

Leaders Consider Extending Sales Tax To Services

Cost-Cutting Would Accompany Tax Hikes In Plan To Ease State Debt



[Mike Flannery](#)

Reporting

(CBS) CHICAGO Tax increases and cost cuts may be on the way, according to some local business leaders. They put out a report Thursday that determined the budget problems are so bad in Illinois, drastic options cannot be avoided.

CBS 2's Political Editor Mike Flannery reports the sales tax could apply to everyday services from dry cleaners to salons.

The prospect of adding sales tax for the first time to the cost of a manicure was not a popular idea at the Scruples Two salon.

"No, I'm not very happy about being taxed on my manicure or pedicure or whatever," said salon client Mimi Zeigler.

Salon-owner Paul Solomos is none to happy either. "I think it's an awful thing. And they should not even think about that," he said.

Business leaders at the Commercial Club are thinking that such an Illinois service tax -- and big cuts in costs -- are needed to begin paying off more than \$100 billion in state debt.

Also possible: raising the income tax from the current 3 percent to 4 percent, about \$500 a year for the average Cook County wage earner.

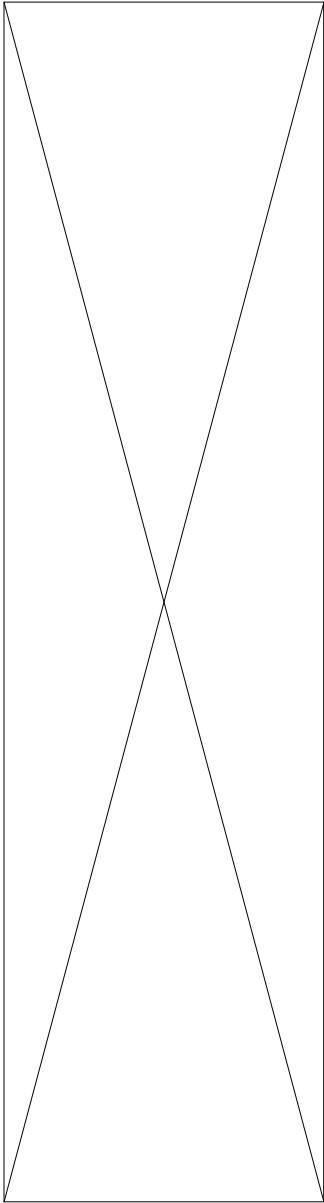
Thirty years of irresponsible deficit-spending by Democrats and Republicans is being blamed for the situation that's now put a gun to the head of taxpayers.

"I think the pistol is loaded and the hammer is cocked. The one thing we haven't been good at in state government in Illinois is making hard choices," said R. Eden Martin of the Commercial Club Civic Committee.

"We really need more tax revenue if we're going to be serious about balancing our books, paying for schools or paying for this large unfunded pension liability which we've accrued over the years," said Ralph Martire of the Center for Tax Accountability.

Governor Blagojevich promised to veto an increase in sales tax or income tax. That means supporters of these proposals would have to muster 60 percent super majorities in the General Assembly to make them a reality.

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Business leaders are considering an extension of the sales tax to services in order to help Illinois get on sound financial footing.

