

Bulked-up budget

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The \$60 billion plan

SPRINGFIELD — Gov. Rod Blagojevich kicked off his second term Wednesday with a soaring, \$60 billion state budget plan full of daring ideas, but its chances of approval now hinge on lessons legislative leaders learned during his first term.

The governor developed a reputation for unleashing splashy programs with few details, and that same approach this year has his fellow Democratic powers playing it close to the vest.

"If there were ever a day to say we were going to wait for the fine print, today is it," said Steve Brown, spokesman for House Speaker Michael Madigan, a Chicago Democrat whose support is crucial if Blagojevich's plan is to have a future.

Not even Illinois Senate President Emil Jones Jr., the governor's key legislative ally, was ready to say Blagojevich's aggressive new taxes on businesses could pass as is.

"It all depends," said Jones, who personally supports the business tax increases Blagojevich proposed.

Billing his plan as a "moral imperative" and himself as a Herculean hero of the middle class fighting greedy corporations, Blagojevich offered up the largest tax increase in state history to pay for record-setting spending that includes newfound billions for schools and health care coverage.

His plan all but does away with the corporate income tax, scrapping it in favor of what's called a gross receipts tax. The state essentially would take a portion of every dollar a business makes, regardless of whether it was profit. In the first year, it would raise \$2.8 billion but grow to more than \$6 billion by 2008.

Citing statistics showing the average Illinois taxpayers shells out \$1,500 in state income taxes while more than 12,500 of the state's biggest corporations paid \$151 on average, Blagojevich repeatedly cast big business as the bad guy and reason why life for millions of Illinoisans isn't better.

"The choice is simple: higher property taxes or having corporations pay their fair share," Blagojevich said. "The choice is simple: We can ignore health care or have corporations pay their fair share. ... The choice is simple: We can let the pension challenge worsen or have corporations pay their fair share."

Additionally, he wants to lease the state lottery and borrow \$16 billion as part of a \$26 billion plan to pay down the looming \$41 billion state pension debt that threatens to capsize the budget this year and every year for the foreseeable future if not addressed.

"It will make a big dent in the principal and finally put an end to the many-headed monster of

out-of-control interest payments," Blagojevich said of his pension plan.

But his proposal seemed to receive tepid support at best from lawmakers assembled to hear it in the Illinois House. Many said they were "flabbergasted" by the sheer size and scope of the spending.

Business groups and Republican lawmakers assailed the tax hikes and spending increases, saying they would only serve to drive up the costs of goods and services.

"I don't think you can ignore the fact that consumers are going to bear the brunt of this," said House Republican leader Tom Cross of Oswego. "I think he's going to have a tough sell."

Others, however, called for more spending.

Not included in the plan is a \$400 million bailout of the Regional Transportation Agency or the \$10 billion over five years for construction transit officials wanted.

"Health care and education are important areas for the governor and the General Assembly to focus on," said Steve Schlickman, RTA executive director. "But transportation is also critically important to address traffic congestion, promote clean air and support future economic growth."

And still others wondered why there was no specific property tax relief included in the \$10 billion, four-year education plan.

Blagojevich argued such a huge increase in state support of schools would help hold the line on local taxes. But Jones, the Senate president, suggested property tax cuts were not offered because wealthy suburban homeowners in places like Kenilworth would end up getting all the relief with no money left over for anyone else.

Animal Farm: Ding, dong, the tax swap's dead
