



## **Restaurant owner doesn't trust lawmakers with more money**

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A Springfield restaurant owner says the state should live within its means instead of proposing a progressive income tax.

Charlie Parker's Diner Owner/Operator Mike Murphy understands the state needs money but wants to ensure any tax increase goes to fix Illinois' mounting problems, not fund new programs.

"They're going to find new and creative ways to spend it that will not take care of our current situation and then they'll be asking for more money down the road," Murphy said.

Murphy said he doesn't trust lawmakers to do the right thing. Murphy also says there would be no incentive to grow in Illinois if the state's Constitution is changed to allow for progressive tax rates to be determined by law year to year.

"Well, it wouldn't excite me a whole lot as far as expanding, and things like that, if they're just going to take my money away from me," Murphy said.

Murphy has been in business since 1992. He employs 23 people in Springfield.

The Illinois Chamber of Commerce says a progressive income tax punishes success.

Northeastern Illinois Democratic state Sen. Don Harmon said that's just angry rhetoric. Harmon said the proposal, to tax income of up to \$100,000 at 3.5 percent, is a tax cut for most small businesses.

"If you're earning more than \$750,000 at the end of the year, putting it into your pocket, as the owner of a small business, perhaps you're not so small anymore," Harmon said.

Illinois Chamber of Commerce President and CEO Todd Maisch said that kind of thinking takes away the incentive for success and job creation.

“I think that is a terrible thing for the state of Illinois to do, to tax successful small businesses that create the vast majority of new jobs in our state and in the nation,” Maisch said.

The proposal would tax anyone making between \$500,000 and \$1 million a year at 8.75 percent, with income over \$1 million taxed at 9.75 percent. That includes businesses that file as individuals.

The tax is expected to generate \$1.9 billion in new revenue.

State lawmakers and constitutional officers should expect to wait a couple of months for their next paycheck.

The fiscal year began in July but the state still doesn’t have a budget. Comptroller Leslie Munger announced Sunday that she will start putting the paychecks for state elected officials, including her own, in line with all the other bills that are backlogged. It could be June before they get their next paycheck, she said.

Munger said she has the legal authority and necessary vouchers, but she does not have the money.

She said giving priority to the state’s \$1.3 million monthly payroll has pushed off payment of other bills.

“It means we cannot make a payment to a social service organization waiting for payment. It means we are slower in making payments to vendors who we can legally pay who provide services to the state,” Munger said.

Munger said the change isn’t meant to be punitive, it’s meant to be fair.

“And frankly if this action helps bring all sides together to focus on the most urgent and important task at hand, that of passing a balanced budget so that we can end this unnecessary and devastating hardship on our state, then that will be an added benefit,” Munger said.

Munger said state employees will continue to get paid on time.

The Illinois Commission on Government Forecasting and Accountability, or COGFA, says it’s time for a new public works program – and a new way to pay for it.

COGFA Executive Director Dan Long says a 2010 capital program is out of money, and a new plan should include a revenue stream to pay for future projects.

“Normally when they pass one of these capital plans you have some kind of increase, maybe in the license plate fees or things of that nature,” Long said.

Long said the new revenue would help pay for bond debt to fund projects.

Cato Institute economist Chris Edwards said governments should steer clear of selling bonds.

“Going into debt just pushes the cost onto future generations, and it’s completely unnecessary,” Edwards said. “Many states fund much of their capital improvements with current revenues.”

Edwards said states with high amounts of debt such as Illinois should cut other areas of the budget to pay for infrastructure improvements.

COGFA said Gov. Bruce Rauner's proposed fiscal year 2017 plan for construction projects would be funded by \$3.3 billion in state funds. Nearly \$1 billion would come from bond funds. Federal funds would cover only \$145 million, or 3 percent of the overall plan.

U.S. Congressman Bill Foster said the federal formula that distributes federal highway funding favors less-populated states. Foster said because Illinois is among the largest states, it gets back only \$85 per person for roads.

"If you're in a state like Wyoming you get about \$400 per person, per year, in federal highway funding. In Alaska they get \$600," Foster said.

Foster said he attempted to fix the formula in the recently passed federal highway bill, but his proposal was dropped by the U.S. Senate.