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COMMENTARY

Time to weigh options on raising Ill. revenue

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Gov. Blagojevich wants to offer health insurance to everyone in the state, and he wants to pay for it with new taxes on business. Those are really two separate issues -- do we want everyone to be covered and, if so, how do we pay for it? -- but the governor says the only acceptable way to pay for health insurance, as well as provide new funding for education and a host of other needs is through the controversial gross receipts tax and a payroll tax, which between them would generate \$7.6 billion. An increase in the income tax or sales tax is out, if only because he doesn't want to break a campaign pledge to not raise them. We are urging him to reconsider.

The problem is that the gross receipts tax, which would be assessed on all the money a business takes in, not just its profits, appears to be a nonstarter. There never was much enthusiasm for it in Springfield, and this week a majority of the House signed on to a resolution denouncing the plan, echoing the concerns of the business community. At the same time, there is a pressing need for new money, something acknowledged by the Civic Committee of the Commercial Club last year and by House Speaker Michael J. Madigan this week. Even without the expensive addition of health insurance for uninsured Illinoisans, the state needs more money for schools, property tax relief, infrastructure improvements and mass transit, to name just a few priorities. All those needs will suffer if Blagojevich sticks to his my-way-or-no-way approach.

There is an alternative, but it will require the governor to reverse his opposition to raising the sales and income taxes. The governor is trying to avoid hitting up "working families" but he won't admit the obvious -- taxes imposed on businesses are passed on to working families anyway. He also says businesses aren't paying their "fair share" of the income tax, ignoring the fact that businesses pay a host of other taxes.

One approach we have long advocated is contained in Senate Bill 750, which would generate more than \$9 billion by extending the sales tax to certain services and by raising the individual income tax rate to 5 percent from 3 percent and the corporate rate to 8 percent from 4.8 percent. A huge chunk of that money -- \$3.6 billion -- would be returned to taxpayers in the form of property tax relief or tax credits, with the rest going to education.

There can be a debate about what to use the money for, but we can't start that debate unless we can agree how to raise it. Since the gross receipts tax looks dead on arrival, Springfield, and the governor, need to consider other options.

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