

Senate Bill 09 is on Ice

Illinois Senate Puts Tax Bill on Ice

Bill Ward, Executive Vice President, HBAI

Leaders in the Illinois State Senate have failed in their attempt to pass SB09, the omnibus tax bill that was part of the “Grand Bargain.” HBAI opposed the taxation portion of the bipartisan effort as it would have implemented a new Excise Tax on home repair services that would have increased costs to home owners by 5%.

Senate President John Cullerton (D-Chicago) announced on Wednesday that, due to a lack of support by Republican members in the Senate, SB09 would not be called for a vote. Cullerton blamed Governor Bruce Rauner for intervening during the time that Cullerton and Senate Republican Leader, Christine Radogno (R-Lemont) were attempting to put enough Democratic and Republican votes on the board to move SB09 to the House of Representatives.

SB09 was particularly bad for those of us in the home repair and remodeling industry. On top of a personal and corporate income tax increase, there was a new Excise Tax on “the repair of tangible personal property attached to real estate.”

This tax would work like a 5% sales tax on repair work, and home repair work was only one of five economic sectors to be burdened with this new form of taxation.

The other four sectors included dry cleaning, warehouse storage, landscaping, and amusements. Another 140 possible services could have been named in SB09, but Senate Leaders kept it to these five to allow for easier passage.

The Excise Tax was initiated after retailers and soda pop manufacturers removed from SB09, a penny per ounce tax on the sale of soda pop. To fill the gap left by the vacancy of the soda pop tax, Senate leaders embraced a Wisconsin law taxing the five service sectors that seemed to have little clout in the Illinois Senate.

One other tax in SB09 was the Business Opportunity Tax that would have assessed businesses with a tax based upon the size of company payrolls. HBAI was opposed to this form of taxation, as well.

HBAI has maintained throughout the process, that we are willing to accept broad based forms of taxation to help solve Illinois' budgetary problems. However, the Excise Tax is a narrow based form of taxation that was unfair to the 5 sectors named in the bill and that it was also extremely complicated to follow.

So now what? We will now have to wait and see, but a good guess would be that the General Assembly will go back to more traditional forms of proposing taxation, and not tie it to 12 other bills that were included in the Grand Bargain.

In the days, weeks, and months ahead, the Excise Tax will return and we will be forced again to defend our

industry and our customers. But for now, and until at least next Tuesday, SB09 is dead.