

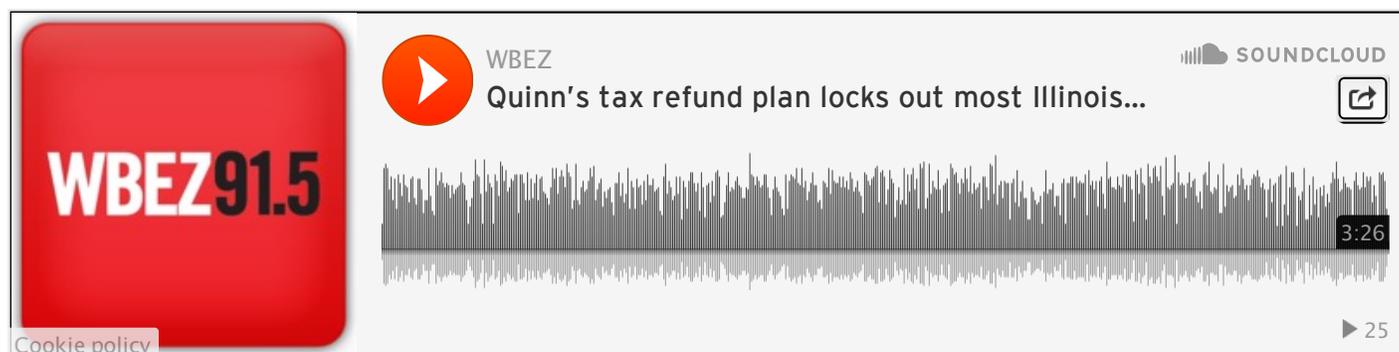
WBEZ91.5

Published on *WBEZ 91.5 Chicago* (<http://www.wbez.org>)

Source URL: <http://www.wbez.org/news/quinn%E2%80%99s-tax-refund-plan-locks-out-most-illinois-renters-109939>

Quinn's tax refund plan locks out most Illinois renters

March 28, 2014



Illinois Gov. Pat Quinn's proposal to give Illinois homeowners' a guaranteed \$500 property tax refund could leave most renters out in the cold, according to tax experts and renters' rights groups.

The election-year budget proposal Quinn presented to lawmakers last week came with a big, bitter pill: his call to keep the state's personal income tax rate at 5 percent next year, instead of letting it drop down to 3.75 percent as was the original plan.

But Quinn, a Democrat, also offered some sugar in last week's budget speech: a \$500 tax refund for every Illinois homeowner, every year.

That might sound pretty sweet for the 92 percent of Illinois homeowners Quinn says would benefit from that refund. (The 8 percent of homeowners who pay more than \$10,000 in property taxes would see their refunds shrink.)

But as for all you apartment dwellers out there?

"Renters are not going to share in any of the givebacks in terms of the property tax rebate," said Laurence Msall, who heads up the Chicago-based Civic Federation, a budget watchdog group.

Msall points out Illinois' property tax credit does not apply to renters, even though they do pay for property taxes indirectly each time they cut their landlord a check.

That means a third of Illinois' households -- and more than half of Chicago's -- are not eligible for Quinn's proposed refund.

But most will still be stuck subsidizing the program with their income tax dollars, Msall said.

"The overall population -- everyone at every level who earns income -- is gonna pay a higher tax rate going forward than they would otherwise if the temporary income tax were allowed to expire," he said.

Under the governor's plan to maintain the current 5 percent personal income tax rate, instead of letting it drop next year, Illinoisians who make more than \$40,000 in taxable income would end up paying more in taxes than the \$500 refund is worth, Msall said.

If approved by the state legislature, the refunds would cost nearly \$1.3 billion next year -- more than twice as much as the current property tax credit program.

Quinn says it is part of his larger plan to give homeowners and working families some relief from an onerous, unfair property tax system that disproportionately benefits high-income areas.

But renters should be included too, said John Bartlett, who leads up the Metropolitan Tenants Organization, a Chicago renters' rights group.

"Renters tend to be the lowest-income population in Illinois, and they're not gonna be getting a tax break, and that's really unfortunate and unfair because they probably need it the most," Bartlett said.

When asked this week about the effects of his budget proposal on renters, Quinn pointed to the state's Earned Income Tax Credit, a tax break for the working poor. It's for individuals who make less than \$14,340 a year, or less than \$48,378 for a family of four.

For a family, that is a tax break worth a few thousand dollars -- and over the next five years, Quinn wants to double the EITC.

"There are many, many renters who would benefit from that particular tax relief measure," Quinn said Thursday. "We've already done it once. We're gonna do it again. We're gonna double the value of the Earned Income Tax Credit which helps so many renting families raising children."

But only about a quarter of Illinois rental households would qualify for the EITC, according to a WBEZ analysis of U.S. Census data. The vast majority would end up paying the current heightened income tax rate, while not benefitting from Quinn's refund.

University of Illinois Professor David Merriman says that leaves middle-class renters in the lurch.

"We're talking about people whose incomes [are] in the 40, 50, 60,000 dollar range and are renters," Merriman said. "Those are the people who I think are gonna get hit the hardest."

Quinn's administration points out it does not want to raise the current personal income tax rate next year, but wants to maintain the current 5 percent level. But it is also not lowering the rate, as was the original plan.

Kevin Jackson, who heads up the Chicago Rehab Network coalition, says that is especially bad news right now, as rents in Illinois are already becoming less affordable and more burdensome to tenants.

"Renters are a vibrant and significant part of the economy," Jackson said. "And so if we're

thinking about this homeowner support as a way of reinforcing economic activity, renters should also be included.”

Twenty-two other states and the District of Columbia include renters in some sort of tax benefit program, according to the [Lincoln Land Institute](#).

Quinn would not say whether he would seriously consider adding Illinois to that list.

[Alex Keefe](#) is a political reporter at WBEZ. You can follow him on [Twitter](#) and [Google+](#)

Correction: An earlier version of this story incorrectly stated that Quinn's plan includes doubling the state's Earned Income Tax Credit next year. In fact, the governor's proposal would double the EITC over the next five years.