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Americans for Tax Reform Denounces Proposal to Hike Taxes to Match Overspending

Against Candidate's Push for Tax Increases

WASHINGTON, D.C. – Today Americans for Tax Reform (ATR) condemned Illinois Comptroller and possible 2010 Governor Candidate Dan Hynes' plan for addressing the state's spending overage. Included in the plan is a proposal to implement an escalating income tax as well as numerous excise tax increases.

Key provisions of the proposal include introducing an escalating income tax, with the top rate taking 7% of income. The new rate is more than double the current income tax rate of 3%. Taxes on cigarettes would increase by \$1.00 per pack, and numerous other excise taxes would be introduced or raised.

“Instead of fiscally responsible policies that would make the state more efficient, control spending, and maximize long term growth, Hynes favors the old misguided approach of raising taxes on Illinois residents,” said Grover Norquist, president of Americans for Tax Reform. **“Raising taxes is never a good solution. If anything, new increase in funds encourages further spending. The problem is spending more than Illinois brings in. Nothing can solve this problem but spending reform. A deficit is symptomatic of mismanagement; you do not solve this problem by adding more money.”**

Hynes plan further states that new revenue from income tax increases would generate \$5.5 billion in revenue, and the tobacco tax would create \$360 million annually. Historically, revenue estimates from tax increases have been overvalued, with actual revenue falling short of the stated outcome. For cigarette taxes alone, this has been the case for states such as New Jersey, Maryland, and Pennsylvania.

“You do not help an economy in recession by taking more money out of it. Taxing the high earners hurts investment, and merely prolongs revenue problems. Tobacco taxes have a history of providing volatile at best returns, and in the long run typically create a net loss in revenue,” Norquist continued.

Americans for Tax Reform (ATR) is a non-partisan coalition of taxpayers and taxpayer groups who oppose all federal, state and local tax increases. For more information or to arrange an interview, please contact John Kartch at (202) 785-0266 or at jkartch@atr.org.

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