

CENTER FOR TAX AND BUDGET ACCOUNTABILITY

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Benefits that would Result from Implementation of HB750

History of Education Funding Reform Efforts. Since the 1980's, Illinois has struggled to solve its inequitable and inadequate school funding system: (i) three blue ribbon commissions have been formed; (ii) two state Supreme Court cases have been litigated; and (iii) numerous proposals to put band-aids on the existing system have been offered. Unfortunately for the two million public school children in Illinois, all attempts have failed.

Past attempts failed primarily for one reason - they did not recognize that the fundamental cause of the state's inequitable, inadequate school funding system is the state's antiquated fiscal system. Until Illinois comprehensively fixes the way it raises the revenue that funds public services, education funding reform will continue to fail.

HB750 – A Departure from Failed Reforms of the Past. HB750 is a comprehensive, bi-partisan bill that offers a real solution to school funding problems by guaranteeing property tax relief, shifting education funding responsibility to the state, generating the revenue necessary to provide every child a quality education without taking money away from well-financed districts, and reforming the fiscal system so it is able to produce adequate, reliable and sustainable revenue, on a fair and competitive basis, now and into the future.

Benefits of HB750. There are a number of benefits that would result from implementation of HB750, including:

- The State of Illinois assumes 51% of the cost of funding education (the national average);
- The bottom 60% of all income earners realize no tax increase after the reform;
- The bottom 20% of income earners actually realize a net tax decrease;
- Property tax burden is reduced by \$2.5 billion statewide;
- The education Foundation Level is increased by more than \$1,000 per child, fully implementing the EFAB recommendation;
- Illinois gains more school funding fairness, without bringing the top down;
- The state's structural deficit is eliminated;
- Illinois becomes a better place to do business, by decreasing direct taxation of businesses;
- The \$900 million tax credit to low and moderate income families will create an economic stimulus for local communities;
- Illinois remains a low-tax state, ranking in the bottom third of all states in total state and local tax burden;
- The Illinois tax system becomes fairer, more sound and sustainable.