

Home Builders Oppose SB09 New & Higher Taxes on Home Repair & Maintenance

The Home Builders Association of Illinois Opposes **SB09**, a "Grand Bargain" component that, in part, imposes a 6.25% service tax on Home Repair and Maintenance. HBAI is vehemently opposed to this narrow-based form of taxation and requests a **NO Vote** on its consideration.

Amendment #2 is currently on SB09 and it imposes a 5% Excise Tax on home repair. Proposed Amendment #3 to SB09 raises that tax to a 6.25% Service Tax. HBAI is opposed to both forms of taxation.

The 6.25% tax would cause a decline in work for repair & maintenance by about **\$47.22 million** per year. This impact includes:

- \$43.08 million less income for Illinois workers,
- 521 fewer jobs in Illinois,
- \$7.88 million less in revenue for the state government and local governments within the state, partially offsetting the increase in revenue collected under the new tax.

Home Repair Businesses will not only be hard hit by the new taxes, they will also struggle with very confusing language on how to pay for these taxes. Businesses of every size will struggle with the payment options which will hinder customer service while conforming to state regulations.

Senior Citizens and Home Owners on limited incomes will be forced to forego home improvements and needed maintenance to keep their homes attractive and functional. This tax will hurt them the most and that is why the City of Springfield, Illinois passed a resolution opposing this tax. This tax will burden our neighborhoods and weaken our communities.

Home Construction in Illinois is still 50th in the country. Builders trying to stay in business have diversified into Home Repair & Remodeling to stay afloat in Illinois' abysmal economic state. Now, they feel as though the state is attacking them with new taxes and regulations that will take their businesses down.

The Home Repair Service Tax has neither heart nor conscience. Even in situations where homeowners are suffering from property loss due to storms or fire, the Home Repair Tax shall be applied for repair work on that home. Here the tax could reach into the thousands of dollars to pay the tax on one of the most unfortunate situations anyone has to bare.

The Service Tax on Home Ownership is a narrow based tax intended to usher in a new form of taxation for Illinois, taxation on the service industry. But the 8 economic sectors chosen out of a possible 168 seems to be low-hanging fruit for legislators to safely pick without facing political fallout. Proponents should show more courage and tax all sectors equally, or not at all.

In the meantime, the home repair business will also get socked with other tax increases covered by SB09; Personal & Corporate Income Tax Increases; the Business Opportunity Tax; and, the fees paid annually to the Dept. of Revenue to administer collection of the Service TAX.

Vote No on Home Repair Taxation
Vote No on SB09
