

## **TAXES, TAXES, TAXES**

*Dick Lockhart*

Governor Blagojevich delivered his budget message Wednesday and his long-expected tax package was revealed. However, as the actual legislation has not been introduced, we can expect amendments to existing “shell” bills to emerge very soon. Obviously, the dire fiscal condition of the State and the potential sources of revenue will dominate the next several months. At this time, no one can predict what kinds of taxes will be enacted, but I am confident there will be tax increases and/or new taxes imposed this spring, effective in 2008. (Note: if these taxes were to become effective upon passage and the final passage came after May 31, 2007, a three-fifths vote would be required of the House and Senate, which obviously would be difficult to do.) As the proposed gross receipts tax (GRT) would take effect January 1, 2008, therefore only 60 “yes” votes in the House and 30 “yes” votes in the Senate would be necessary for final passage.

As to the gross receipts tax, it would be imposed on total revenues of businesses, whether there was a profit or not. The tax rate would vary depending on the nature of the business and the corporate income tax would be phased out over a few years.

In addition to the GRT, the Governor also wants businesses to pay a 3% payroll tax. (Details to follow.)

Obviously, the major business organizations in Illinois are now preparing their battle plans to defeat the taxes outlined above. If they fail to pass, could the General Assembly fall back on HB 750 and SB 750 which increase the income taxes and extend the sales tax to a number of services set forth in those bills? Just about anything is possible.

Make no mistake all of these taxes will have an adverse effect on most businesses (especially small businesses) as well as on the total business climate of Illinois.

At this time, I urge each of you to contact your State Senator and State Representative now to find out their current position on the taxes I have set forth above. Also, be very explicit as to how these taxes will affect you, your company, or your professional practice, and try to obtain their position in writing.

Please review everything I will be providing you ASAP, as well as information from other sources as well. As I mentioned, no specific legislation is available at this time. When the specifics become known, I will provide them to you.

We are in for a “bumpy” ride, which probably will not end until sometime in June.

Your involvement is essential and I thank you for it.