

# THE REAL FACTS ON THE FAIR TAX

Fair tax reform, which will be on the ballot in the November General Election, is popular, necessary and the right thing to do. The wealthy elites and their allies like the Illinois Policy Institute who want to maintain the unfair status quo don't have good arguments against it. So instead they try to confuse voters about what fair tax reform will do. Here are the facts to counter some of the falsehoods that fair tax opponents are already putting forward.

---

*FALSE: Fair Tax is a tax increase on the middle class.*

**FACT:** Under the fair tax rate bill passed by the General Assembly last spring, **97 percent of tax filers will pay less or the same. Only the wealthiest top 3 percent of tax filers will pay a little more** on income over a quarter-million dollars a year.

*FALSE: The Fair Tax is a blank check for future tax increases.*

**FACT:** The amendment doesn't give legislators any more or less power to raise taxes than they have right now. Legislators have raised taxes on everyone in Illinois in the past decade—and they could do it again tomorrow if they wanted to. What the Fair Tax amendment does is give lawmakers the flexibility to set tax rates based on income, so that rates can be higher for wealthy people who can afford to pay a little bit more, and lower for the middle class and those struggling to get there.

*FALSE: The Fair Tax is a tax on retirement income.*

**FACT:** Fair Tax reform does not allow taxes on retirement income. Illinois currently doesn't tax any retirement income such as 401(k), IRA, pension or Social Security benefits. Passing the Fair Tax won't change that.

*FALSE: The Fair Tax amendment will allow other amendments to the state constitution as well.*

**FACT:** The Fair Tax amendment only affects one sentence in the Illinois constitution. When the constitution is amended by a ballot question, only the specific language in the ballot question is affected. In this case, the fair tax question simply removes the language that prohibits an income tax with higher rates for people with higher incomes, and lower rates for people with lower incomes.

*FALSE: The wealthiest Illinoisans will leave the state if they're finally forced to pay their share.*

**FACT:** There is no research to back this claim up. In fact, **research shows there is no correlation between a state's tax rates and the likelihood a high-income family leaves the state.** Some states with very high tax rates on the wealthy also have a high proportion of wealthy citizens.

*FALSE: The Fair Tax will open the door to pension cuts.*

**FACT:** The exact opposite is true. **The forces opposing the Fair Tax are the same elites that want to eliminate public employee pensions.** They are hoping that if the Fair Tax is defeated, Illinois' financial situation is so dire that the pressure to cut pensions will grow ever greater.

*FALSE: The Fair Tax creates a "marriage penalty" for Illinois taxpayers.*

**FACT:** The Fair Tax will in no way "penalize" married couples who make less than \$250,000 a year. In fact, their taxes will remain the same, or even be reduced. **Only those earning more than \$250,000 may pay a little more if they file jointly**—and that will be more than offset by the very substantial benefit that joint filers receive on their federal income tax.