



SB 2505 ANALYSIS

House Amendment #3

House Amendment Sponsor: Currie (D-Chicago)

The bill contains the Taxpayer Accountability and Budget Stabilization Act.

- Creates the Fund for Advancement of Education to “provide financial assistance for educational programs (page 4)
- Creates the Commitment to Human Services Fund to provide “financial assistance to community-based human services providers (page 5)
- Allows the Governor to reduce appropriations for mandated programs if necessary (page 5)
- Increases the individual income tax rate from 3% to 5% from 2011-2015; reduces the rate to 3.75% from 2015-2025; reduces the rate to 3.25% thereafter (page 8)
- Increases the corporate income tax rate from 4.8% to 7% from 2011-2015; reduces the rate to 5.25% from 2015-2025; reduces the rate to 4.8% thereafter (page 9)
- New State revenue from the income tax rate increases would total approximately \$7 billion
- Sets State spending limits for the legislature at 2% increase per year through 2015. This includes making the required pension payments. The Auditor General determines if the limit is adhered to. If it is not, the income tax rate increase is void. The Governor, with the concurrence of the Comptroller and Treasurer, may declare a fiscal emergency to override the spending limitations. (page 41)
- Allows municipalities to continue to receive the 10% of individual income tax receipts based on a 3% tax rate and the corporate tax receipts based on a 4.8% tax rate as spelled out in the Local Government Distributive Fund (LGDF). However, municipalities will not receive any additional funds through the LGDF based on the higher 5% individual income tax rate or the 7% corporate income tax rate. (page 61)
- Monthly deposits from the new income tax receipts into the Fund for Advancement of Education would be as follows: 1/30 in the years 2015-2025 and 1/26 thereafter – estimated to be over \$400 million per year (page 69)
- Monthly deposits from the new income tax receipts into the Commitment to Human Services Fund would be as follows: 1/30 in the years 2015-2025 and 1/26 thereafter (page 70)