TALKING POINTS ON CLOSING CORPORATE TAX LOOPHOLES

- Our proposal is to close $2 billion in corporate tax loopholes to address revenue shortfalls.
- In these tough fiscal times for Illinois, everyone must do their part and share in the sacrifice – especially those who can most afford it.
- Corporations benefited from low taxes and tax loopholes for decades. Meanwhile, the state did not raise enough revenue to pay for the services on which citizens rely. Instead, it borrowed against its pension funds to pay for those services. It makes sense that corporations now be asked to pay their fair share and help the state get back on better fiscal footing.
- Corporate tax loopholes are corporate welfare. They often create unequal playing fields between large, profitable businesses and small businesses.
- Many business owners believe factors other than taxes – such as the availability of skilled labor or infrastructure – play a bigger role in making site selection decisions.
- Some of these loopholes benefit out-of-state or multinational corporations, so they do not even directly benefit the Illinois economy.
- The effectiveness of using tax loopholes to generate economic growth is questionable. Even the Illinois Department of Revenue has doubts about its impact.
- Tax loopholes tend to get little study by lawmakers during budget season, and yet they are a form of spending just like education, public safety, and health care.
- Facing today's revenue problem, Illinois simply cannot afford to spend billions on corporate welfare.

SPECIFIC EXAMPLES

- The newspaper and magazine industry is exempt from paying sales tax on ink and newsprint, at a cost of $33 million.
- Profits from oil production activities go untaxed in Illinois, costing the state $75 million.
- Wall Street investment traders even get a handout: The Chicago Mercantile Exchange and Chicago Board of Options Exchange get an $85 million tax break.
- Just earlier this year, for-profit hospitals received a new tax break costing $10 to $15 million a year, with a Tennessee company getting $5.5 million.
- Multi-state corporations can claim the "qualified production activities" tax deduction on their profits – even from out-of-state activities. The tax break costs $146 million.
- Dividend income on foreign affiliates is taxed at the federal level, but not the state, resulting in a $386 million loss for Illinois.