

Back-to-school shoppers to get tax break

New Illinois law waives 5 percent sales tax for 10 days

By Monique Garcia, Tribune Reporter--8:21 PM CDT, July 7, 2010

Parents will get a little break at the cash register when they stock up on paper, pencils and shoes courtesy of a new Illinois law that waives the state sales tax for 10 days next month.

While back-to-school shoppers won't have to pay the 5 percent state share of the sales tax, they will still be charged the county and city portion. In Chicago, that means the sales tax rate will be 4.75 percent for clothes and school supplies from Aug. 6-15.

The tax relief applies only to items less than \$100, so a pair of Diesel jeans is out, as is a pair of high-end Air Jordans. The bottom line is that people will save 5 cents for every \$1 spent.

Marketed to parents of schoolchildren, the tax break applies to all shoppers. The so-called sales tax holiday is the first ever for Illinois and is twice as long as similar programs in other states.

"We want to make sure that all of our kids are ready to learn, that they have all the equipment they need, all the supplies they need, that they are properly clothed," said Democratic Gov. Pat Quinn, who signed the sales tax bill into law Wednesday at Sears on State Street. "I think this is a landmark day for our state. It's going to help parents and families all across Illinois save money."

Quinn, who is running for election this fall, pushed to provide the one-time tax break because he said it would help working families and inject activity into the economy. His Republican challenger, Sen. Bill Brady of Bloomington, voted for the measure.

Critics contend the measure will cost the state much-needed tax revenue at a time when Illinois is operating billions of dollars in the red. The nonpartisan Commission on Government Forecasting and Accountability estimates that the sales tax holiday would cost the state anywhere from \$20.6 million to \$67.1 million.

But Quinn said the state may actually make money because shoppers will be lured into buying other items that do not qualify for the tax exemption and stores may hire new workers to keep up with demand.

"By having this program, a holiday, and exemption, we anticipate that many, many consumers will shop for all kinds of items, create new jobs for people who are in the retail sector and also create more revenue for the state of Illinois," Quinn said.

The Illinois Department of Revenue has posted on its Web site a detailed list of what's included and what's not. Neckties and rainwear are in; barrettes and briefcases are out. Glue and pens get the break, but clay and watercolors do not.

Computer accessories and sporting goods are not eligible, even though lawmakers this spring had billed those items as being part of the measure.

The new law was praised by David Vite, president of the Illinois Retail Merchants Association, who said businesses have been struggling to attract customers as the economy continues to falter.

"Both consumers and businesses have been crying out for relief during this difficult economic downturn," Vite said. "The road to recovery in Illinois and across this country goes through retailers and its consumers."

Vite added that stores won't rely on the tax break alone to attract shoppers, saying the shoppers can expect to see deep discounts.

"We anticipate some very strong sales, some very big promotions on top of the 5 percent reduction of the sales tax," Vite said.