Spanish, and Braille. It is also available in audio format in English. For more information, visit www.cyberdriveillinois.com or write the Secretary of State's office at 111 East Monroe Street, Springfield, IL 62756.

