CTBA | Center for Tax and Budget Accountability

Implementing the "Fair Tax" Will Help the Illinois Fiscal System Respond Better to the Modern Economy While Promoting Tax Fairness

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1. EXECUTIVE SUMMARY

Illinois has historically been, and currently remains, one of the most unfair taxing states in the nation.[1] From a textbook standpoint, an "unfair" tax system is a regressive tax system—that is, one that imposes a greater tax burden on low- and middle-income families than on affluent families, when tax burden is measured as a percentage of income.[2] The reason this is considered unfair is simple: such a system fails to allocate tax burden in a manner that correlates with ability to pay, thereby worsening the substantial growth in income inequality that has occurred in the private sector over the last four decades.[3]

Building fairness into a state tax system is difficult, given that every tax—or fee for that matter—which is available to fund public services provided at the state or local level is regressive except for one: the income tax. The income tax is the only tax that can actually be designed to comport with ability to pay and hence create some tax fairness, because it is the only tax that can be designed to assess higher tax rates on higher levels of income, and lower rates on lower levels of income.

Unfortunately, Article IX, Section 3 of the Illinois Constitution mandates that the state income tax be imposed at one flat rate across all levels of income.[4] Hence, Illinois is constitutionally prohibited from utilizing the income tax to play the essential tax policy role of offsetting the natural regressivity of every other tax and fee imposed at either the state or local level. Not surprisingly this has had consequences, none of them good. In fact, Illinois' inability to build some fairness into its tax system through implementation of a graduated rate income tax has played a major role in driving the ongoing deficits in the state's General Fund, while also hampering private sector economic growth.

The reason the state's flat rate income tax ends up being a major driver of the long-term deficits that persist in Illinois' General Fund comes down to simple math: In an era of substantially growing income inequality, Illinois tax policy focuses revenue generation on low- and middle-income workers, rather than affluent individuals. That does not work from a fiscal standpoint for one compelling reason: since 1979, the annual earnings of most low- to middle- income workers in Illinois have been flat or declining in real, inflation-adjusted terms, while the real, annual earnings of affluent individuals have soared by over 254 percent.[5] Simply put, because it does not impose tax burden in a manner that responds to how income growth is distributed in the modern economy, Illinois' flat rate income tax cannot generate revenue growth that keeps pace with the modern economy over time.

This failure is so significant that, even before factoring in the impact that COVID-19 is having on the economy, total General Fund revenue in FY 2020 was projected to be less in real, inflation-adjusted terms than it was two decades earlier in FY 2000.[6] This year, in FY 2021, total General Fund revenue—again before accounting for the impact COVID-19 is having on the economy—was initially projected to be roughly equivalent to what it was in FY 2000. Which of course means there has been no real revenue growth in the state's General Fund for over two decades.

That is eye-opening for two reasons:

First, in FY 2000, the state's personal income tax rate was three percent, compared to the 4.95 percent it stands at now, and the corporate income tax rate was 4.8 percent, as compared to the seven percent it is today.[7]

Second, revenue from the individual (33 percent) and corporate (five percent) income taxes account for almost 40 percent of all General Fund revenue from any source.[8]

The bottom line here is clear: ***the failure of Illinois' flat-rate income tax to respond to how income growth is distributed in the modern economy is so unsound from a fiscal standpoint, that despite increasing the rates for both the individual and corporate income taxes, which collectively generate almost 40 percent of all General Fund revenue, total General Fund revenue nonetheless has not grown on an inflation-adjusted basis over the last twenty years.***

In fact, the flat rate income tax structure mandated by the state's constitution so significantly fails to respond to the modern economy that, if today, the individual and corporate income tax rates in Illinois were still levied at three percent and 4.8 percent respectively as they were in FY 2000, General Fund revenue last year, in FY 2021, before COVID-19, would have been 18.3 percent, or $7.409 billion less, in real, inflation-adjusted terms than it was two full decades earlier in FY 2000.[9]

All of which means from a fiscal standpoint all the data makes it quite clear that the state's flat-rate income tax fails to generate annual revenue growth that keeps pace with the modern economy over time precisely because it fails to respond to how the modern economy distributes income growth over time. So, even when services are not added or increased, and even when the economy is expanding normally, the rate of growth in the tax revenue feeding the state's General Fund is not sufficient to continue supporting the same level of public services from one fiscal year into the next. This is called a "**structural deficit**," and it has continuously plagued the state's General Fund for generations.

When any governmental entity has a structural deficit, it is forced to underfund the public services it provides. Which explains why total General Fund expenditures on current services in FY 2021 are scheduled to be over 20 percent less in real terms than they were in FY 2000.[10] Continually being forced to underfund public services due to a lack of fiscal capacity has harmed almost every community in Illinois, given that over 95 percent of all General Fund spending on services goes to the four, core areas of education, healthcare, human services, and public safety.[11]

Moreover, since economic growth is driven by consumer spending—which accounts for roughly 67 percent of all economic activity[12]—Illinois' inability to use a graduated rate income tax to make its overall tax system less regressive also constrains long-term private sector growth in the state. The reason for this again comes down to simple math.

As indicated previously, over time the annual earnings of low- and middle-income workers have been flat or declining in real, inflation-adjusted terms. Hence, these workers tend to spend virtually all their after-tax income in an effort to maintain their standard of living. The vast majority of this spending happens in the local economy, which in turn helps support local jobs. Unfortunately, because Illinois' overly regressive tax system imposes an unfairly high tax burden on low- and middle-income earners, it reduces their capacity to purchase goods and services in the local economy, thereby diminishing consumer spending and impeding private sector economic growth.[13]

The good news is a genuine opportunity for meaningful reform of the Illinois income tax structure now exists. That is because on June 5, 2019, Governor Pritzker signed Public Act 101-0008 ("**P.A. 101-0008**") into law. If implemented, this legislation will create a new, graduated rate income tax structure to replace the state's current flat rate income tax.[14] Frequently referred to as the "**Fair Tax**" by proponents, the graduated rate structure created in P.A. 101-0008 not only ties income tax burden to ability to pay, but also raises new revenue in a manner that will effectively help eliminate some of the long-term structural flaws that have consistently made Illinois' overall tax system one of the most unfair and poorly performing in the nation.

Whether this Fair Tax legislation does in fact get implemented is a relatively big "if" indeed. That is because it cannot go into effect unless, during the November 2020 General Election, voters ratify a proposed amendment to the Illinois Constitution that would eliminate the mandate that state income taxes be assessed using only one flat rate.[15] Ratification of this proposed constitutional amendment and the concomitant implementation of the Fair Tax legislation is in the best interests of taxpayers across Illinois, because, as will be demonstrated in this Report, those actions would:

1) Ensure the state's income tax can play its essential tax policy role of countering the natural regressivity of every other tax and fee state and local governments impose, and thereby make Illinois' overall tax system fairer, when ability to pay is considered;

2) Constitute a sound tax policy reform that is needed to make the state's tax system more responsive to how income growth is actually distributed in the modern economy, and hence help eliminate the longstanding structural deficit in the Illinois General Fund;
3) Help reduce the widening after-tax income gap between white and minority families that exists in Illinois; and
4) Raise new tax revenue in a manner that should not negatively impact the Illinois state economy during the significant downturn caused by the COVID-19 pandemic, while over the long-term leading to enhanced private sector economic growth by targeting income tax relief to low- and middle-income earners who are likely to spend all the tax relief they receive in their local economies.

2. KEY FINDINGS

- **Illinois' current tax policy is unfair.**
  - It is textbook capitalist policy that to be fair, a tax system should impose tax burden according to ability to pay—that is, it should impose higher tax burdens on affluent households than it does on low- and middle-income households when tax burden is measured as a percentage of income.[16]
  - Doing so is especially important in the modern economy given the significant growth in income inequality that has occurred over the last four decades in both the nation generally and Illinois specifically.[17] Indeed, between 1979 and 2017, the wealthiest one percent of Illinois households saw their average, annual incomes grow by 254 percent, while the remaining 99 percent of households realized inflation-adjusted growth in average, annual income of just 20 percent.[18]
  - Illinois fails the basic tax policy standard of fairness by imposing a much higher tax burden as a percentage of income on low- and middle-income households than on affluent households. In fact, Illinois has the 8th most unfairly regressive state and local tax system in the country.[19]
  - The income tax is the only tax that can be used to create fairness in a state tax system, because every other tax and fee available to fund services provided at the state or local level is regressive.[20]
  - Unfortunately, Article IX, Section 3 of the Illinois Constitution requires the state to impose the same, flat rate for its income tax on the earnings of everyone, from millionaires to minimum wage workers. Hence, Illinois is constitutionally prohibited from using the income tax to play its core tax policy role of creating some tax fairness by offsetting the regressive tax burden created by every other tax and fee Illinois state and local governments levy.
  - Because it fails to counter the regressivity of every other tax and fee levied at the state or local level in Illinois, Illinois' flat rate income tax structure effectively reduces the return on work for most Illinoisans and worsens the substantial growth in income inequality that's occurred in the state since 1979.
  - In fact, according to Internal Revenue Service data, the average income gap between the top one percent and bottom 99 percent of households in Illinois before taxes grew at the fastest rate of any state in the Midwest.[21]
  - Ratification of the constitutional amendment which would permit Illinois to utilize a graduated rate for its income tax, coupled with implementation of the specific graduated rate structure contained in the Fair Tax legislation, would effectively counter these shortcomings and make the Illinois tax system fairer.

- **Illinois' flat rate income tax worsens after tax income inequality in the state overall and by race/ethnicity.**
  - Before accounting for state and local taxes, families in the top one percent of income in Illinois have an average annual income that is about 137 times greater than families in the bottom 20 percent and 33 times greater than families in the middle 20 percent.[22]
  - However, after accounting for payment of state and local taxes, the top one percent in Illinois have an average net after-tax annual income that is 149 times greater than the bottom 20 percent, and 35 times greater than the middle 20 percent.[23]
  - Because a greater percentage of Black and Hispanic workers are clustered in lower- and middle-income brackets than are white workers—for instance, in 2016, fully 64 percent of Hispanics and 62 percent of African Americans had incomes below $40,000, compared to just 40 percent of white Americans—a regressive tax system like the one in Illinois, that places a greater average tax burden on low- and middle-income workers generally, necessarily places a greater average tax burden on people of color than on white people, when tax burden is measured as a percentage of income. That in turn widens the after-tax income gap in Illinois between whites on the one hand, and people of color on the other hand.
  - The graduated rate structure in the Fair Tax legislation would effectively counter both of these inequities by shifting state tax burden away from low- and middle-income families and to the wealthiest three percent, who are primarily white individuals and not people of color.[24]
- **Illinois' unfair, flat rate income tax contributes to structural deficits and harms the private sector economy.**
  - In addition to being unfair, Illinois' flat rate income tax also fails to generate adequate revenue to fund core services. This is because a flat rate income tax cannot—by design—respond to the significant growth in incomes at the top of the income distribution that has occurred over the last three decades.[25]
  - Illinois' flat rate income tax is so unsound from a fiscal standpoint that, even without factoring in the impact COVID-19 is having on the economy, total General Fund revenue in FY 2000 was projected to be approximately the same in real, inflation adjusted terms in FY 2021 as it was two decades earlier in FY 2000.[26] This, despite the fact both the individual and corporate income tax rates are greater in FY 2021 than they were in FY 2000, having been increased from three percent to 4.95 percent and 4.85 percent to seven percent, respectively.
  - Because of this consistent failure to generate adequate revenue growth overtime, Illinois' unfair, flat rate income tax has been a primary driver of the long-term structural deficits in the state's General Fund. Over the last two decades, these structural deficits have in turn forced decision makers to underfund or cut the core public services of education, healthcare, human services, and public safety, which collectively account for over 95 percent of all General Fund spending on current services.[27]
  - Since most General Fund spending on current services goes to pay the wages of the teachers, social workers, health care professionals, correctional officers, and other workers who provide public services, when Illinois' structural deficit compels the state to reduce spending, those spending reductions for the most part consist of reducing or eliminating the earnings of these workers.
  - Because the economy is driven by consumer spending, and public sector workers are middle-income earners who are good spenders since they are likely to spend each additional dollar earned, General

Fund spending cuts that lead to reduced incomes for these workers result in reduced consumer spending.[28]

  - Similarly, overtaxing low- and middle-income families, who are both good spenders and have flat to declining real incomes over time, reduces their consumer spending, further harming the private sector economy.[29]
  - Ratification of the constitutional amendment which would permit Illinois to utilize a graduated rate for its income tax, coupled with implementation of the specific graduated rate structure contained in the Fair Tax legislation, would effectively counter these shortcomings by generating significant new revenue needed to help eliminate the state's structural deficit in a manner that should not harm the economy—even during the recession being caused by the COVID-19 pandemic.[30]

- **Illinois' flat income tax rate is out of the mainstream and creates the fale impression that Illinois is a high tax state when it is not.**
  - Of the 41 US states that impose an individual income tax, 32 or 78 percent use a graduated rate structure. Illinois is an outlier because it is one of just nine that impose the same flat rate on the income of all earners, regardless of how much they make or their ability to pay.[31]
  - The resulting regressivity of Illinois' tax system creates the false perception among the state's residents that Illinois is a high tax state compared to the rest of the nation, when it is not. In fact, according to the Federation of Tax Administrators, Illinois ranks 33rd out of the 50 states and the District of Columbia in total state and local tax burden as a percentage of personal income.[32]
  - But while Illinois is in the bottom half of all states when considering total state and local tax burden as a percentage of personal income, because its system is so regressive, it is a high-tax state for middle- and low-income households, and hence for most, as in over 86 percent of all, taxpayers.

3. HAVING A FLAT RATE INCOME TAX RUNS CONTRARY TO SOUND TAX POLICY AND MAKES ILLINOIS' OVERALL TAX SYSTEM UNFAIR TO TAXPAYERS

The primary taxes available to fund services at the state level are income taxes, sales taxes, and excise taxes. In addition to assessing some or all of those taxes, local governments also levy property taxes. Determining whether or not a state has a sound tax system depends on a number of factors, like whether it has a proper mix of tax revenue sources, the base of each tax, and how tax burden is distributed among taxpayers.

There are four basic principles that serve as guideposts for creating a sound tax system.[33] First, taxes should be imposed in a manner that "**responds**" to the economy. This just means that to generate adequate revenue over time, taxes have to focus on areas of economic growth, not decline. Second, one or more taxes have to have the capacity to generate "**stable**" revenue during poor economic cycles. Third, the tax system should be **"efficient**," meaning the mix of taxes being assessed does not end up distorting the private sector economy by having a major impact on important decisions, like where a family buys a home or where a business locates a facility. Finally, imposition of tax burden should be **"fair"** to taxpayers.

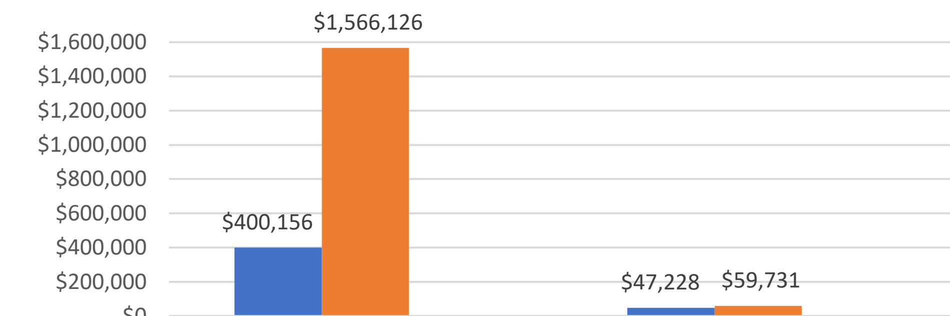
From a tax policy standpoint, the "fairness" of a tax system is measured in two different ways: horizontally, which looks at taxpayers with similar incomes; and vertically, which considers taxpayers with different incomes.[34] Horizontal tax fairness is attained when taxpayers with very similar incomes have substantially similar tax burdens.[35]

It is now textbook tax policy that to attain vertical tax fairness**,** a tax system ought to allocate tax burden across individuals with different levels of earnings in proportion to their ability to pay, when tax burden is measured as a percentage of income.[36] This venerable principle of fairness goes all the way back to 1776 and the creation of the theory of capitalism by Adam Smith, in his seminal work *The Wealth of Nations*. In *The Wealth of Nations*, Smith specifically endorsed the propositions that:

- Tax policy should "remedy inequality of riches as much as possible, by relieving the poor and burdening the rich," and
- "The subjects of every state ought to contribute toward the support of the government, as nearly as possible, in proportion to their respective abilities; that is, in proportion to the revenue which they respectively enjoy under the protection of the state."[37]

Smith championed allocating tax burden in accordance with ability to pay because he theorized that in a capitalist economy, top income classes would gain a disproportionately high share of income growth over time.[38] The good news is that Adam Smith's theory can be tested with data. The bad news is that Smith's theory was spot on. As shown in Figure 1, after adjusting for inflation, from 1979 to 2017, the average, annual income before taxes of the wealthiest one percent in America grew by 291 percent in real terms, while the average, annual income before taxes for everybody else grew by just 26 percent in real terms.

Figure 1
Average Annual Incomes of Top 1% and Bottom 99% in U.S., in 2017 Dollars, 1979 & 2017

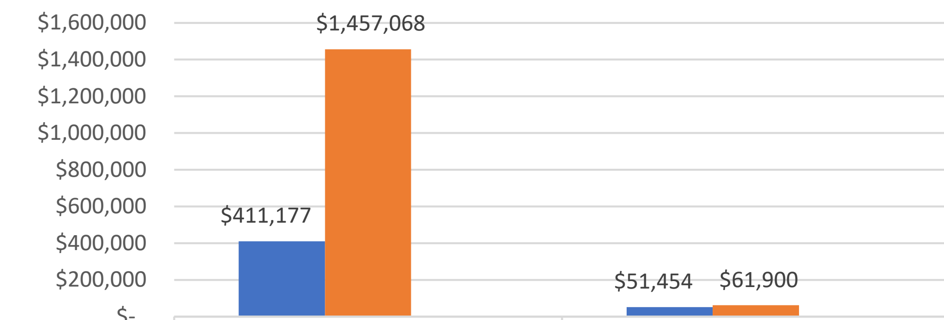


	Top 1%	Bottom 99%
1979	$400,156	$47,228
2017	$1,566,126	$59,731
% Growth	291%	26%

Source: CTBA analysis of IRS Statistics of Income for U.S., 1979 & 2017, inflation-adjusted using CPI

The worse news is growth of income inequality in Illinois pretty much mirrors the national data. As shown in Figure 2, between 1979 and 2017, the wealthiest one percent of Illinois households saw their average, annual incomes grow by 254 percent before taxes, while the remaining 99 percent of households realized inflation-adjusted growth in average annual income before taxes of just 20 percent.[39]

Figure 2
Average Annual Incomes of Top 1% and Bottom 99% in Illinois, in 2017 Dollars, 1979 & 2017



	Top 1%	Bottom 99%
1979	$411,177	$51,454
2017	$1,457,068	$61,900
% Growth	254%	20%

Source: CTBA analysis of IRS Statistics of Income for Illinois, 1979 & 2017, inflation-adjusted using CPI

In fact, according to Internal Revenue Service ("**IRS**") data, the average income gap between the top one percent and bottom 99 percent of households in Illinois grew at the fastest rate of any state in the Midwest, as shown in Figure 3. Overall, as of 2017 (the last year for which there is comprehensive data available), of all 50 states and the District of Columbia, Illinois ranked as having the 12th most unequal distribution of income.[40]

Figure 3
Ratio of Average Annual Income Growth by Top 1% to Bottom 99%, U.S. and Midwest, 2017

State	Average Income of Top 1%	Average Income of Bottom 99%	Top-to-Bottom Ratio
United States	$1,625,221	$63,517	25.6
Illinois	$1,571,800	$66,970	23.5
South Dakota	$1,211,174	$59,838	20.2
Michigan	$1,154,112	$58,292	19.8
Minnesota	$1,341,784	$69,375	19.3
Missouri	$1,089,913	$56,669	19.2
Kansas	$1,125,213	$60,671	18.5
Wisconsin	$1,079,464	$60,956	17.7
Nebraska	$1,077,258	$61,166	17.6
Ohio	$978,267	$56,894	17.2
Indiana	$959,399	$55,905	17.2
North Dakota	$1,085,061	$65,843	16.5
Kentucky	$863,096	$53,313	16.2
Iowa	$937,843	$61,390	15.3

Source: CTBA analysis of IRS, Statistics of Income, Adjusted Gross Income (AGI) Percentile by State, Table 2, 2017

Given the substantial growth in income inequality that has occurred both nationally and in Illinois since 1979, the data confirms that the only way a tax system can distribute burden fairly among taxpayers with different incomes is to focus its burden on those at the top of the income ladder, who are paying taxes out of their substantially growing wealth, rather than on low- and middle-income families, who in real terms have been paying taxes out of their flat-to-declining incomes for four decades.[41]

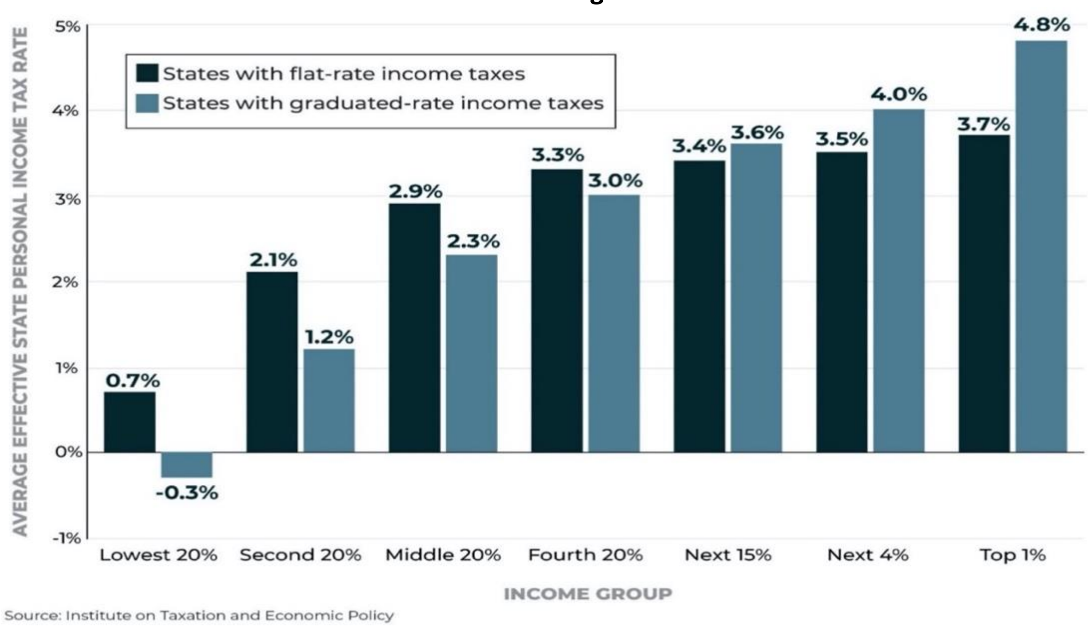
Unfortunately, while needed to satisfy other principles of sound taxation, the application of every tax and fee assessed at the state or local level—other than the income tax—is “regressive,” and therefore results in an unfair distribution of tax burden. That is because a “**regressive**” tax ignores ability to pay by imposing a greater tax burden on low- and middle-income earners than on high-income earners, when tax burden is measured as a percentage of income.[42]

The income tax is the only tax available that can be used to counter the natural regressivity of every other tax and fee imposed at the state or local level, because it is the only tax that can be designed to comport with ability to pay, by imposing higher tax rates on higher levels of income, and lower rates on lower levels of income.[43] This unique quality is precisely why the income tax is the only tax that can be used to satisfy the vertical fairness principle of sound taxation.[44] It also helps explain why using a graduated rate income tax to help make tax burden fairer—or at least fairer than it would be without a graduated rate income tax structure—is a time honored tradition in America that has enjoyed bi-partisan support at both the federal and state levels.

For instance, at the federal level, when the modern federal income tax was established in 1913 under Democratic President Woodrow Wilson, it only applied to the richest four percent of Americans.[45] Republican Presidents Richard Nixon and Ronald Reagan both supported creating tax fairness by reducing regressivity in the federal income tax through utilization of the Earned Income Tax Credit.[46] More recently, Republican President George W. Bush not only specifically endorsed the concept of progressive taxation in the 2001 budget proposal he submitted to Congress, but even characterized his tax proposal as giving the lowest income families the greatest percentage reduction. Bush himself emphasized that “higher income individuals will pay a higher share of taxes after the plan takes effect.”[47]

Meanwhile at the state level, 32 of the 41 states that impose an income tax, or 78 percent, use a graduated rate structure to help make their overall state and local tax systems fairer.[48] This approach works to help create vertical tax fairness, because, as shown in Figure 4, overall states with a graduated rate income tax structure impose lower effective income tax rates on individuals with lower levels of income, and higher effective income tax rates on individuals with higher levels of income. This in turn makes the tax systems in states with a graduated rate structure less regressive, and hence fairer, than in states with a flat income tax rate structure.

Figure 4
Flat Rate State Income Taxes Are Less Progressive than Graduated Rate Taxes



Source: ITEP, “Fairness Matters: A Chart Book on Who Pays State and Local Taxes”, March 2019.

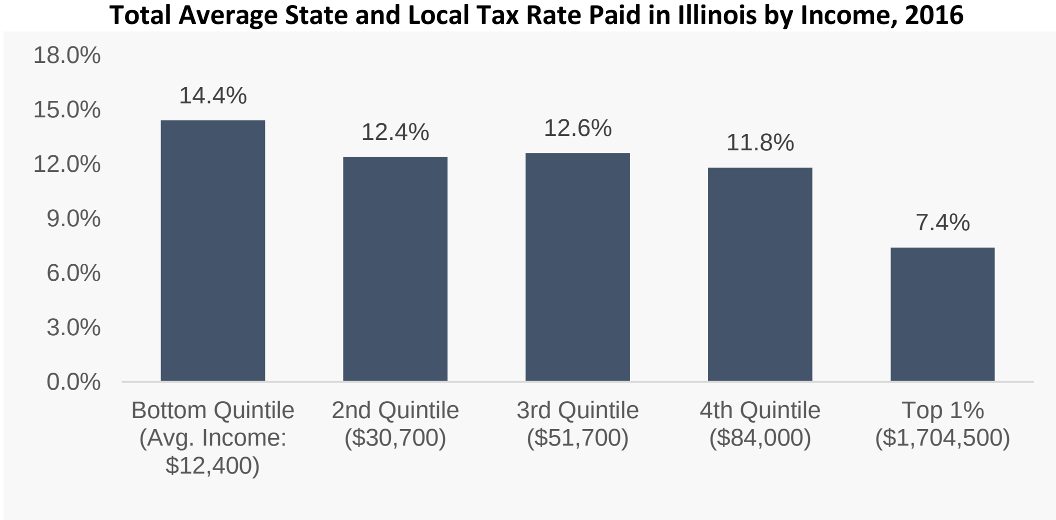
Illinois, however, is currently one of the nine outlier states that impose a flat rate income tax. That is because Article IX, Section 3, of the Illinois Constitution mandates that the state income tax must be imposed on a flat rate basis.[49] So as things stand today, Illinois decision makers cannot implement a graduated rate income tax structure even if they desire to do so.

4. ITS FLAT RATE INCOME TAX HAS CONTRIBUTED TO ILLINOIS HAVING ONE OF THE MOST UNFAIR TAX SYSTEMS IN AMERICA

Because the Illinois Constitution literally prohibits the state from using the income tax to perform the tax policy function of off-setting the natural regressivity of every other tax and fee levied by the Illinois state and local governments, it should come as no surprise that Illinois' overall tax system is regressive, imposing a much higher tax burden on low- and moderate-income families than it does on wealthy families, when tax burden is measured as a percentage of annual income.

This tax policy failure is so significant that Illinois is one of the most unfair, regressive taxing states in America.[50] In fact, according to the Institute for Taxation and Economic Policy ("**ITEP**"), Illinois ranks as the eighth-most regressive state and local tax system in the country—and the most regressive in the Midwest.[51] In Illinois, the top one percent of income earners pay just 7.4 percent of their income in state and local taxes, while the poorest 20 percent of families in Illinois paid 14.4 percent of their income in state and local taxes, as shown in Figure 5.

Figure 5
Total Average State and Local Tax Rate Paid in Illinois by Income, 2016

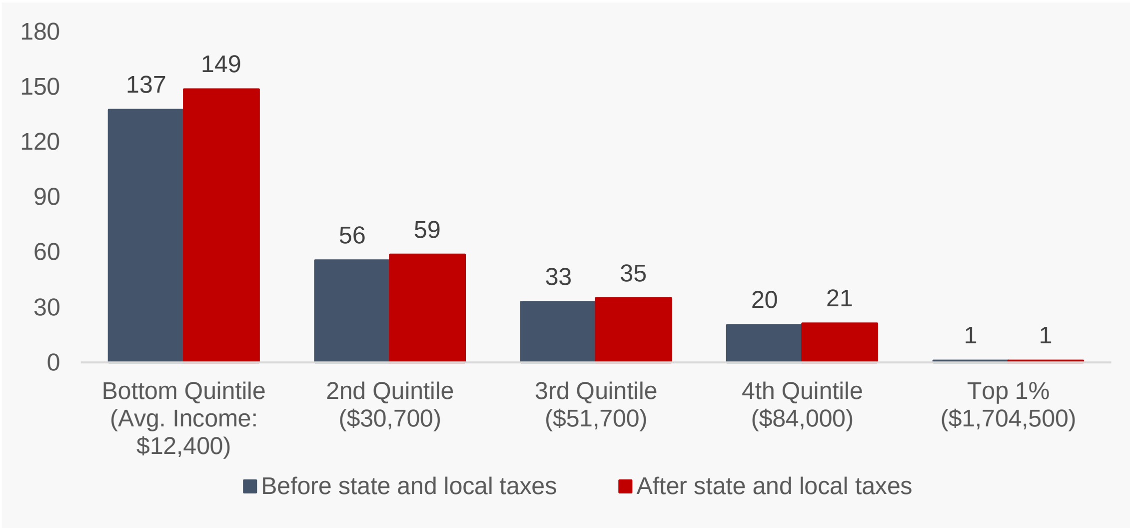


Source: ITEP, "Who Pays?" 6th edition, October 2018.

As unfair and regressive as that is, the reality in Illinois is worse. That is because the ITEP analysis does not include fees assessed by units of state and local government to fund services. Fees are also a regressive way to pay for public services because they take a greater portion of the earnings of low to moderate income families than high income families,[52] and hence the failure to include fees in the ITEP study makes the regressivity of Illinois' overall tax structure seem less severe than it actually is.

Because it fails to counter the regressivity of every other tax and fee assessed at the state or local level in Illinois, Illinois' flat rate income tax structure effectively reduces the return on work for most Illinoisans, by worsening thesubstantial growth in income inequality that's occurred in the state since 1979, as shown in Figure 6**.**

Figure 6
Ratio of Income of Richest One Percent to Other Income Groups in Illinois
(Before and After State and Local Taxes, 2016)



Source: CTBA analysis of ITEP, "Who Pays?" 6th Edition, 2018.

Hence, before accounting for state and local taxes, families in the top one percent of income in Illinois have an average, annual income that's about 137 times greater than families in the bottom 20 percent, and 33 times greater than families in the middle 20 percent. But after accounting for payment of state and local taxes, the top one percent in Illinois have an average net after-tax annual income that is 149 times greater than the bottom 20 percent, and 35 times greater than the middle 20 percent**.**

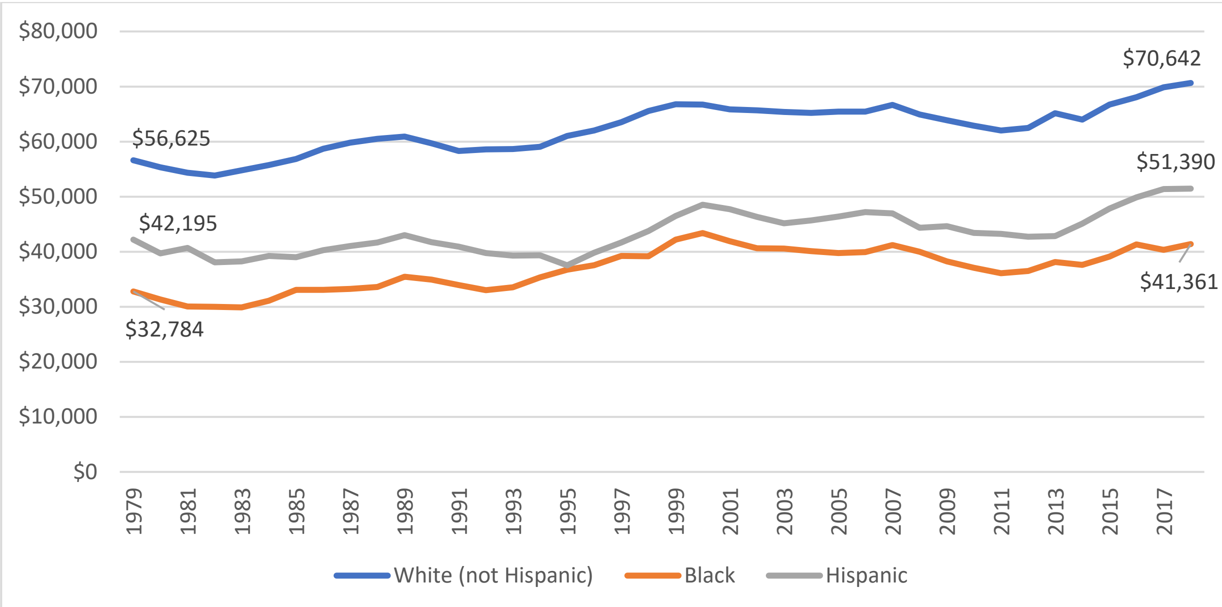
One way to quantify the impact of Illinois' regressive tax policy on the purchasing power of low- and moderate-earning households is to show how much more after-tax income they would have if they paid the same percentage of their incomes in state and local taxes as the richest one percent. For instance, workers in the bottom 20 percent have an average annual income of just $12,400 per year. If those workers paid the same, lower percentage of income in state and local taxes as a millionaire in the top one percent, their average, annual after-tax income would increase by $868—a boost of more than eight percent. Similarly, if a worker earning the average annual income of the middle quintile, which is $51,700 per year, paid the same lower percentage of income in state and local taxes as a millionaire in the top one percent, he or she would have an extra $2,700 in net, after-tax income, an increase of five percent.

5. ILLINOIS' FLAT RATE INCOME TAX CONTRIBUTES TO GROWING AFTER-TAX INCOME INEQUALITY BY RACE AND ETHNICITY

Income gaps have not only grown over time between the wealthiest and least wealthy but also between white households and households of color. Consider that, in 1979, the average annual income of white households nationally was $23,841 greater than the average annual income of Black households and $14,430 greater than the average annual income of Hispanic households.[53]

Since then the gap has widened. Between 1979 and 2018, the Black-white income gap grew by 23 percent, to $29,281 and the Hispanic-white gap grew by 33 percent, to $19,192. [54] As of 2018, the $70,642 average annual income of white households was 1.7 times greater than the average annual income of Black households and 1.4 times greater than the average income of Hispanic households, as illustrated in Figure 7.[55]

Figure 7
Average Household Income by Race/Ethnicity, Inflation-adjusted to 2018 Dollars



Source: CTBA analysis of U.S. Census Bureau, Historical Income Tables: Households, Table H-5.

Moreover, in 2016, fully 64 percent of Hispanics and 62 percent of African Americans had incomes below $40,000, compared to just 40 percent of white Americans.[56] Not surprisingly then, Black and Hispanic median incomes were just 65 and 63 percent as much respectively as white median income.[57]

Given that a greater percentage of Black and Hispanic workers are clustered in lower- and middle-income brackets than are white workers, a regressive tax system like the one in Illinois, which places a greater tax burden on low-and middle-income workers generally, necessarily places a greater average tax burden on people of color than on white people, when tax burden is measured as a percentage of income. And that in turn widens the after-tax income gap between whites on the one hand, and people of color on the other hand.

This is important from a quality of life standpoint, because a worker's after-tax income translates to disposable income, which is what that worker will have available to provide for his or her family. The graduated rate structure in the Fair Tax legislation would effectively counter this inequity by shifting state tax burden away from low- and middle-income families and to the wealthiest three percent, who are primarily white individuals and not people of color.[58]

6. THE REGRESSIVITY OF ILLINOIS' TAX POLICY CREATES THE FALSE IMPRESSION ILLINOIS IS A HIGH TAX STATE

Another problem caused by Illinois' tax policy being so regressive is that it creates the false perception among the state's residents that Illinois is a high tax state compared to the rest of the nation, when it is not. As it turns out, according to the Federation of Tax Administrators, Illinois ranks 33rd out of the 50 states and the District of Columbia in total state and local tax burden as a percentage of total state personal income.[59] But while Illinois is in the bottom half of all states when considering total state and local tax burden as a percentage of total state personal income, because its system is so regressive, it is in fact a high-tax state for low- and middle-income households, and hence for most, as in over 86 percent of all, taxpayers.

Figure 8
State and Local Tax Burdens by Income in the Midwest

Total State and Local Own-Source Revenue as Percentage of Total State Personal Income	All State and Local Taxes as a Percentage of Income		
	Bottom 20% of Earners	Middle 60% of Earners	Top 1% of Earners
Iowa (17.6%)	Illinois (14.4%)	Illinois (12.2%)	Minnesota (10.1%)
Minnesota (15.9%)	Indiana (12.8%)	Indiana (10.4%)	Wisconsin (7.7%)
Ohio (15.5%)	Iowa (12.4%)	Ohio (10.6%)	Iowa (7.7%)
Wisconsin (15.1%)	Ohio (12.3%)	Kentucky (10.5%)	Illinois (7.4%)
Missouri (14.9%)	Michigan (10.4%)	Iowa (10.5%)	Indiana (6.8%)
Michigan (14.8%)	Wisconsin (10.1%)	Wisconsin (10.4%)	Kentucky (6.7%)
Illinois (14.3%)	Missouri (9.9%)	Minnesota (9.8%)	Ohio (6.5%)
Kentucky (14.3%)	Kentucky (9.5%)	Michigan (9.2%)	Michigan (6.2%)
Indiana (13.9%)	Minnesota (8.7%)	Missouri (9.1%)	Missouri (6.2%)

Source: Institute for Taxation and Economic Policy, "Who Pays? Sixth Edition," and Federation of Tax Administrators,"2017 State & Local Revenue as a Percentage of Personal Income"

Indeed, for the middle 60 percent of earners, Illinois has the second highest state and local tax burden as a percentage of income nationally, while for the bottom 20 percent of earners, Illinois is third highest.[60] Meanwhile, for the wealthy few, Illinois is truly a low-tax state: Illinois' total state and local tax burden for the top one percent of earners is *lower* than all but 16 other states.[61]

The fundamental problem with Illinois' revenue system is not that it overtaxes the population in total, but rather that it distributes the burden of supporting public services in a highly unfair way that ignores ability to pay, by overtaxing most people, who happen to be low- and middle-income.

7. BECAUSE ILLINOIS' FLAT RATE INCOME TAX FAILS TO RESPOND TO HOW INCOME GROWTH IS DISTRIBUTED IN THE MODERN ECONOMY, IT ALSO FAILS TO GENERATE ADEQUATE REVENUE GROWTH OVER TIME, AND HENCE ACTS AS A MAJOR DRIVER OF THE STRUCTURAL DEFICIT IN THE STATE'S GENERAL FUND

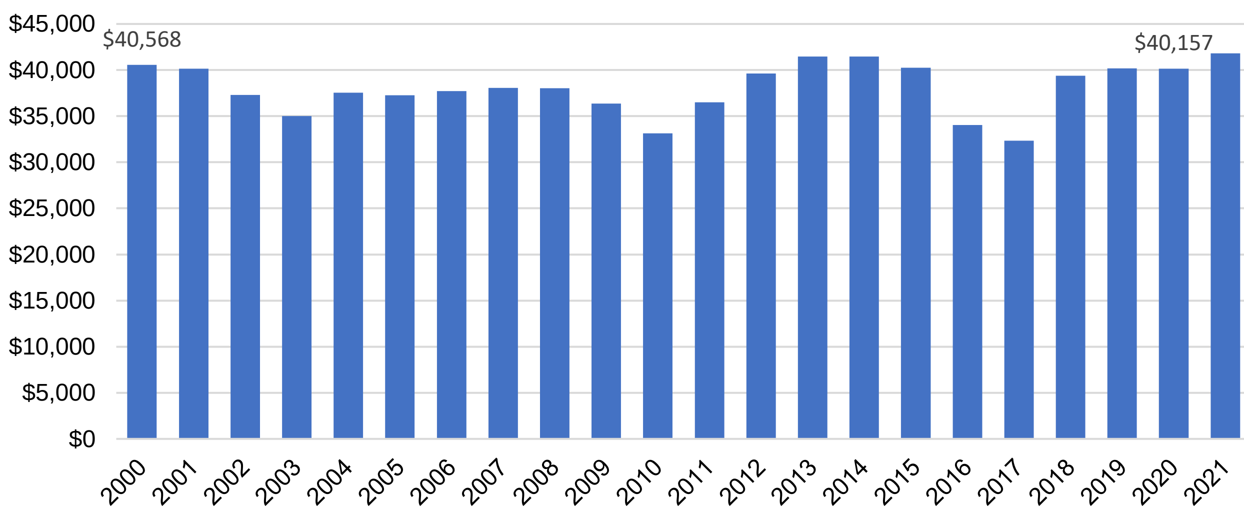
As illustrated previously, one of the four core principles of sound tax policy is that taxes should be assessed to respond to how income and economic growth are actually realized and distributed in the private sector over time. That means taxes should be imposed where economic activity is significant and where it is increasing.[62] This is crucial, because having a responsive tax system is the only way to ensure revenue growth will keep pace with the inflationary cost of providing services overtime.

Implementing a graduated rate structure is the only way to ensure revenue growth from the state income tax will be responsive to the modern economy. This is especially true given the significant growth in income inequality that has been a consistent feature of the private sector in both Illinois and the nation since 1979.[63] Unfortunately, the current constitutional proscription against using a graduated rate income tax prevents Illinois from utilizing a graduated rate structure to respond to how income growth is actually distributed among the different income classes over time.

Put another way, in an era of substantially growing income inequality, Illinois' flat rate income tax fails to counter the natural regressivity of every other tax and fee imposed at the Illinois state or local levels, thereby forcing revenue generation to focus on low- and middle-income workers, rather than affluent individuals. That does not work from a fiscal standpoint for one compelling reason: since 1979, the annual earnings of most low- to middle- income workers in Illinois have been flat or declining in real, inflation-adjusted terms, while the real, annual earnings of affluent individuals have soared by over 254 percent.[64] And precisely because it does not impose tax burden in a manner that responds to how income growth is distributed in the modern economy, Illinois' flat rate income tax cannot generate revenue growth that keeps pace with the modern economy over time.

This failure is so significant that, even before factoring in the impact that COVID-19 is having on the economy, total General Fund revenue in FY 2020 was projected to be less in real, inflation-adjusted terms than it was two decades earlier in FY 2000.[65] Indeed, as shown in Figure 9, this year, in FY 2021, total General Fund revenue —again before accounting for the impact COVID-19 is having on the economy—was initially projected to be roughly equivalent to what it was in FY 2000.

Figure 9
Total General Fund Revenue, FY 2000 – FY 2021 ($ millions)
Inflation-adjusted Using 2020 Dollars—Without Adjusting for the Impact of COVID-19



Source: CTBA Analysis using historical revenue data from Commission on Government Forecasting & Accountability and Governor's Office of Budget & Management.[66]

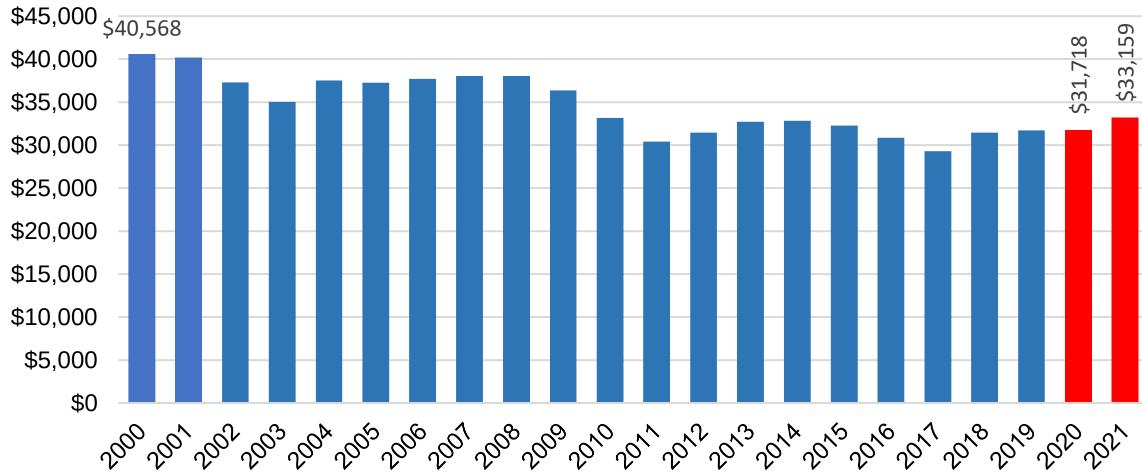
Which of course means there has been no real revenue growth in the state's General Fund for over two decades. That is eye-opening for two reasons:

- First, in FY 2000, the state's personal income tax rate was three percent, compared to the 4.95 percent it stands at now, and the corporate income tax rate was 4.8 percent, as compared to the seven percent it is today.[67]
- Second, revenue from the individual (33 percent) and corporate (five percent) income taxes account for almost 40 percent of all General Fund revenue from any source.[68]

The bottom line is clear: Illinois' flat-rate income tax is so unsound from a fiscal standpoint, that despite increasing the rates for both the individual and corporate income taxes, which collectively generate almost 40 percent of all General Fund revenue, total General Fund revenue nonetheless ***did not grow*** on an inflation-adjusted basis over the last twenty years.

In fact, as shown in Figure 10**,** the flat rate income tax structure mandated by the state's constitution so significantly fails to respond to the modern economy, that if today, the individual and corporate income tax rates in Illinois were still levied at three percent and 4.8 percent respectively as they were in FY 2000, General Fund Revenue last year, in FY 2021, before COVID-19, would have been 18.3 percent, or $7.409 billion less, in real, inflation-adjusted terms than it was two full decades earlier in FY 2000.[69]

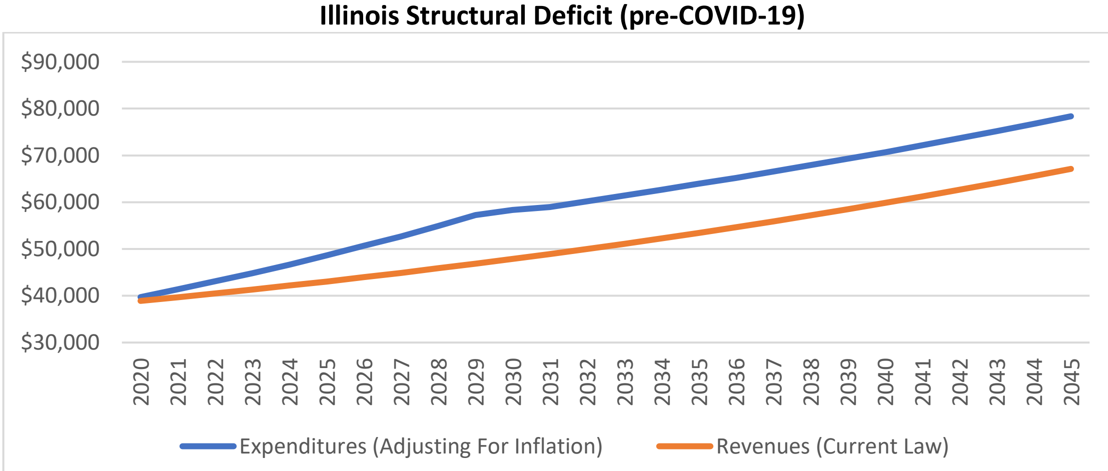
Figure 10
Total General Fund Revenue, FY 2000 – FY 2021 ($ millions),
Inflation-adjusted Using 2020 Dollars—With Income Tax Rates Held Constant to FY 2000 Levels



Source: CTBA Analysis using historical revenue data from Commission on Government Forecasting & Accountability and Governor's Office of Budget & Management.[70]

From a fiscal standpoint, all the data make it clear that the state's flat-rate income tax fails to generate annual revenue growth that keeps pace with the modern economy over time precisely because it fails to respond to how the modern economy distributes income growth over time. So, even when services are not added or increased, and even when the economy is expanding normally, the rate of growth in the tax revenue feeding the state's General Fund is not sufficient to continue supporting the same level of public services from one fiscal year into the next. This is called a "**structural deficit,**" and it has continuously plagued the state's General Fund for generations. The projection of how the structural deficit in the state's General Fund would have grown in future years is shown in Figure 11—before accounting for what will certainly be significant revenue losses generated by the COVID-19 pandemic.

Figure 11
Illinois Structural Deficit (pre-COVID-19)



Source: CTBA analysis of Illinois General Fund budgets, COGFA pension reports

When any governmental entity has a structural deficit, it is forced to underfund the public services it provides. As shown in Figure 12, this is precisely what has happened in Illinois. In fact, in FY 2021, total General Fund spending on services is scheduled to be $7.26 Billion or 20.53 percent less in real, inflation-adjusted dollars than it was twenty years ago in FY2000 under Republican Governor George Ryan.[71]

Figure 12
Illinois General Fund Appropriations for Core Services, FY 2000 Compared to FY 2021

Category	FY 2000 Enacted (Nominal)	FY 2000 Enacted (inf. adj.)	FY 2021 Enacted	$ Change (inf. adj.)	% Change (inf. adj.)
Healthcare	$5,022	$10,000	$8,171	($1,829)	-18.29%
Human Services	$4,599	$8,105	$6,915	($1,190)	-14.68%
K-12 Education	$4,674	$8,238	$8,352	$115	1.39%
Higher Education	$2,152	$3,793	$1,943	($1,850)	-48.77%
Early Childhood Education	$170	$300	$544	$244	81.48%
Public Safety	$1,350	$2,219	$1,909	($471)	-19.78%
Total Net General Fund Service Appropriations	$20,064	$35,362	$28,101	($7,260)	-20.53%

Source: CTBA Report, "Analysis of Illinois' FY 2021 Enacted General Fund Budget", 2020.

In the case of Illinois, continually being forced to underfund public services due to a lack of fiscal capacity has harmed almost every community in the state, given that over 95 percent of all General Fund spending on services goes to the four core areas of education, healthcare, human services, and public safety.[72]

8. IMPLEMENTING THE GRADUATED RATE STRUCTURE IN THE FAIR TAX LEGISLATION SHOULD HELP ILLINOIS' PRIVATE SECTOR ECONOMY

The harm being done to the economy by COVID-19 is substantial. Currently, around 30 million American workers—or about one out of every five—are collecting unemployment insurance.[73] And while the national unemployment rate did decline to 8.4 percent in August from over 11 percent in June,[74] most of the new hires came in the form of temporary Census positions that are going to be eliminated by the end of September.[75] Moreover, despite the small spike in temporary job creation that drove down the national unemployment rate in August, according to data from the Bureau of Labor Statistics (**"BLS"**), America still has 11 million fewer jobs now than it did in February of this year.[76] Things are no better in Illinois, where the most recent report showed the state's unemployment rate still at over 11 percent as of the end of July.[77]

This stark reality has led some to question whether implementing the Fair Tax legislation, and thereby raising taxes during the significant recession being caused by COVID-19, will make matters worse. As it turns out, according to the research of Nobel prize winning economist Joseph Stiglitz, if implemented, the Fair Tax legislation can be expected to help Illinois' private sector economy both recover more quickly from the current downturn, and grow faster after this recession ends. Here's why.

Stiglitz, along with his colleague Kitty Richards of the Roosevelt Institute at Columbia University, found that during a downturn it actually makes economic sense to increase tax revenue and thereby avert cutting spending on public services, but only if the tax increase is implemented utilizing a graduated rate income tax focused primarily on very high income households.[78] The data supporting this conclusion have everything to do with consumer spending.

That is because consumer spending accounts for roughly 67 percent of our nation's and state's respective GDPs.[79] So when consumer spending increases, jobs are created, and the economy expands. On the flip side, when consumer spending declines, jobs are lost and the economy contracts. Obviously, workers who are losing their jobs because of the pandemic are also losing their incomes, which in turn means they necessarily spend less on consumer goods and services. Indeed, the decline in consumer spending due to COVID-19 has been nothing less than eye-opening, dropping by 1.7 percent in the first quarter this year, and then cratering by an additional 9.9 percent in the second quarter.[80] For context, that second quarter drop is greater than the largest decline in consumer spending at any point during the Great Recession.[81]

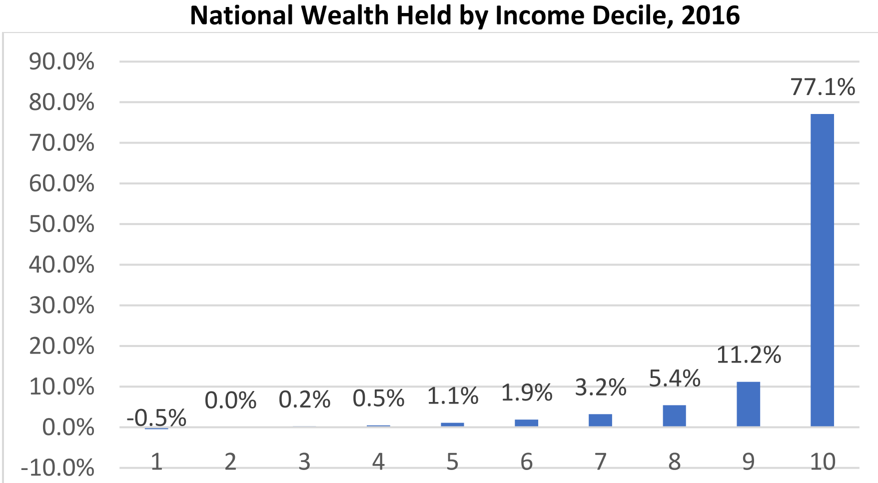
Unfortunately, having a flat rate income tax exacerbates the decline in consumer spending and concomitant job losses Illinois is experiencing due to the pandemic. That's because the state's flat rate income tax does not offset the natural regressivity of every other tax and fee imposed at the state and local level in Illinois. As indicated previously, this not only ignores ability to pay, it also results in an overall tax system that is so regressive it takes a disproportionate share of the incomes of low- and middle-income workers. That in turn diminishes consumer spending by reducing the disposable income of low- and middle-income workers—who ultimately spend most if not all of their earnings.

Workers in the lower- and middle-wage quintiles tend to spend rather than save most of their earnings, because, as noted previously in this Report, their incomes have been flat to declining on a real, inflation-adjusted basis since 1979.[82] In economic terms, this is called having a high "**Marginal Propensity to Consume**," or "**MPC.**"[83] So it is quite likely that these workers will spend every additional dollar in income they gain in the form of tax relief under the Fair Tax legislation. According to Stiglitz and Richards, that additional spending generates a positive private sector multiplier that varies from $0.30 to $1.50 for each additional dollar of income gained.[84]

Similarly, when their incomes are diminished through undue tax burden—as they are in Illinois—almost every dollar of lost income generally translates to a dollar of lost consumer spending. And reduced consumer spending has a negative multiplier effect on the private sector economy. That's bad during a normal economy, and far worse during a recession.

More affluent individuals, however, have a low MPC. That just means when their incomes are increased or decreased, that change in income does not generally result in a corresponding change in their consumption patterns. This also should not be surprising, given that, after inflation, the wealthiest one percent of households in America have seen their inflation-adjusted incomes grow by 294 percent over the last 40 years, while the wealthiest one percent in Illinois have seen their inflation-adjusted incomes jump by 254 percent over that same period of time.

Figure 13
National Wealth Held by Income Decile, 2016



Source: Survey of Consumer Finances

Indeed, the growth in income for high-end earners has been so substantial over the last four decades that, as things stand today, the wealthiest 10 percent of households in America own 77 percent of total national wealth, as shown in Figure 13**.**

Which is why the research done by Stiglitz and Richards found that when taxes are raised on high-end earners, said tax increases do not materially reduce their consumer spending, and are therefore unlikely to result in economic harm.[85] Indeed, a graduated rate income tax structure like the one created in the Fair Tax legislation, that provides tax relief to low- and middle-income families, and raises revenue only from the wealthiest three percent of taxpayers, can actually result in a net positive multiplier and hence help stimulate the private sector economy.[86]

This positive economic impact comes from two separate sources. First, there is the increased consumer spending that results from the tax relief given to low- and middle-income workers who have high MPCs identified previously. Second, with the new revenue raised under the Fair Tax, the state can avoid having to cut expenditures on core public services like education, healthcare, social services and public safety.[87] Stiglitz and Richards specifically found that avoiding these types of budget cuts and maintaining spending on core services improved state economies and helped them recover faster from the Great Recession than states which elected to cut spending.[88]

The reasons for this are easy to understand. Most General Fund spending on services is used to cover the wages of the teachers, social workers, healthcare professionals, correctional officers, and other public employees who provide services to the public. These people also happen to be middle-income workers, with high MPC. Hence, a dollar spent on public services becomes wages for workers, which in turn becomes consumer spending in the private sector economy.

Using data compiled by the Congressional Budget Office ("**CBO**"), Stiglitz was able to quantify this impact. He determined that, during the Great Recession, every $1 of direct government spending on public services like education, Medicaid, and unemployment, conservatively created a positive private sector economic multiplier of $1.50.[89] For context, if the Fair Tax is implemented on January 1, 2021, it is projected to raise roughly $1.3 billion in new revenue for the remainder of the current fiscal year.[90] If that $1.3 billion in new revenue is spent on services that otherwise would have been cut, it would generate nearly $2 billion in private sector economic activity (i.e. $1.3 billion multiplied by $1.50 = $1.95 billion), supporting and creating jobs across Illinois.

Given what the evidence shows about the interaction between state fiscal policy and the private sector economy,[91] one thing is clear: implementing the graduated rate structure created under the Fair Tax legislation to build fairness and responsiveness into Illinois' tax system can be also be expected to help it recover from the recession caused by the pandemic.

9. THE GRADUATED RATE INCOME TAX AMENDMENT CREATED UNDER P.A. 101-0008

The graduated rate income tax structure under the Fair Tax would raise significant new revenue for the state, while shifting tax burden as a percentage of income from lower- and middle-income earners to very wealthy earners. Figure 14 shows the income tax structure that would pertain under P.A. 101-0008. Note that, if taxable income is over $750,000 for a single filer or $1 million for a joint filer, then all of such taxpayer's taxable income will be taxed at a flat 7.99 percent, rather than the marginal rates applicable to all other taxpayers.

Figure 14
Fair Tax Graduate Rate Income Tax Structure

Marginal Rate	Taxable Income Bracket (Single)	Taxable Income Bracket (Joint)	Percent of Taxpayers
4.75%	$0-$10,000	$0-$10,000	27.2%
4.90%	$10,001 - $100,000	$10,001-$100,000	58.9%
4.95%	$100,001 - $250,000	$100,001-$250,000	11.1%
7.75%	$250,001 - $350,000	$250,001-$500,000	1.9%
7.85%	$350,000- $750,000	$500,001-$1,000,000	0.6%
7.99%*	$750,001 and over	$1,000,001 and over	0.3%

*Source: CTBA analysis of P.A. 101-0008 and IDOR Individual Income Tax return data; *Taxable income over $750K/$1M will be taxed at a flat rate of 7.99% and will not be subject to marginal rates*

For all those with total, taxable incomes less than either $750,000 (if filing single) or $1 million (if filing jointly), the final income tax paid in a year will be that amount which is equal to the marginal rate applicable to each bracket of taxable income for such taxpayer, multiplied by the amount of his, her, or their taxable income in each such bracket.

In other words, if an individual filing a single return had taxable income of $120,000, she would pay $5,940 in taxes under the current flat tax rate of 4.95 percent. Under the Fair Tax structure, that same taxpayer with $120,000 of taxable income would pay less—a total of $5,875. This is because under the graduated rate structure established under the Fair Tax, her first $10,000 of taxable income is taxed at the rate of 4.75 percent. Her next $90,000 of taxable income would be taxed at a 4.9 percent rate, while her remaining $20,000 of taxable income would be taxed at a rate of 4.95 percent. The effective income tax rate for this taxpayer would be 4.89 percent, which is the $5,875 in income taxes she paid, divided by her $120,000 of total taxable income, as shown in Figure 15**.**

Figure 15
How $120K in Total Taxable Income Would Be Taxed Under the Fair Tax (Single Filer)

Tax Bracket	Marginal Tax Rate	$ Amount Taxed	Taxes Paid
$0-$10,000	4.75%	$10,000	$475
$10,001 - $100,000	4.90%	$89,999	$4,410
$100,001 - $250,000	4.95%	$19,999	$990
Total	**4.89%**	**$120,000**	**$5,875**

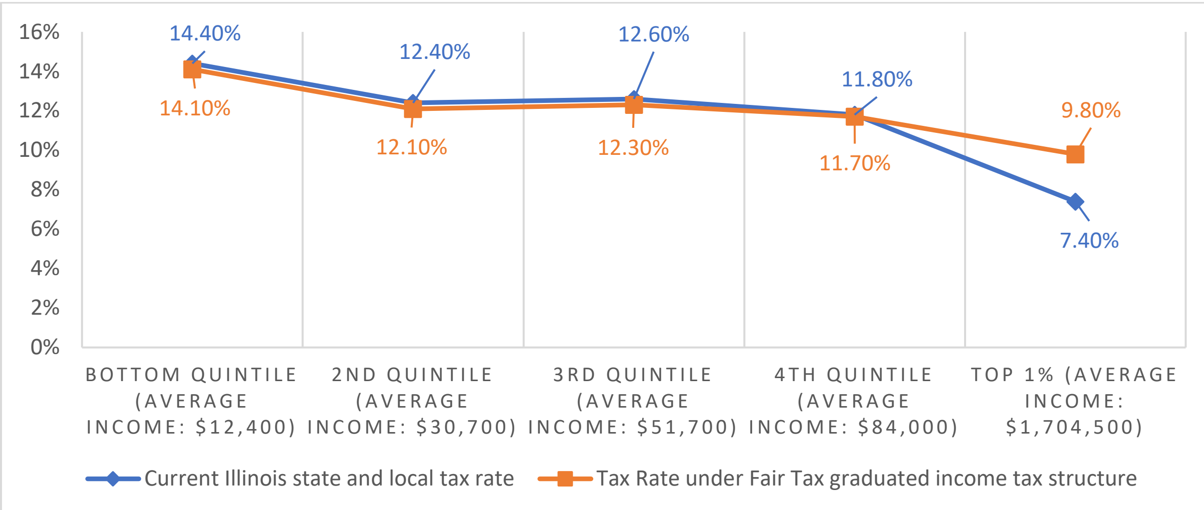
Source: CTBA analysis of P.A. 101-0008; the rate of 4.89% is the effective tax rate.

Overall, the graduated rate structure created under the Fair Tax legislation would accomplish the following outcomes:

- It will raise an estimated $3.6 billion in new, recurring tax revenue annually in a normal economy that will grow over time to help reduce the state's structural deficit;[92]
- All new revenue it generates will be paid by only those taxpayers with taxable incomes that place them among the wealthiest three percent (3%) in Illinois;[93]
- Fully 97 percent of all taxpayers would pay less in Illinois state income taxes under the Fair Tax legislation than they do under current flat-rate income tax of 4.95 percent – hence the Fair Tax legislation will reduce the regressivity of Illinois' overall tax system, making it fairer for taxpayers;
- It accomplishes these outcomes through implementation of an income tax rate structure that is well within national norms;
- It can also be expected to help Illinois recover from the recession caused by the pandemic; and

- As shown in Figure 16, would in fact make the tax burden in Illinois less regressive and hence fairer to taxpayers.

Figure 16
Total Effective State and Local Tax Rate by Income Quintile
Current Law v. Fair Tax Graduated Income Tax Structure



Source: ITEP, "Who Pays?" 2018 and "Illinois's Flat Tax Exacerbates Income Inequality and Racial Wealth Gaps", 2020.

Because income taxes are just one part of Illinois' state and local tax system—alongside sales taxes, property taxes, excise taxes and fees—and because Illinois' General Fund is subject to a multi-billion dollar structural deficit, the Fair Tax legislation cannot, on its own, completely eliminate the regressive nature of Illinois' tax system. That said, however, it is an essential, sound and needed step toward fiscal stability.

10. CONCLUSION

Illinois' current tax system is the eighth most regressive of any state in America because it imposes a much greater tax burden on low- and middle-income individuals than on affluent individuals. This is considered to be unfair from a tax policy standpoint because it fails to tax people according to their ability to pay. And taxing people in accordance with their ability to pay is more important now than ever, given the tremendous growth in income inequality that has occurred in America generally and Illinois specifically since 1979.

The main reason Illinois has a much more regressive, and hence unfair, tax system than most other states is clear: Article IX, Section 3 of the Illinois Constitution mandates that the state income tax be imposed at one flat rate across all levels of income. That forces Illinois to have an overly regressive tax system, because except for the income tax, every tax and fee levied to fund public services at the state or local level in Illinois is fundamentally regressive—that is, they each impose a greater tax burden on low- and middle-income earners than on affluent individuals, when tax burden is measured as a percentage of income.

The income tax is literally the only tax that can be designed to comport with ability to pay and hence offset the regressivity of all other taxes and fees, by imposing higher tax rates on higher levels of income and lower rates on lower levels of income. But to play this crucial function, an income tax has to have a graduated rate structure, something Illinois is constitutionally prohibited from implementing.

Not surprisingly this has had consequences, none of them good. In fact, Illinois' inability to build some fairness into its tax system through utilization of a graduated rate income tax has: played a major role in driving the ongoing structural deficit in the state's General Fund; hampered private sector economic growth; and even worsened the significant growth in income inequality that has manifested in the private sector over the last 40 years.

The good news is a genuine opportunity for meaningful reform of Illinois' income tax now exists. That is because on June 5, 2019, Governor Pritzker signed the Fair Tax legislation into law. If implemented, the graduated rate income tax structure delineated in the Fair Tax legislation will not only tie income tax burden to ability to pay, but also raise new revenue in a manner that will effectively help eliminate some of the long-term structural flaws that have consistently made Illinois' overall tax system one of the most unfair and poorly performing in the nation.

Is the Fair Tax a silver bullet, capable of eliminating all of Illinois' fiscal woes? Simply put, no. The state has other structural fiscal problems that have to be addressed. That said, ratification of the constitutional amendment that would permit utilization of a graduated rate income tax, coupled with the concomitant implementation of the Fair Tax legislation, would effectively make the Illinois tax system fairer, more sustainable, and even better for the private sector economy.

ENDNOTES

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[2] Institute on Taxation and Economic Policy, "Who Pays? Sixth Edition, "October 2018, https://itep.org/whopays/
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[6] CTBA Analysis of (i): "FY 2009 Economic and Revenue Forecast," Commission on Government Forecasting & Accountability, March 5, 2008, 26. http://cgfa.ilga.gov/Upload/FY 2009%20Revenue%20Forecast%20SUMMARY%20MARCH%205%202008%20Meeting.pdf and (ii): "FY 2010 Economic and Revenue Forecast," Commission on Government Forecasting & Accountability, April 1, 2009, 35. http://cgfa.ilga.gov/Upload/FY 2010%20Economic%20&%20Revenue%20Update%20APRIL%201,%202009%20FINAL.pdf and (iii): "Revised FY 2020 Revenue Estimate," Commission on Government Forecasting & Accountability, May 2019, 20. http://cgfa.ilga.gov/Upload/052019UpdatedFY 2020andFY%202019RevenueEstimates.pdf and (iv): "Fiscal Year 2021 Budget Highlights," *Governor's Office of Budget & Management*, June 2020, 4. https://www2.illinois.gov/sites/budget/Documents/Budget%20Book/FY 2021-Budget-Book/21665-Fiscal_Year_2021_Budget_Highlights.pdf
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