

Service Taxes – 2008

My sources tell me, our Governor will deliver his Budget and “State of the State” message on February 20. Those sources do not tell me what he will be recommending, but on the basis of past performances, he is likely to expound on something like “universal health care.” Although something of that nature would be enormously expensive, he will try to make implementation appear to be painless.

Currently, Illinois has a serious structural deficit problem, which is getting worse every day and no viable solution is in sight. As we know, in recent years, we have seen the “750” bills, which among other things would extend the sales tax to a long list of services, including investigation and security services. Although those bills were not called for a vote in 2006 and 2007, I expect legislation to tax services to reappear in the next few weeks, and we need to be prepared.

It has come to my attention that in 2006, New Jersey has taxed such services, and in doing so, joined 16 other States who are also taxing those services. I mention these things now so we can be prepared to respond in the same effective way as we did in the past. According to State Comptroller, Dan Hynes, the State of Illinois owes \$1.7 billion which increases every day.

Reminder: Although 2008 is an election year, when tax proposals are more difficult to pass, the Governor is not on the ballot this year, and the fiscal crisis may be so serious, it can no longer be ignored.

Suggestion: Consider my memos as very important which should be read upon their receipt. You may want to retain them for future reference.

As always, contact me for any questions, or suggestions.

Thank you.

Thought for the Day: “Politics and elections, like war, bring out the best and the worst in people.” Dick Lockhart, lobbyist and veteran (WW II).