



# NEWS

## AMERICANS FOR TAX REFORM

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# Illinois – Transportation Hub No More?

*Raid on railroads could drive freight traffic away from Illinois.*

WASHINGTON – For more than a century Chicago, and Illinois in general, has been the transportation hub of the nation. Shipping on Lake Michigan, railroads, airlines, and Interstate highways make Illinois a central player in national commerce.

But a new tax proposal by Gov. Rod Blagojevich (D) could undermine the rail component of Illinois' position. The governor is advocating a 21.5 cent per gallon fuel tax on railroads and other non-highway users. Combined with new highway routes and upstart airlines, Illinois could find itself a place to be avoided, rather than a necessary stopping off point.

**“It is a truism that when you tax something, you get less of it,”** said taxpayer advocate Grover Norquist, president of Americans for Tax Reform. **“The rail industry is, almost by definition, an interstate business with multiple substitutes. If the tax on fuel in Illinois goes up, how easy is it for rail companies to refuel before they cross the state border, or to shift to alternate routes to avoid the state altogether? And even for in-state transport, trucking is a viable alternative if the costs of rail increase. But that just means more congestion on the state’s overburdened highway system.”**

Traditionally, motor fuel taxes have been charged to passenger cars and freight trucks to pay for construction and maintenance of public roads, and by boaters who use public waterways. But railroads traditionally have built and maintained their own rail infrastructure.

**“The governor is going to kill the goose that laid the golden egg,”** Norquist continued. **“He has raised countless fees to fund more spending, he has raised taxes on casinos, and now he wants to raise taxes on railroads. But if he succeeds in driving commerce out of the state, there will be fewer railroads, fewer warehouses, fewer factories, and fewer jobs left to tax. Gov. Blagojevich’s tax hikes could destroy the very things that made Illinois an economic powerhouse.”**

*Americans for Tax Reform is a non-partisan coalition of taxpayers and taxpayer groups who oppose all tax increases. For more information or to arrange an interview please contact Jonathan Collegio at (202) 785-0266 or by email at [jcollegio@atr.org](mailto:jcollegio@atr.org).*

