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## **GRT REJECTED 107-0 SEVEN VOTE 'PRESENT' IN HOUSE TEST**

By [DOUG FINKE](#)

STATE CAPITOL BUREAU

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The Illinois House on Thursday overwhelmingly rejected Gov. Rod Blagojevich's plan to impose a gross-receipts tax on businesses.

Not a single representative voted in favor of a resolution asking if the tax should be adopted, while 107 voted against it. Seven lawmakers voted "present."

Representatives said the vote should send a clear message to Blagojevich that his proposed \$7.6 billion tax on most business transactions will not pass the General Assembly and that it's time to focus on something else.

"The leaders will have to realize the votes aren't there for this type of (tax), and then we go from there," said Rep. Frank Mautino, D-Spring Valley.

"The people in this chamber, Democrats and Republicans, know there is no support for the gross-receipts tax," said Rep. Bill Black, R-Danville. "There's just no support, and there hasn't been any support since the day he announced it."

But Blagojevich wasn't reading it that way. Hours before the vote was taken, the Democratic governor issued a statement asking all House members to vote against the GRT, even though he wants it to pass. Blagojevich said that would keep the debate on the tax going.

"We are asking all members to vote 'no' to send a clear message that this issue is too important to rush to judgment on a non-binding resolution," Blagojevich said in the statement.

Lawmakers weren't buying it.

"The governor, those folks aren't stupid," said Rep. Marlow Colvin, D-Chicago, who voted "present." "They knew this was going to fail miserably. Rather than facing that embarrassing defeat, I think they spun it to say this is an ongoing debate and discussion."

Colvin estimated that no more than 20 House members favor the tax.

House Speaker Michael Madigan, D-Chicago, engineered the vote just a day after the entire House sat as a committee to hear the pros and cons of the gross-receipts tax, including a pitch from the governor. Madigan hadn't aired his views on the tax before but voted against it Thursday.

"The gross-receipts tax is a regressive tax," Madigan said during debate on the resolution. "This is a pass-through to the ... consumer. Many times, these people are the least able to take on additional costs."

Rep. Jay Hoffman, D-Collinsville, a close Blagojevich ally, refused to say the vote was the GRT's death knell.

"This resolution was a political maneuver made by the speaker and others," Hoffman said afterward. "There are way more than 12 people who believe we need fundamental reform in our tax system and that large corporations aren't paying their fair share."

With no support in the House for a GRT, lawmakers will now be asked what other tax increases, if any, they might back. Madigan will meet privately with House Democrats on Tuesday morning to see where they stand on higher taxes. Each Democrat has been asked four questions: Will you vote for a tax hike of any kind; what tax hike do you support; how big of an increase; and what programs do you want funded?

Mautino, vice chairman of the House Revenue Committee, said he thinks the House will accept an increase in the income tax, sales tax or both, even though Blagojevich has said he will veto any hike in those taxes. Mautino said such a proposal could get enough support that a veto could be overridden.

Mautino also said lawmakers will focus on just how large of a state budget they want.

"We have to figure out what we are going to fund and how much money we need to do that," he said. "From the attitude expressed in the room today, it is nowhere near the \$7 billion to \$8 billion to \$10 billion mark for increases."

In addition to his \$7.6 billion GRT, Blagojevich wants to impose a \$1 billion payroll tax on employers to cover the cost of universal health insurance, expanded education funding, pension payments and property tax relief. Many lawmakers have called such an increase in state spending in one year excessive.

Hoffman said lawmakers also could look at closing business tax loopholes or imposing a minimum corporate income tax to ensure large companies pay some income tax in Illinois.

"I wouldn't say that a modified revenue increase on the largest corporations is off of the table," Hoffman said.

**Meanwhile Thursday, a coalition of business groups and labor unions said state lawmakers should find a way to devote \$2 billion annually to road construction. By issuing bonds, the \$2 billion could be used to finance \$5 billion worth of construction in each of the next five years.**

**"We do not believe transportation funding can be deferred any longer," said Doug Whitley, president of the Illinois Chamber of Commerce. "The cost of construction materials is rapidly outpacing the amount of money that's currently available."**

**The group did not endorse a specific plan for raising the \$2 billion but said a mix of ideas should be considered, including raising the gasoline tax, hiking vehicle registration and license fees and using sales tax money from gasoline on road projects rather than general state expenses.**

**Whitley also said gambling expansion could be a major source of new revenue for road projects.**

Doug Finke can be reached at 788-1527 or [doug.finke@sj-r.com](mailto:doug.finke@sj-r.com).