



(Originally published Nov. 18, 2012)

In September, Illinois got a bitter reminder of how its dysfunctional state finances and reputation for corrupt government are creating an ever more hostile climate for new business and job growth within its borders.

Nassef Sawiris — head of Egypt’s largest company and a University of Chicago alum — said he chose Iowa over Illinois for a \$1.4 billion fertilizer plant largely because he didn’t trust Illinois government. It didn’t matter that he found Illinois’ corporate tax code and an incentive package from Illinois “financially superior” to Iowa’s.

“Whatever tax regime exists today we have to take with a grain of salt,” Sawiris told the Chicago Tribune. “The unfunded pension liabilities of the state of Illinois were a big concern to us, let alone the hypothetical situations that exist in doing business in Illinois and Chicago.”

You can read a lot into the “hypothetical situations” cited by Sawiris.

There's the hypothetical situation the FBI recorded involving our immediate past governor plotting to squeeze a \$100,000 campaign donation to secure his signature on legislation favorable to the would-be donor.

Or perhaps Sawiris is referring to a workers' compensation system weighted so heavily in favor of plaintiffs that Illinois businesses pay one of the highest workers' comp insurance rates of any state. Hypothetically, a state that places a minimal burden on an injured employee to demonstrate that the injury actually happened at work could cause big problems for a company with hundreds of employees, as Sawiris' new Iowa plant will have.

Or maybe Sawiris is all too aware that in Illinois, corporate tax policy often is made on a deal-by-deal basis. We saw such deals recently as the state bargained with Sears and CME to keep thousands of jobs in Illinois. Bloomberg News columnist Amity Shlaes criticized this deal culture at a Chicago symposium in September.

"The cost of dealmaking compounds when it gets carried over into tax policy, as it has in state and (Chicago) city policy," she wrote in an accompanying op-ed in the Chicago Tribune.

Sawiris' reservations resonated because of the size of Illinois' missed opportunity. But he voiced concerns that face thousands of Illinois business owners every day. Concerns about the state's financial future have caused countless businesses to put off expansion plans. Those who do business with the state often wait months for payment for their services, caught in the state's backlog of nearly 200,000 unpaid bills.

Industry relies heavily on infrastructure, and Illinois' declining credit rating will make it more difficult to address its road, bridge and sewer needs.

“Illinois’ infrastructure needs will likely exceed \$300 billion, yet the state does not have a comprehensive plan to address this critical need. There are real costs associated with underfunding of infrastructure: shipping and travel delays, congestion, pollution, and diminished economic growth,” said the State Budget Crisis Task Force Illinois Report, released in October.

Put simply: Illinois’ economic health will suffer until the state’s leaders address its gaping, growing budget deficit — in particular a public pension system that threatens to devour ever greater chunks of revenue that should be going toward education, public safety and essential government services. And the state’s reputation for corruption will give pause to business owners — like Nassef Sawiris — until the state demonstrates that it wants no part of that legacy.

It took more than a decade of mismanagement and inattention for Illinois to land in its **current financial morass. We can’t afford more of the same. For years our elected officials chose political expedience over difficult decisions. Now their inaction threatens the state’s economic well being far beyond the pages of the state budget.**

Reboot Illinois exists to keep you informed and get you involved in changing the state’s economic course. Join us and help send a message to our leaders. It’s time to reboot the business and jobs climate in Illinois.

<https://rebootillinois.com/2013/05/22/jobs-business-flow-illinois-friendlier-states/>