

Fact-Check: No 'Jobs Tax' in Pritzker's Tax Plan, Despite What Attack Ad Claims

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"Pritzker and Madigan want to change the constitution to allow a permanent jobs tax on middle class families."

IDEAS ILLINOIS

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Two months after taking office, Democratic Gov. J.B. Pritzker took the first step toward making good on a major campaign promise by outlining a plan to replace Illinois' flat-rate income tax with a system that would tax higher levels of income at higher rates.

Pritzker wants lawmakers to put a measure on the 2020 ballot asking voters to approve a constitutional amendment giving them authority to replace Illinois' flat-rate income tax, currently set at 4.95 percent for all taxpayers regardless of their wealth, with a series of graduated rates. He says the rate structure he's proposing would generate billions in new revenue by raising taxes on the state's wealthiest 3 percent, while providing modest cuts to — or holding the line for — those who make less.

But a business-linked group run by former Illinois Manufacturers' Association President Greg Baise is out with [an ad](#) warning middle-class Illinoisans to watch their wallets.

"Pritzker and [Democratic House Speaker Michael] Madigan want to change the constitution to allow a permanent jobs tax on middle class families," a narrator says before going on to argue Springfield politicians can't be trusted after hiking taxes in previous years. "They're putting a constitutional amendment on your 2020 ballot, paving the way for their jobs tax on the middle class."

Baise's new group, Ideas Illinois, is clearly referring to Pritzker's plan for a graduated income tax. But just about everything else about the ad couldn't be fuzzier, so we decided to take a closer look.

Not a 'permanent jobs tax'

While there's no official definition for a "jobs tax," it's pretty clear Pritzker's plan doesn't contain one.

Experts we spoke with noted the term is sometimes used colloquially to describe so-called head taxes like the \$4-per-worker monthly charge [Chicago once levied](#) on larger employers. But that in no way resembles what Pritzker is proposing.

Richard Auxier, a research associate with the Urban-Brookings Tax Policy Center, said it is "completely incorrect" to use the term "jobs tax" to refer to a graduated income tax proposal.

"The income tax is not on people, it is on your income," he said.

Auxier also dismissed the ad's contention that amending the constitution to allow for graduated rates would make permanent whatever rates Pritzker and state lawmakers eventually decide to enact.

"There is no such thing as a permanent tax increase," he said. "All you've got to do is come back and change the law."

Indeed, the ad itself underscores that fact when it references past tax hikes. Since its inception in 1969, Illinois' individual income tax rate has [changed eight times](#), rising and falling and rising again before hitting 3 percent in 1990, then ping

ponging up to 5 percent in 2011, down to 3.75 percent in 2015 and back up to 4.95 percent in 2017.

The middle class connection

There are two parts to Pritzker's tax plan, and neither of them would appear to raise taxes on the middle class. Step one involves that constitutional amendment, which, if approved, would then allow Pritzker to ask lawmakers to set a new schedule of graduated tax rates that charge more to the wealthy.

Pritzker has floated a plan for that new rate menu, which he says would cut taxes for the vast majority of Illinois taxpayers. Only those with incomes over \$250,000-a-year would pay more, the governor says.

It's entirely possible Pritzker's plan for rates could change if the amendment passes. It's also possible lawmakers could approve it as is and then raise rates somewhere down the line. That's what the ad hints at.

But it's important to note that lawmakers can hike the flat income tax rate now, a power Ideas Illinois even stresses. That renders nonsensical the ominous warnings sounded by the ad.

We reached out to Baise for clarification through several email and phone contacts, but he did not respond. Also unanswered were questions we posed to Ideas Illinois, [a project of](#) a non-profit advocacy group called the Illinois Coalition of Jobs, Growth and Prosperity long [linked to](#) Republican powerbroker Ron Gidwitz, President Donald Trump's [ambassador to Belgium](#).

So we asked tax experts to take a stab at deciphering the group's underlying message.

"I think what they're trying to say is that this increased income tax will decrease the number of jobs in the state," said Carol Portman, president of the nonpartisan Taxpayers' Federation of Illinois.

Indeed, Baise made that case in [a commentary piece](#) in The Chicago Tribune published before Pritzker unveiled the specifics of his tax plan, arguing that raising taxes on income above a certain level "will accelerate the push of already-struggling job creators out of Illinois."

But Portman said studies on the effects of different tax rates on job growth at the state level are incredibly mixed. “You can find numbers that are real and true to support just about any argument you want to make,” she explained. “It’s so hard to isolate.”

[A 2015 Tax Policy Center report](#) wryly noted that recent studies have variously found that tax cuts “raise, reduce, do not affect, or have no clear effect on growth.” The results of the center’s own research indicated that neither the amount of revenue a state levies under a tax nor how high it set its top marginal rates “bore any stable relation” to economic growth across states and over time.

What’s more, the potential impact on job creators is not an argument the ad itself bothered to tease out.

Chris Mooney, a state politics expert at the University of Illinois’ Institute of Government & Public Affairs, said that’s likely because asking working- and middle-class voters to spare the wealthy from higher taxes is a tough sell. Instead of getting into details, he explained, it can be more effective politically to rely on “classic fear-mongering” techniques.

“It spooks people and it allows them to think the worst,” Mooney said. “When you’re not specific and you give them vague frames of negativity, they can rush to their own negative place.”

Our ruling

An ad from the anti-tax organization Ideas Illinois claims Pritzker’s tax plan calls for changing the constitution “to allow a permanent jobs tax on middle class families.”

But Pritzker is proposing an income tax, which is exactly what its name implies: a tax on income, not on jobs. As for permanence, any initial rates set under a graduated tax can be revised up or down, just like the current flat rate has been changed in both directions over the last decade.

The only difference is that a rate hike under the flat tax hits all taxpayers, while under a graduated tax it could be engineered to impact only the wealthy.

We rate this claim False.

FALSE — *The statement is not accurate.*

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