

My View: Illinois businesses need tax relief

By: Gary Rabine

Illinois' business climate went from bad to worse last month when the state legislature overrode Gov. Bruce Rauner's veto to raise the state corporate income tax by 33 percent to 7 percent — making it one of the highest in the nation.

Personal state income taxes were also raised by 32 percent, leaving average consumers with hundreds of dollars less in their pocket each year to spend at state businesses.

Illinois' property taxes, which are a major expense of every business, are also the highest in the nation. Taxes on homes in my county are 3.2 percent to 4.5 percent of the assessed value — driving values to all-time lows of up to 60 percent below new construction/original cost.

This hostile tax environment has real consequences.

People are fleeing the state by the hundreds of thousands. In fact, Illinois has ranked No. 1 in population loss every year since 2014. The absence of these people will surely be felt. These are the business entrepreneurs and hardworking employees that are necessary for economic growth, job creation and community investment.

So the question is, what do we do about it? The answer is simple. Governments at all levels — federal, state, and local — need to provide tax relief to the millions of struggling businesses and hardworking tax payers in Illinois and around the country.

As the CEO of Rabine Group — a leading national provider of exterior facilities services such as pavement, roofing, snow removal, and pipeline televising services — I see first-hand the negative ramifications of high taxes. Not only do I deal with it directly in my own business, but many of my clients are small businesses who are truly affected as well. In fact, pass-through small businesses like ours pay federal tax rates as high as 40 percent. With the tight budget constraints that many of them already operate on, tax relief would give

them the extra cash on-hand to expand and create new economic opportunity for the people who need it most.

In fact, according to a new national poll of small business owners conducted by the Job Creators Network, a majority of respondents would use the saved tax dollars from tax cuts to reinvest back into their business by hiring new people, raising wages or adding new locations.

For my business in particular, the tax savings would equate to company expansion by means of more trucks and teammates that we could invest in to pave new parking lots for the nation's retail and commercial businesses.

President Trump has already made moves in this direction by proposing tax cuts for businesses — big and small. The Tax Foundation estimates that by cutting the corporate tax rate to 15 percent, U.S. economic output will increase by almost 4 percent, as well as creating 613,000 jobs. And his proposed 15 percent tax rate for pass-through small businesses would have similar effects — especially since small businesses are responsible for two-thirds of all new job creation.

President Trump has already gotten the ball rolling for economic expansion by using executive orders to remove many of the harmful regulations implemented by the previous administration. Now it's Congress' turn to step up to the plate. Lawmakers need to accomplish meaningful tax reform that targets job creating entrepreneurs and the hardworking taxpayers burdened the most.

Then Illinois lawmakers need to reverse their current trend and follow in Congress' footsteps. My business is happy to pave the way.

Gary Rabine is the CEO of Rabine Group and a member of the Job Creators Network.