



## **Illinois tax hikes could kill small businesses, expert warns**

Brittany De Lea

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Point Bridge Capital founder Hal Lambert discusses the mass exodus from high-tax states to lower tax states.

As of Monday, Illinois drivers face a much higher fuel tax, which could spell bad news not only for drivers – but also for small businesses in the area.

The state doubled its gas tax to 38 cents per gallon, up from 19 cents per gallon – which had been the rate since 1990.

Monday's fuel tax increase brings the tax burden on residents up to one of the highest in the nation – behind the likes of California. The tax increase is expected to cost the average driver an additional \$100 over the next 12 months, according to the Illinois Policy Institute.

“This hike will not be appreciated by Illinois drivers,” Chris Edwards, director of tax policy studies at the Cato Institute and editor of [www.DownsizingGovernment.org](http://www.DownsizingGovernment.org), told FOX Business. “Illinois drivers already pay 55 cents a gallon in federal and state gas taxes.”

Illinois is one of several high-tax states experiencing an outflow of residents after state and local tax deductions were capped at \$10,000.

Illinois' population declined for the fifth row in a year in 2018, according to the U.S. Census Bureau. More than 114,150 people moved out of the state.

But the new gas tax – in addition to tax hikes on other items like cigarettes – could spell trouble for some of the state's small businesses, which are already fighting for their lives.

Bill Fleischli, executive vice president of the Illinois Petroleum Marketers Association/Illinois Association of Convenience Stores, said in a statement to FOX Business that the taxes “have put the Independent Illinois Petroleum Marketer on the endangered species list.”

“Our customers will cross borders, and when they do, they not only purchase fuel, but other ancillary items, costing state tax dollars and company profits,” Fleischli said in a statement. “There will be a 6 percent to 10 percent loss of motor fuel volume over 2 to 3 years, and a 7 percent to 10 percent loss of inside sales in the same timeframe.”

During a recent radio interview, Fleischli said the state has lost 400 gas stations in the last three to four years and about 9,000 employees.

“That’s a big number ... that’s small business going away in Illinois,” he said.

Most of the now-defunct stores were located in higher-tax areas.

“Volumes are down because taxes are high ... if [drivers] are not getting the right price, they’re going to go elsewhere,” Fleischli said.

The gas tax is just one of a few increases that went into effect on Monday. The cigarette tax increased by \$1. The state will also ban residents under the age of 21 from purchasing tobacco products. A 5-cent statewide plastic bag tax also took effect.

The increases come as high-tax states are contending with a reduction in tax revenues as individuals move to states – like Florida and Texas – where the tax burdens are much lower.

As previously reported by FOX Business, a real estate agency in Miami launched a campaign specifically targeting businesses in Illinois as tax burdens mount.