



Paulsimoninstitute.org

FOR IMMEDIATE RELEASE

Monday, March 24, 2014

Contact: John Jackson
618-303-1240
Charles Leonard
618-303-9099

Illinois Voters Oppose Extending Temporary Income Tax Increase

Registered voters in Illinois strongly oppose making permanent a temporary income tax increase approved in 2011, according to the latest poll from the Paul Simon Public Policy Institute at Southern Illinois University in Carbondale.

Making the tax increase permanent was opposed or strongly opposed by 60.3 percent of the respondents. Only 26.5 percent of them favored or strongly favored the idea.

The statewide poll of 1001 registered voters was conducted February 12-25. Both land lines and cell phones were included in the telephone poll. The margin of error is plus or minus 3.5 percentage points.

The findings come as the governor delivers his budget message outlining the details of a new state spending plan this week. The survey also found:

- The voters of Illinois like and support major governmental programs and services and oppose making cuts to those programs.
- There is more support than opposition to recent changes in the state's pension system; 47 percent of voters support these changes while 39 percent oppose them.
- Voters oppose raising the state sales tax or taxing retirement income to raise money to fix the state's chronic budget deficits. They support expanding gambling.

John Jackson, one of the SIU political scientists directing the poll, said "it has long been recognized that Illinois has an antiquated tax system which fails to raise enough revenue to support the programs and services that everyone in the state relies on daily, while the public

resists significant changes to the revenue system. This contradiction has produced the state’s structural budget deficit, which has proved to be very difficult for political leaders to address.”

Table 1							
Make the Temporary Income Tax Increase Permanent?							
	All	Liberal	Moderate	Conservative	Democrat	Independent	Republican
Strongly Favor	9.6%	17.6	8.4	4.3	14.2	14.3	3.1
Favor	16.9%	23.7	20.3	10.4	23.8	14.3	10.2
Oppose	22.2%	22.6	26.2	20.3	23.6	17.5	23.2
Strongly Oppose	38.1%	24.3	30.42	53.5	25.1	42.9	53.5
Don't Know	13.2%	11.8	14.7	11.5	13.4	11.1	9.9
N= 1001							
Question 1: “Do you favor or oppose a proposal to make permanent the temporary state income tax increase passed in 2011?”							

Liberals were far more likely to want to make the tax increase permanent than were conservatives with moderates in between. Also, Republicans were far more likely to oppose making the tax increase permanent than were Democrats, with the Independents falling between the two partisan groups.

Opposition Even If Bigger Deficits Might Occur

There is opposition to making the tax increase permanent, even when voters are told letting it expire would increase the state budget deficit. A follow-up question was asked of respondents who opposed making the tax increase permanent: “The Governor’s budget office estimates that if the temporary tax increase expires, it will add 2 billion dollars a year to the state’s budget deficit. If you were convinced this was the case, would you favor or oppose making permanent the temporary income tax increase”?

The probe and additional information did not change the outcome much. Of the 603 respondents to this question, 73.8 percent still opposed or strongly opposed making the income tax increase permanent, while a total of only 17.3 percent favored or strongly favored this measure. These results are displayed in Table 2.

Table 2	
Making the Tax Increase Permanent: Further Considerations	
Strongly Favor	2.9%
Favor	14.4%
Oppose	28.7%
Strongly Oppose	45.1%
Don't Know	8.8%
N= 603	
Question 2: "The Governor's budget office estimates that if the temporary tax increase expires, it will add \$2 billion dollars a year to the state's budget deficit. If you were convinced this was the case, would you favor or oppose making permanent the temporary income tax increase?"	

Pension Changes Win Support

A change in the state pension system for public employees is one tangible reduction in the projected deficit that was approved recently by the General Assembly and signed into law by Governor Quinn. This new law is quite controversial and is being challenged in the state court system. When asked about the new law, 47.2 percent approved or strongly approved of it, and 39.3 percent disapproved or strongly disapproved of the change. Table 3 provides the results on this question.

The familiar partisan and ideological polarization is not as clear on the pension reform law as it was on the tax proposal. Liberals and moderates were somewhat more likely to approve or strongly approve of the pension reform than were conservatives, but the gap between the ideological groups was not large. Also, Republicans were slightly more likely to disapprove or strongly disapprove of the pension reform, but the differences between them and the Democrats were not particularly wide.

Table 3

Approval for Pension Reform Bill							
	All	Liberal	Moderate	Conservative	Democrat	Independent	Republican
Strongly Approve	16.7%	17.2	18.5	15.2	16.4	26.9	17.0
Approve	30.5%	35.1	33.6	26.2	32.2	19.1	30.6
Disapprove	19.2%	18.2	18.5	20.1	19.9	17.5	19.6
Strongly Disapprove	20.01%	17.2	17.5	24.1	18.3	12.7	22.9
Don't Know	13.6%						

Question 3: "Last year the legislature passed and the governor signed a pension reform bill. It is designed to save Illinois' under-funded public employee pension system \$100 billion dollars over 30 years, and would eventually fully fund the system. It would decrease the amount workers' pay into the program, but would also cut cost-of-living increases for state retirees. Generally speaking do you approve or disapprove of the new law?"

Raise Taxes, Cut Spending Or Both?

Respondents were also asked to choose among three different solutions to the state's current budget deficit. The options were increasing revenue, which was supported by 9.7 percent; cut waste and inefficiency, which was chosen by 52.3 percent; and a combination of both increased revenue and cutting waste, which was chosen by 28.9 percent. Table 4 displays these findings.

Table 4

How to Handle the Budget Deficit?							
	All	Liberal	Moderate	Conservative	Democrat	Independent	Republican
More Revenue	9.7%	16.9	5.6	8.0	13.6	6.3	6.5
Cut Waste	52.3%	38.5	52.1	61.2	42.9	57.1	62.6
Combination	28.9%	35.5	35.3	21.1	33.5	25.4	24.7
Haven't Thought	5.0%	6.8	3.5	4.3	6.8	4.8	2.6
Don't Know	4.1%	2.4	3.5	5.4	3.3	6.4	3.7
N= 1001							

Question 4: "The state of Illinois has a budget deficit of over 6 billion dollars. I'm going to read three statements that people have made about how to fix the deficit and ask you which one comes closest to your views. If you haven't thought much about this issue, just tell me that".

"Illinois public programs and services have already been reduced significantly. We can only fix the problem by taking in more revenue, such as a tax increase"

"The state takes in plenty of money to pay for public services, but wastes it on unnecessary programs. We can fix the problem by cutting waste and inefficiency in government"

"Illinois' budget problem is so large it can only be solved by a combination of budget cuts and revenue increases"

Previous polls conducted by the Paul Simon Institute also found large majorities of respondents choosing the “cut waste and inefficiency option,” although that choice was down modestly by 2.8 percent. The “increase revenue” option was up by 2.0 percent compared to the last statewide poll the Institute conducted in 2013.

Conservatives and Republicans were significantly more likely to choose the “cut waste” option (61.2 percent for the conservatives and 62.6 percent for the Republicans) than were liberals and Democrats (38.5 percent for the liberals and 42.9 percent for Democrats), with the moderates and Independents falling between the two partisan groups (52.1 percent for moderates and 57.1 percent for Independents).

Likewise, liberals and Democrats were far more likely to choose the “increase revenue” and the “combination of both” approaches than were conservatives and Republicans: 16.9 percent of the liberals and 13.6 percent of the Democrats chose the increase revenue option compared to 8.0 percent of the conservatives and 6.5 percent of the Republicans who chose that option. The moderates and Independents were much closer to the conservative and Republican position on increasing revenue.

On the “combination of both” option, 35.5 percent of the liberals chose that option compared to 21.1 percent of the conservatives. Also, 33.5 percent of the Democrats chose the combination of approaches compared to 24.7 percent of the Republicans and 25.4 percent of the Independents who chose that option.

But What To Cut?

Turning to the expenditures side of the equation, the respondents were asked whether they favored or opposed cuts in a variety of the most prominent state programs and services. The proposed cuts ranged from education, public safety, natural resources and state parks to programs for poor people, the disabled and state pensions. The range was from 51.1 to 82.1 percent who opposed the proposed cuts. Table 5 displays these findings.

Table 5							
Proposals to Cut Spending on Programs							
	<u>K-12</u>	<u>University</u>	<u>Public Safety</u>	<u>Natural Resources</u>	<u>Poor People</u>	<u>Disabled</u>	<u>Pensions</u>
Favor	17.7%	36.7	24.1	31.4	26.2	14.8	41.5
Oppose	78.8%	56.6	71.0	61.1	64.8	82.1	51.1
Don't Know	3.5%	6.7	4.9	7.5	8.9	3.2	7.5
N=1001							
Questions 5: “Do you favor or oppose cuts in state spending on (<u>kindergarten through high school education, universities, public safety, natural resources e.g. state parks, poor people, disabled, pensions</u>)?”							

In all cases a majority of respondents opposed cuts to these programs. The only proposed cuts which had substantial levels of support were cuts to universities, favored by 36.7 percent and opposed by 56.6 percent, and cuts to state pensions, which were favored by 41.5 percent and opposed by 51.1 percent of the respondents.

Here there were not major differences on the familiar party and ideological polarization grounds observed earlier. Republicans and conservatives were more likely to favor cuts to university budgets and state pensions than Democrats and Independents were. Independents were more likely to support and less likely to oppose cuts to Public Safety than either Democrats or Republicans.

Or What Taxes To Raise?

Turning from the expenditures side to the revenue side, the poll asked a series of questions about possible new sources of revenue to balance the state's budget. The results are provided in Table 6.

The only revenue proposal that garnered majority support was increasing gambling, which was favored by 52.7 percent of the respondents and opposed by 43.7 percent. For years legislators throughout the nation have found the so-called "sin taxes" of gambling, tobacco, and alcohol—the most promising targets when it came to tax increases. However, just raising these taxes rarely generates enough revenue to address serious budget shortfalls, and the sin taxes are limited by competition from neighboring states.

Increasing the state sales tax was favored by 18.2 percent but opposed by 78.7 percent.

A more nuanced proposal to expand the range of goods and services on which the sales tax is levied is gaining some traction among various tax reform groups in Illinois. Illinois only taxes 17 categories of services, whereas there are 168 different categories of services taxed in some states. The average state taxes 56 services. So broadening the base appears to be a somewhat more promising alternative, with 43.9 percent favoring. Still, 53.3 percent opposed even this idea.

Taxing retirement income is also a proposal that has been widely discussed, since Illinois is one of only four states that currently do not tax such income. But this proposal gained only 21.8 percent support and has 71.6 percent opposed. A somewhat more feasible alternative would be to make that measure more progressive by only charging income tax on income above \$50,000 a year. This proposal was favored by 42.9 percent and opposed by 49.9 percent.

Table 6					
Proposals for Possible Sources of New Revenue					
	Sales Tax	Broaden Sales Tax	Gambling	Retirees	Retirees Above 50k
Favor	18.2%	43.9%	52.7%	21.8%	42.9%
Oppose	78.7%	53.3%	43.7%	71.6%	49.9%
Don't Know	3.1%	2.9%	3.7%	6.6%	7.8%
N= 1001					
Question 6: "Do you favor or oppose raising the state sales tax rate?"					
"Do you favor or oppose expanding the sales tax to cover services like dry cleaning or haircuts, which are not currently taxed?"					
"Do you favor or oppose a proposal expanding legalized gambling in the state?"					
"Do you favor or oppose applying the state income tax to retirement income, such as pensions and Social Security?"					
"Would you favor or oppose applying the state income tax to retirement income if it exempted from taxes the first \$50,000 earned?"					

Jackson said "overall these results point to a basic incongruity in public opinion...people want and support a wide range of public programs and services. When a serious proposal emerges to reduce or eliminate a specific program, the clients and interest groups associated with it mount a vigorous defense and point out the program's usefulness, and the public generally agrees."

Jackson also said only eliminating so-called waste, inefficiencies and fraud gains popular support. "The problem is that finding and eliminating waste and fraud at a level to truly make a difference in any state budget is extraordinarily difficult and controversial. One person's waste and fraud is another group's essential program."

The 2014 Simon Poll interviewed 1,001 registered voters across Illinois. It has a margin for error of plus or minus 3.5 percentage points at the 95 percent confidence level. This means that if we were to conduct the survey 100 times, in 95 of those instances the results would vary by no more than plus or minus 3.5 percentage points from the results obtained here. The margin for error will be larger for demographic, geographic and response subgroups.

Live telephone interviews were conducted by Customer Research International of San Marcos, Texas. Cell phone interviews accounted for 30 percent of the sample. A Spanish language version of the questionnaire and a Spanish-speaking interviewer were made available. Customer Research International reports no Illinois political clients. The survey was paid for with non-tax dollars from the Institute's endowment fund.

Note: The "Paul Simon Public Policy Institute Poll," the "Simon Poll" and the "Southern Illinois Poll" are the copyrighted trademarks of the Board of Trustees of Southern Illinois University. Use and publication of these polls is encouraged – but only with credit to the Paul Simon Public Policy Institute at SIU Carbondale.