

WARD ROOM

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[Pat Quinn](#)

How to Soak the Rich Without Soaking the Poor, Too



The two-point (or more) tax increase making its way through the state legislature has one thing to recommend it. Right now, the super-rich in [Illinois](#) -- Oprah Winfrey, the Ty Beanie Baby guy, anyone named Pritzker -- pay a lower proportion of their income than in any state that levies taxes.

In California, millionaires pay 10.55 percent. Our 3 percent rate is a giveaway to the wealthy compared to that. It's no wonder Rahm Emanuel wanted to be a full-time Illinois resident.

But if our income tax goes up to five percent, as [Gov. Pat Quinn](#) and [House Speaker Michael Madigan](#) seem to be plotting, we'll be soaking the poor. Only [Maine](#), Massachusetts and [Minnesota](#) have a higher tax rate for their lowest-income residents. And Maine and Minnesota allow a standard deduction. Illinois doesn't. That makes the bite even harder.

Illinois' constitution -- which was written at a convention attended by Madigan -- requires a flat income tax. But we can make a tax increase hurt less for the poor by raising the personal exemption, which is now only \$2,000.

When Barack Obama was in the state senate, he helped pass a bill to double the exemption. It was part of his effort to make Illinois's tax system less regressive. Any tax increase bill should double the exemption again, to \$4,000.

Right now, a family of four with \$40,000 in taxable income pays \$960 to the state. If the rate goes up to five percent, they'll be paying \$1600. Doubling the personal exemption would drop

that to \$1200. That savings pays for a lot of school clothes at Target.

Meanwhile, a family of four with \$400,000 in taxable income pays \$11,760. Even with an increase in the exemption, they'll be paying \$19,200.

[Voices for Illinois Children](#) has a plan that goes even farther: raise the exemption, double the Earned Income Tax credit, and create a state child tax credit. Under that proposal, a family earning \$62,000 would pay less than it does now.

As lieutenant governor, Quinn proposed an increase in the personal exemption and the Earned Income Tax Credit (the tax increase bill the senate passed in 2009 did both.)

"Taxes should be based on ability to pay," he wrote. "Instead, the Institute on Taxation and Economic Policy, a non-partisan Washington-based research group has ranked Illinois 'soak the middle class' tax code as one of the ten most unfair tax codes in the country."

If we raise the income tax without adequate protections for the poor, we may have the most unfair tax code in the nation.

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<http://www.nbcchicago.com/blogs/ward-room/illinois-income-tax-rich-poor-113010549.html>