



Business Climate In Illinois

In order to attract more businesses to the Illinois, and, as a result, generate more tax revenues and improve the employment picture, we must first improve the economic climate. In terms of attracting new business and maintaining our current businesses, Illinois is about as unattractive as a state can be, especially in the manufacturing sector. To address this, I would propose reforms to business regulations and taxation that have been fostered by politicians over the past several decades.

Whether you are individual investor or a business, uncertainty is your biggest concern. And an uncertain business environment is plaguing our state. There are several reasons for this. To begin with, our state has \$111 billion of unfunded public sector pension liabilities. At the same time, our corporate income and property tax rates remain among the highest in the nation. These challenges are having a real and immediate impact on our ability to move the state forward. Recently, for example, Chicago was a finalist in General Electric's search for a new corporate headquarters location, a move that would have brought 800 jobs to the city. GE stated that the state's pension crisis and the condition of the Chicago Public School system eliminated Chicago from the running. This is but one of many examples where a major business entity and job creator looked at Chicago and decided that this great city, with all it has to offer, was not a good place to make its home.

In the fiscal year ending June 30, 2015, 105,200 more people left the state than moved in. In comparison, all five of the contiguous states experienced net

population gains. Our state lost 14,500 factory jobs in 2015, while most surrounding states continue to gain, and we are on pace to reach an all-time low in manufacturing jobs by the end of this year. While Illinois had a slight jobs recovery after the Great Recession, it has lost ground since then. Michigan has gained over 140,000 manufacturing jobs since 2010, while Illinois gained only 13,000. Illinois is the only Great Lakes state where government workers outnumber manufacturing workers (747,000 to 574,000).

A direct response to the loss of employment by so many good, hard working people has been an increased dependency on already overburdened government programs such as food stamps, unemployment benefits and other welfare programs. This climate of dependency is not sustainable in an already cash strapped system. As Governor Rauner has said, “We can not be compassionate if we can not be competitive”.

Our current politicians do little to change the onerous property tax, income tax, litigation and worker’s compensation system in our state. If industry is smothered by these misguided policies, it won’t matter if we are smarter or stronger or better located than our neighbors.

It’s easy to say that the system needs reform. The past two Democratic governors and Democratic controlled legislature “attempted” reform, and the results have been extremely costly to the state. Serious, responsible, and non-politically motivated changes need to be made to our tax rates, pension systems, and other programs if Illinois has any chance at all to bring back the hundreds of thousands of blue collar jobs that have been lost in this decade alone.