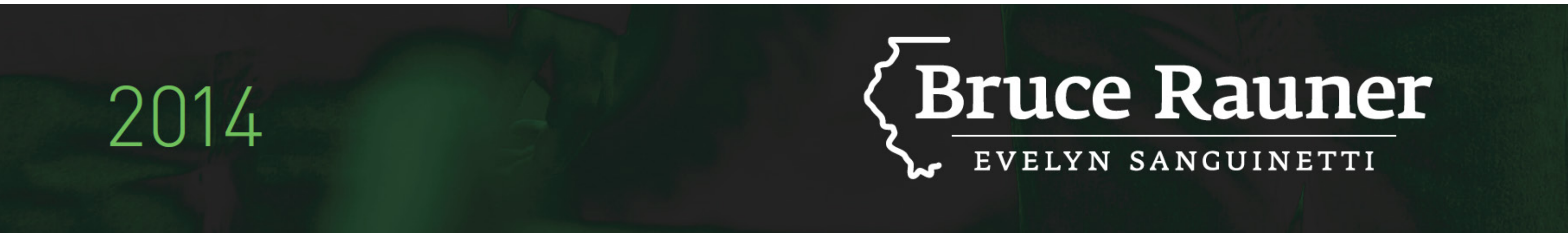
BRING BACK BLUEPRINT

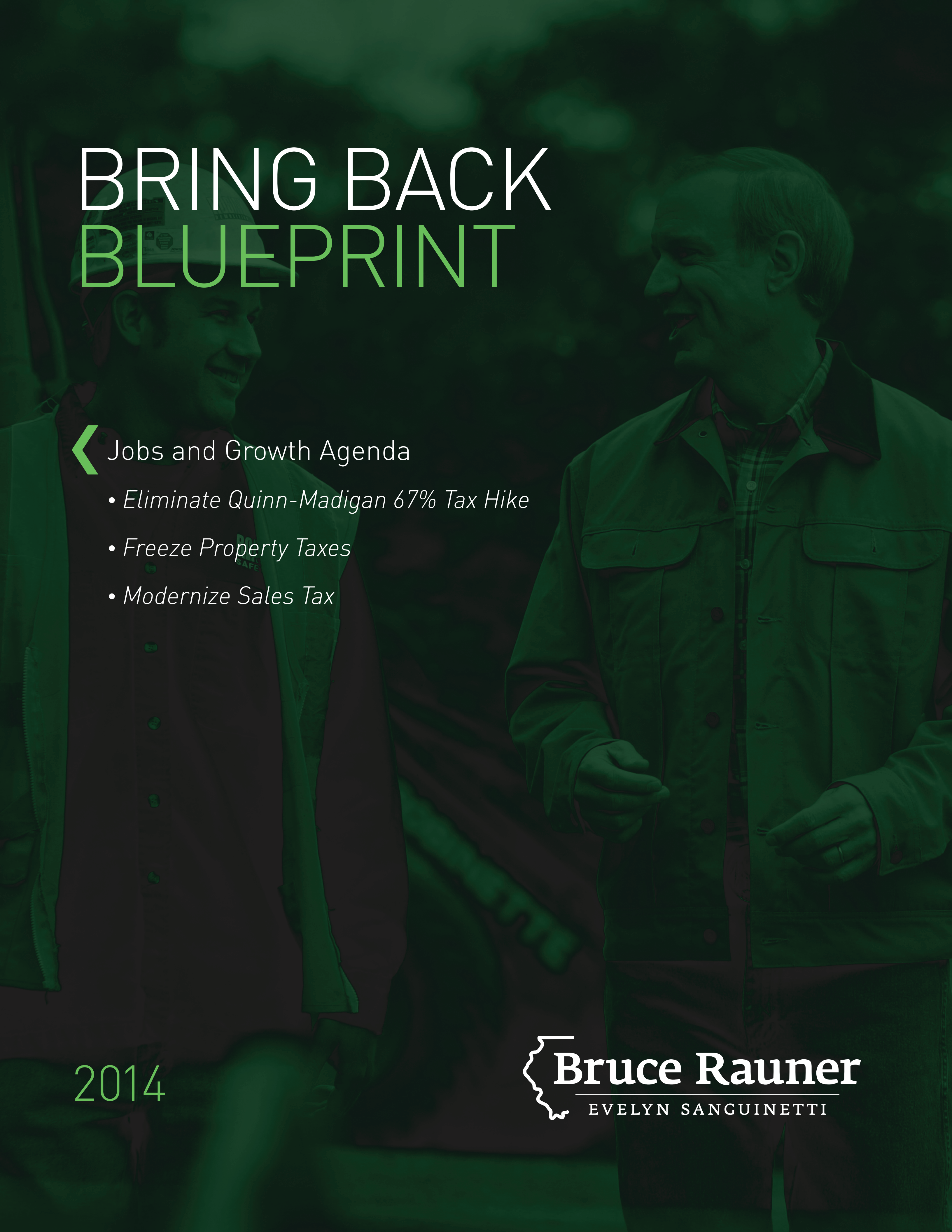
POTENTIAL SALES TAX REVENUE OF SELECTED SERVICES

Services	Est. 2011 Untaxed Revenue ($1,000s)	Est. 2014 Potential Revenue ($1,000s)*	Total States that Eliminate Exemption (and neighboring states)
General warehousing and storage	$1,161,462	$25,601	13 (Iowa)
Refrigerated warehousing and storage	$223,770	$4,933	16
Mini -storage	$238,207	$4,780	14 (Iowa)
Marine towing service (incl. tugboats)	$143,140	$3,155	8 (Wisconsin)
Packing and crating	$230,005	$5,070	10 (Iowa)
Sewer and refuse, industrial and residential use	$4,595,085	$44,444	15 (Iowa, Kentucky)
Travel agent services	$1,398,209	$14,138	4
Sales of advertising time or space: Billboards	$307,818	$3,113	4
Sales of advertising time or space: Radio & TV advertising	$629,035	$6,360	2
Advertising Agencies	$2,794,999	$28,262	11
Armored car services	$93,932	$950	16 (Iowa)
Check & debt collection	$802,544	$8,115	8
Commercial art and graphic design	$574,404	$5,808	23
Commercial linen supply	$120,544	$4,579	33 (Indiana, Iowa, Wisconsin)



2014

Bruce Rauner
EVELYN SANGUINETTI



BRING BACK BLUEPRINT

Jobs and Growth Agenda

- *Eliminate Quinn-Madigan 67% Tax Hike*
- *Freeze Property Taxes*
- *Modernize Sales Tax*

2014

Bruce Rauner

EVELYN SANGUINETTI

TABLE OF CONTENTS

THE QUINN-MADIGAN WAY

Illinois has some of the greatest economic assets in the world, including a smart, dynamic workforce, some of the strongest, most innovative companies, top universities, and roads, rail, waterways and airports that go on to reach every corner of the continent and the world. Unfortunately, Pat Quinn's and Mike Madigan's track record of massive tax hikes, irresponsible spending and other job-crushing policies has pushed Illinois to near the bottom of the nation by far too many measurements: the number of people fleeing the state, jobs created, the unemployment rate and our debt rating.

- *CHIEF EXECUTIVE MAGAZINE* RANKED ILLINOIS 48TH BEST FOR BUSINESS CLIMATE IN 2014.[1]
- A RECENT POLL INDICATED 50 PERCENT OF ILLINOISANS WANT TO MOVE SOMEWHERE ELSE.[2]
- ILLINOIS RECEIVED AN "F" GRADE FOR SMALL BUSINESS FRIENDLINESS IN 2014.[3]

1 "Illinois is the 48th Best State for Business 2014," Chief Executive Magazine, May 8, 2014

2 Lydia Saad, "Half in Illinois and Connecticut Want to Move Elsewhere," Gallup, April 30, 2014

3 Thumbtack.com Small Business Friendliness Survey, 2014

ILLINOIS RANKED 48TH FOR BUSINESS CLIMATE IN 2014

In 2013, Illinois had the second-highest out migration of all 50 states.

- UNITED VAN LINES SURVEY
Jan 2, 2014

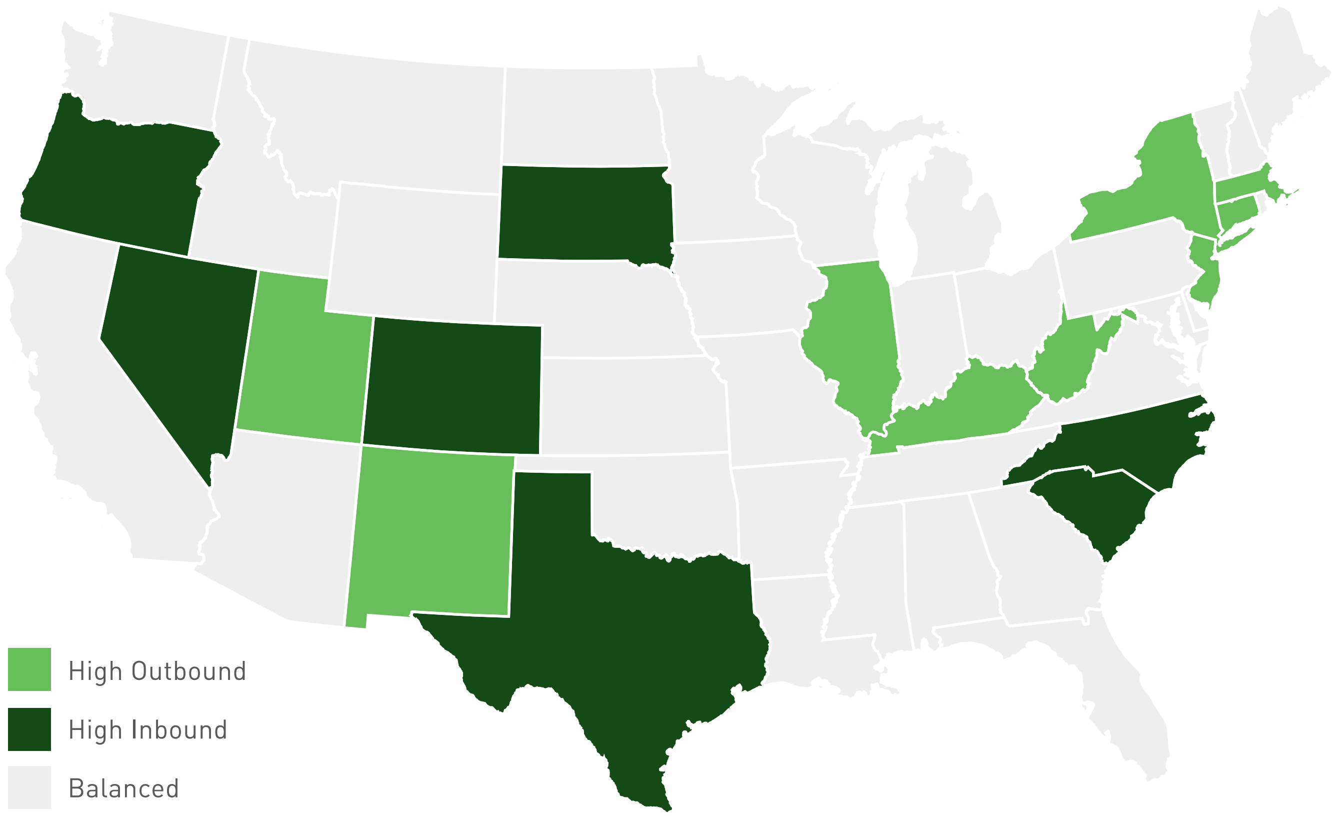
ILLINOIS RANKED 47TH IN CORPORATE INCOME TAXES

Illinois received an "F" grade for small business friendliness in 2014.

- THUMBTACK.COM SURVEY
2014

- ACCORDING TO THE TAX FOUNDATION, ILLINOIS RANKS 47TH IN CORPORATE INCOME TAXES.[4]
- IN 2013, ILLINOIS HAD THE SECOND-HIGHEST OUT MIGRATION OF ALL 50 STATES – 61 PERCENT OF ALL MOVES WERE LEAVING ILLINOIS.[5]

2013 MIGRATION TRENDS FOR EACH STATE



- SOURCE: United Van Lines Annual Migration Study, Jan. 2, 2014

Pat Quinn's record on job creation is simply disastrous. According to his own Illinois Department of Employment Security, Illinois has netted only 400 total jobs since he took office in January 2009,[6] and the trend is even worse. Illinois lost 26,000 private sector jobs since the end of 2013.[7]

4 "2014 State Business Tax Climate Index," Tax Foundation, Oct. 9, 2013

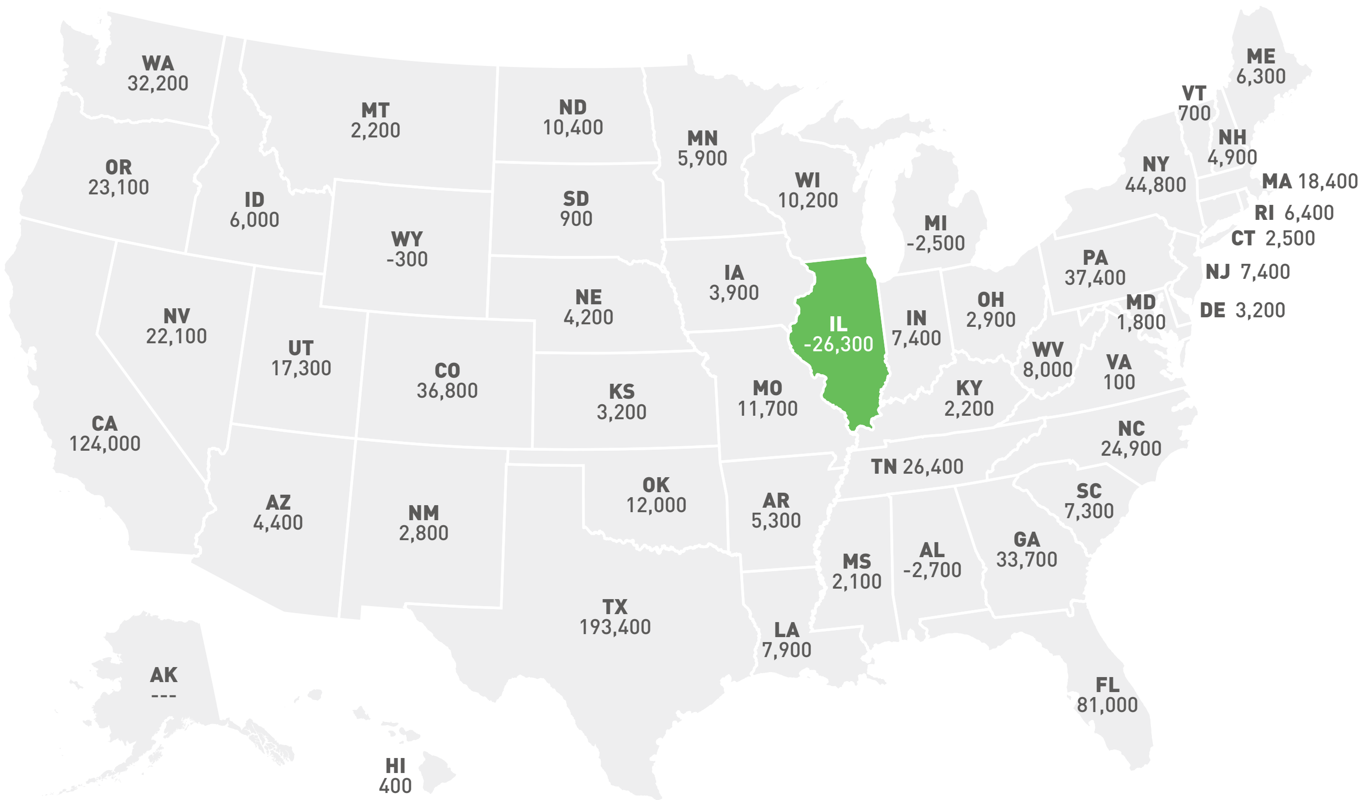
5 "United Van Lines' Annual Migration Study," United Van Lines, Jan. 2, 2014

6 "Illinois Seasonally Adjusted Employment," Illinois Department of Employment Security

7 Bureau of Labor Statistics

2014 JOB TRACKER: ILLINOIS DEAD LAST

Private-sector job creation in the first five months of 2014



- SOURCE: Bureau of Labor Statistics

Illinois is a tax-happy, fee-happy state and the result is an economic environment that is unfriendly to families, job creators and small businesses. In 2012, the State of Illinois had an astounding 26 different taxes and 1,504 fees.[8] That makes us a target for other states to poach jobs. Indiana posts billboards in our state taunting businesses for staying here and proudly details the 40 companies that have left or plan to leave Illinois. These companies take with them 3,600 jobs and more than $400 million in capital investments.[9] We cannot tax our way to prosperity.

Not only does Illinois have an incredibly high tax burden, we also have job-killing regulations and laws that make us less competitive than our neighbors. We need meaningful structural reforms to reduce costs for job creators and attract new companies in order to bring about lasting economic growth.

In the *Bring Back Blueprint: Jobs and Growth Agenda*, reforms are outlined to modernize our tax code and create a pro-growth environment. Pat Quinn and Mike Madigan think the only way to provide government services is to over-tax middle class families. There is a better way – a way that lowers tax rates, creates jobs and makes Illinois not just the geographic center of the country, but also the economic engine of the nation.

8 James Nowlan and J. Thomas Johnson, "Fixing Illinois: Politics and Policy in the Prairie State," 2014

9 "Moving to Indiana: Illinois Companies," Indiana Economic Development Corporation, March 14, 2014

In 2012, the State of Illinois had an astounding 26 different taxes and 1,504 fees.

- NOLAN & JOHNSON
"Fixing Illinois" 2014

If Illinois had the national average unemployment rate of 6.1% instead of 7.5%, we would collect $412 million more in taxes per year. If we had neighboring Iowa's rate of 4.4%, we would add $913 million.

Indiana highlights the 40 companies that have left or plan to leave Illinois. These companies take with them 3,600 jobs and more than $400 million in capital investments.

- INDIANA ECONOMIC DEVELOPMENT CORPORATION
Mar 14, 2014

1. A PRO-GROWTH AGENDA

The only real answer to our problems as a state is growth – economic growth, population growth, job growth.

Pat Quinn's policies impede growth, so instead of fixing things, Quinn is lowering expectations of what constitutes success. In his economic development plan, Quinn calls for the creation of merely 75,000 jobs over five years.[10] This would only take us back to November 2008's employment total – 11 years later.[11]

Pat Quinn's five-year plan is to pretend that the last five years never happened.

We've settled for second-rate leaders for too long and have become accustomed to losing out to better-run states. That will change under Bruce Rauner. The reforms in this document will stop the economic death spiral and help Illinois grow again, creating a better future for all Illinois families.

It is estimated that the average job supports $4,484 in income and sales tax revenue.[12] If Illinois had the national average unemployment rate of 6.1% instead of 7.5%, we would collect $412 million more in taxes per year. If we had neighboring Iowa's rate of 4.4%, we would add $913 million.

	Unemployment Rate	Net Additional Jobs	Net Tax Revenue
Illinois	7.5%	0	$0
At national average unemployment rate	6.1%	91,913	$412 Million
At Iowa's unemployment rate	4.4%	203,521	$913 Million

Illinois simply must become a pro-growth state again. If Illinois' population grew as fast as the past four years' national average, tax collections would rise by an extra $748 million per year. If we had grown as fast as Georgia over the last four years, we'd see an extra $1 billion per year.

10 "The Illinois Economic Development Plan," Illinois Department of Commerce and Economic Opportunity, July 2014

11 "Illinois Seasonally Adjusted Employment," Illinois Department of Employment Security

12 Greg Hinz, "Unemployment costs Illinois $2 billion a year in lost tax revenue, University of Illinois study estimates," Crain's Chicago Business, March 29, 2010

	Population Growth Rate	Net Additional Jobs	Net Tax Revenue
Illinois	0.4%	0	$0
At national average population growth rate	2.39%	125,030	$748 Million
At Georgia's population growth rate	3.14%	172,151	$1,029 Million

All told, simply becoming "average" again will generate more than $1.1 billion in new revenue for Illinois.

2. PRO-GROWTH TAX REFORM FOR THE MIDDLE CLASS

In 2011, Gov. Pat Quinn raised taxes on Illinois families by 67 percent – costing the average family in the state a full week's pay. Illinoisans were promised that the "temporary" income tax would be used to pay off old bills and expire at the end of this year. Instead Gov. Quinn broke his promise and now wants to make the tax hike permanent.

Extending the tax hike is effectively cutting the pay of working families, and with incomes down under Pat Quinn, that's something too many Illinoisans can't afford. Moreover, our antiquated tax code makes us uncompetitive with other states, impeding job creation and economic growth.

A pro-jobs tax code aimed at growing the middle class is one that is fair to all taxpayers. But because Illinois' tax code is written by lobbyists to advantage privileged special interest groups, we have the exact opposite situation.

The Rauner plan to overhaul the tax code:

- COMPLETELY ELIMINATE THE QUINN-MADIGAN 67% TAX HIKE OVER FOUR YEARS – RESULTING IN A 3% INCOME TAX RATE AND 4.8% CORPORATE INCOME TAX RATE - JUST LIKE WE HAD IN 2010.
- MODERNIZE THE SALES TAX.
- FREEZE PROPERTY TAXES.

"We have some temporary tax increases designed to pay our bills...."

- GOV. PAT QUINN
January 12, 2011

"Quinn Budget Makes Tax Hike Permanent."

- CHICAGO TRIBUNE
March 26, 2014

QUINN RAISED TAXES:

67%

OR

ONE WEEK'S SALARY

FOR THE AVERAGE ILLINOIS FAMILY

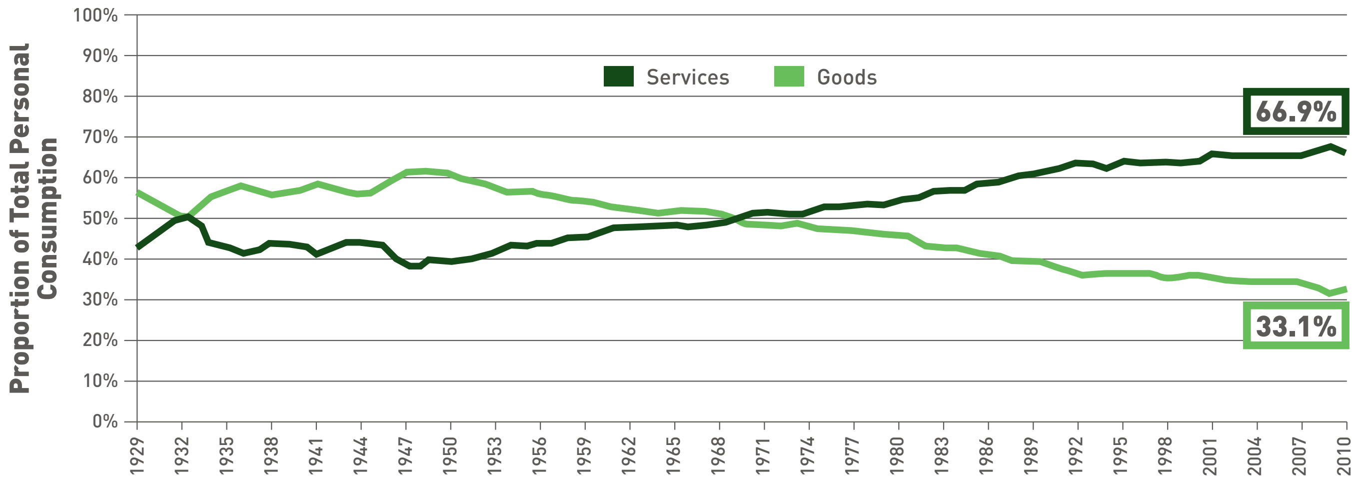
Pat Quinn and Mike Madigan broke their promises. They passed a 67% tax hike on every Illinoisan and now want to make it permanent. If the reforms in the *Bring Back Blueprint* are enacted, Illinois will be able to grow our economy and completely roll back the Quinn-Madigan tax hike over four years, taking the individual income tax from the current 5% rate to 3%, and the corporate income tax from 7% to 4.8% - the same rates that pre-dated Quinn's destructive, anti-jobs time in office.

This will allow us to continue investing in key priorities, like education.

Modernize the Sales Tax

An ideal tax code has low rates and a broad base. Illinois has the exact opposite problem – high income tax rates and a narrow sales tax base. Our current sales tax is based on an economy where goods, and not services, dominated personal spending.

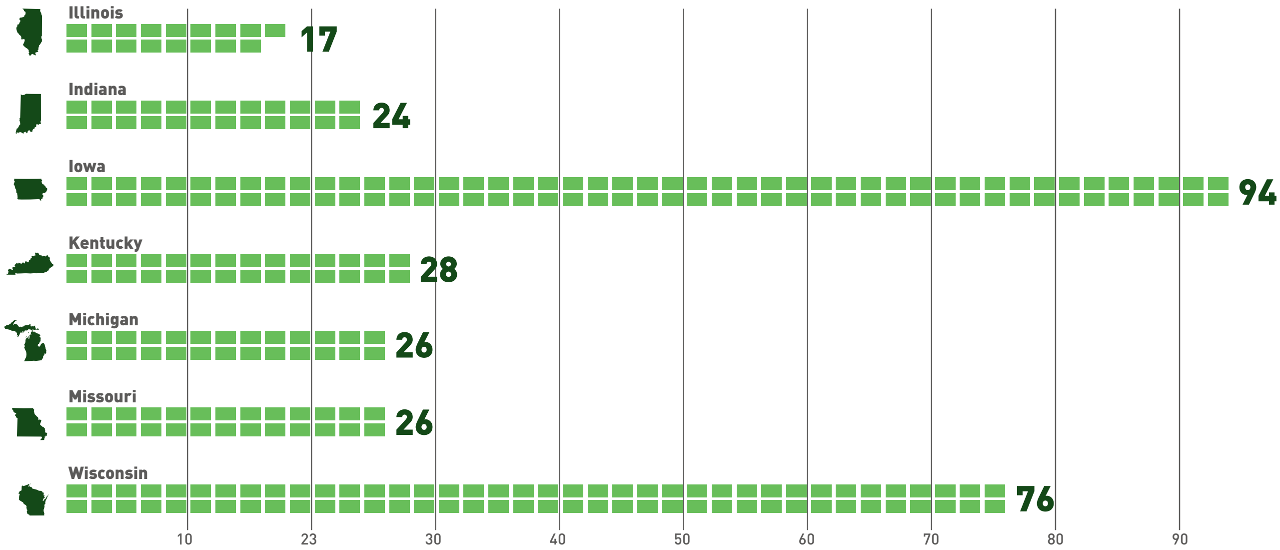
UNITED STATES PERSONAL CONSUMPTION EXPENDITURES: 1929-2010



- SOURCE: U.S. Bureau of Economic Analysis, April 2011

Non-necessities like charter airplane flights, interior decorating and marina towing are tax-free, while necessities like clothes, shoes and furniture are all taxed. It's not right. Illinois lags behind all of its neighboring states when it comes to the tax treatment of goods compared to services.

NUMBER OF SERVICES INCLUDED IN THE SALES TAX BASE, 2007



- SOURCE: CMAP

Illinois exempts billions of dollars in services. More than $600 million in new sales tax revenue can be generated while exempting medical services and many professional services like architects, accountants and engineers, as well as day-to-day items like Laundromats, day care centers, barber shops and animal care.

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Commercial art and graphic design	$574,404	$5,808	23
Commercial linen supply	$120,544	$4,579	33 (Indiana, Iowa, Wisconsin)

Interior design and decorating	$262,808	$2,658	10 (Iowa)
Maintenance and janitorial services	$2,765,870	$27,967	19 (Iowa)
Marketing consulting services	$2,982,291	$30,156	6
Printing	$3,866,493	$39,096	45 (Indiana, Iowa, Kentucky, Missouri, Wisconsin)
Investigation services	$192,522	$1,946	16 (Iowa)
Public relations agencies	$540,394	$5,464	7
Secretarial and court reporting services	$273,395	$2,765	8
Security guards and patrol services	$1,013,336	$10,246	18 (Iowa)
Telemarketing bureaus and other contact centers	$698,065	$7,059	6
Telephone answering service	$79,259	$801	20 (Iowa, Wisconsin)
Testing laboratories (excluding medical)	$1,103,353	$11,157	8 (Iowa, Wisconsin)
Custom computer programming services	$5,258,736	$53,174	29
Information Services	$384,820	$11,262	13
Attorneys	$16,553,828	$167,384	5
Personal property rentals	$1,254,307	$35,701	45 (Indiana, Iowa, Kentucky, Missouri, Wisconsin)
Chartered flights (with pilot)	$199,147	$4,389	9
Trailer parks – overnight	$59,505	$2,461	29 (Indiana, Iowa, Missouri, Wisconsin)
Membership fees in golf clubs	$636,936	$26,341	23 (Iowa, Missouri, Wisconsin)
Total	**$51,438,219**	**$603,353**	

* Derived from 2011 CGFA Service Taxes Report and estimated revenue growth at 5% state sales tax rate

Rauner Reforms: *Illinois needs to adopt sales tax fairness by broadening our tax base.*

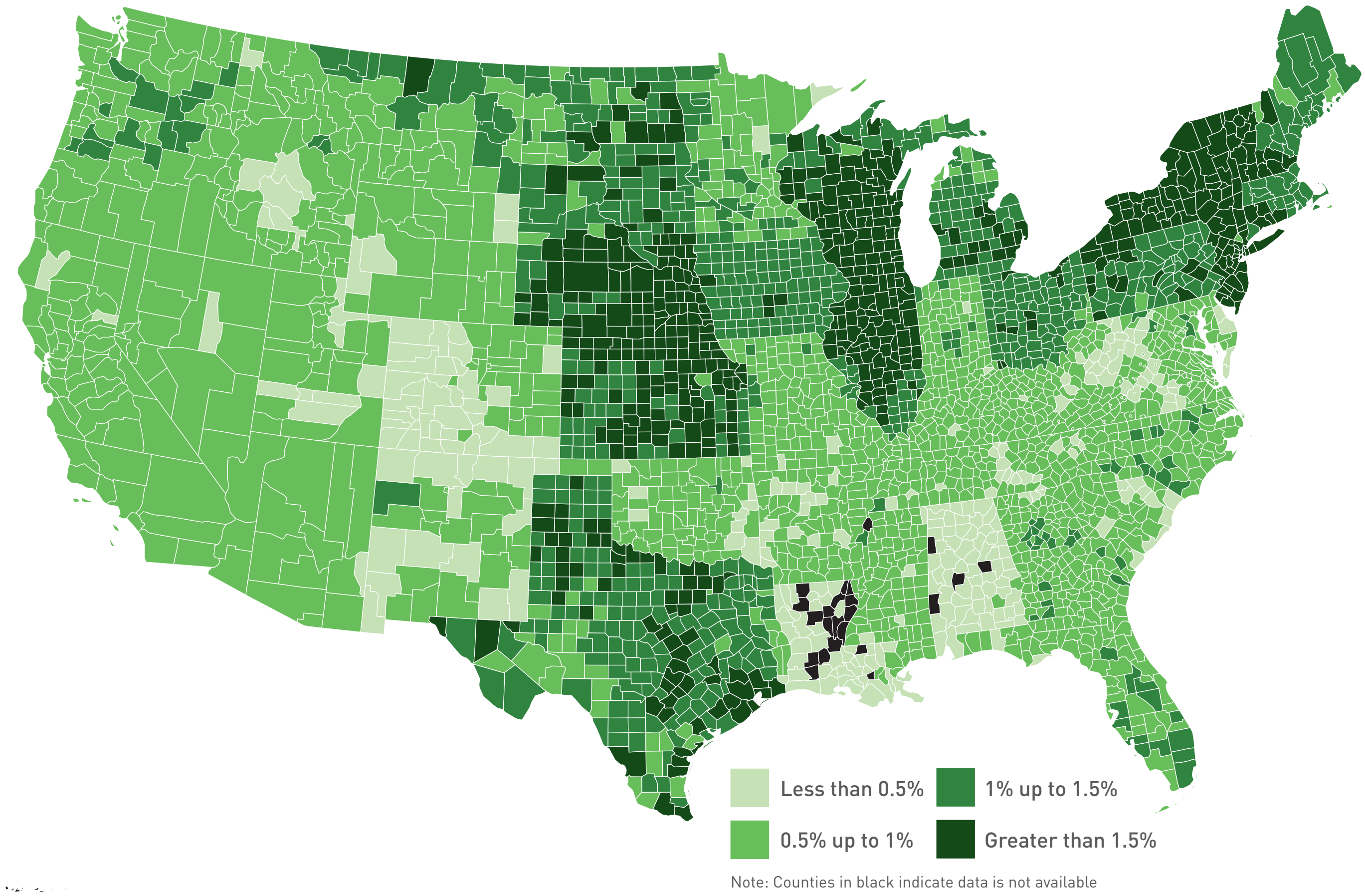
Expanding the application of the sales tax to cover the above services would generate more than a half-billion dollars annually in state tax revenues which will be used to roll back the Quinn-Madigan tax hikes.

More importantly, in conjunction with reducing the income tax, broadening the tax base would make Illinois more competitive economically and help our state grow. Reducing taxes on work, savings and investment will result in more work, savings and investment – three things Illinois badly lacks. It's a pro-growth reform.

Freeze Property Taxes

Everywhere Illinois families turn, they are crushed by taxes. But nothing strikes at the core of middle class families more than property taxes – it is the single largest tax in the state. Under Pat Quinn's failed leadership as both Lieutenant Governor and Governor, Illinois property taxes increased from 7th highest in the nation in 2005 to 2nd highest today. And property tax rates have increased in each region of the state every year that Quinn has been governor.

PROPERTY TAX AS A SHARE OF HOME PRICE



- SOURCE: American Community Survey

In many cases, homeowners have seen their property taxes rise even as their home values have fallen. That's outrageous, and Pat Quinn has done nothing to stop it.

Homeowners bear the majority of the property tax burden in Illinois. In 2012, residential property taxes topped $17.5 billion.[13] According to the Tax Policy Center, the average homeowner in Illinois pays $4,469 in property taxes each year.[14]

Quinn's only solution? A failed campaign-year gimmick. He proposed fake "tax relief" in the form of a massive government spending program that would have been paid for with borrowed money – and it would not stop skyrocketing property taxes. In fact, on top of doing nothing to stem the root cause of high property taxes, his proposal would have caused many homeowners to pay more.

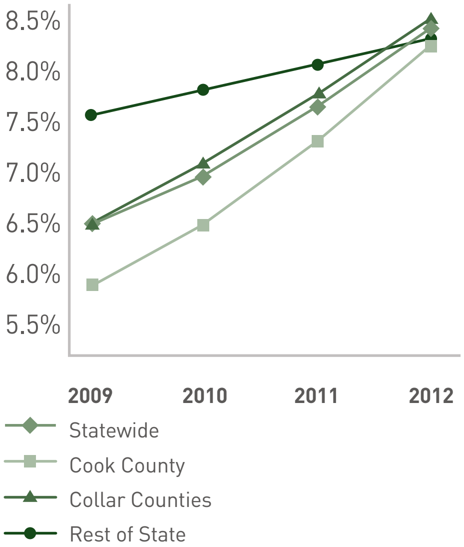
Rauner Reforms: *We need a property tax freeze that protects and empowers homeowners. Before any community increases property taxes, taxpayers deserve a detailed explanation as to how the money will be spent and the opportunity to approve the increase or turn it down. No more property tax hikes without taxpayer approval.*

13 http://tax.illinois.gov/AboutIdor/TaxStats/PropertyTaxStats/2012/Y2012Tbl11.xlsx

14 Benjamin H. Harris and Brian David Moore, "Residential Property Taxes in the United States," Tax Policy Center, Nov. 18, 2013

UNDER PAT QUINN

AVERAGE PROPERTY TAX RATES



SOURCE: Illinois Department of Revenue

UNDER PAT QUINN

TOTAL STATE PROPERTY TAXES

SOURCE: Illinois Department of Revenue

3. CREATE A PRO-GROWTH ECONOMIC ENVIRONMENT

Tax rates have a major impact on economic growth, but other factors do as well. We can also improve the overall economic climate in our state through thoughtful reforms to the laws and regulations that are holding our job creators back. As outlined in the *Bring Back Blueprint: Corporate Welfare Reform*, the Quinn Administration has resorted to bribing big companies not to leave the state via special deals that are unfair to taxpayers and too often don't work. Instead of handouts to well-connected companies, a Rauner Administration would focus on improving the economic climate for all Illinois employers, which in turn will encourage job creation.

Turn the Illinois Department of Commerce and Economic Opportunity (DCEO) into a Public-Private Partnership

Pat Quinn has significantly underinvested in the state's primary economic development agency, turning it into little more than a pass-through agency for federal funds. Approximately 75 percent of DCEO's $1.8 billion 2014 budget came from the federal government.[15]

A public-private partnership, laser-focused on job attraction and retention, would be able to operate with the speed and efficiency of the private sector, without many of the encumbrances that currently keep Illinois from being able to compete with other states. Because a public-private organization combines privately raised money with state funds, it can be more flexible in how it spends its budget.

Additionally, Illinois' economic development agency isn't just about attracting new companies to Illinois. It also houses important programs like tourism promotion.

We must do a better job at selling ourselves and explaining Illinois' strengths to potential investors and visitors around the world. In 2012, nearly 300,000 Illinois jobs were supported by visitors to the state.[16] Illinois needs an aggressive marketing effort to boost both international and domestic tourism. From 2010 to 2013, Bruce served as chairman of the Chicago Convention & Tourism Bureau and later as the chair of Choose Chicago.[17] During that time, Chicago saw more than a 20 percent increase in the number of visitors to the city. A 20 percent increase in Illinois tourism could generate nearly $500 million in state and local revenue alone.[18]

15 "State of Illinois Budget Summary: FY2014," Commission on Government Forecasting and Accountability, August 1, 2013

16 "2012 Illinois Tourism Visitor Information," Illinois Department of Commerce and Economic Opportunity, Date Accessed July 3, 2014

17 Brigid Sweeney, "Rauner resigns from Choose Chicago," Crain's Chicago Business, May 2, 2013

18 State of Illinois Press Release, July 10, 2014

2012 Top International Inbound Travelers to Illinois	
Canada	Germany
UK	India
Japan	Australia
Mexico	France
People's Republic of China	Brazil

- SOURCE: The Economic Impact of Travel on Illinois Counties, 2012, U. S. Travel Association; Overseas Travelers to Illinois – 2012; CIC Research and U.S. Department of Commerce, International Trade Administration, Office of Travel and Tourism Industries

Rauner Reforms: *We need an economic development agency that is responsive to the needs of the private sector. By turning DCEO into a public-private partnership, Illinois will be able to leverage private resources for public gain.*

Many of our competitors, including Florida, Texas, Ohio, Wisconsin, Michigan, Iowa and Indiana, already use variations of this business model. We need to adopt more aggressive strategies than those implemented by Pat Quinn. In exchange for greater flexibility and freedom from burdensome state rules, the new agency will aggressively measure and report both its efforts and the results.

Economic Development Incentive Reforms

Quinn and Madigan have damaged the state's job climate so much that they are now throwing millions of taxpayer dollars at corporate interests – even if it means more layoffs. One of the most well-known tax breaks is the Economic Development for a Growing Economy Tax Credit (EDGE) program. The EDGE program allows a non-refundable credit against income tax liability based on the tax revenue generated by new or retained employees.

Such programs in other states are incredibly effective at attracting new employers and supporting job creation.

Since the EDGE program was created in 1999, the state has pledged more than $800 million in tax incentives to about 300 companies. Nearly half of those pledges were made in 2011 and 2012.[19] Despite these tax breaks, Illinois still has among the highest unemployment rates in the nation.

In the *Bring Back Blueprint: Corporate Welfare*, reforms were outlined to crack down on Pat Quinn throwing millions of taxpayer dollars at mega corporations. The root cause of this practice is that EDGE credits are only usable by approximately one-third of corporations, as two-thirds of Illinois companies pay no income tax.[20]

That is why Quinn created a second "special" class of EDGE incentives that provide credits against payroll withholdings. To date, nine companies have received this special perk.[21]

Letting the transactional politics of Quinn-Madigan control the fate of company-specific job-creating legislation is a losing proposition. No company wants to wait on career politicians to determine their future in Illinois. If the EDGE credit was more usable, there would be no need for insider deals.

19 Alejandra Cancino, "Illinois lawmakers to discuss future of tax credit program," Chicago Tribune, Jan. 12, 2014

20 Paul Merrion, "Here›s the real reason why most Illinois companies don›t pay state income taxes," Crain's Chicago Business, Feb. 19, 2014

21 Illinois House Revenue and Finance Hearing Handout, Illinois Department of Commerce and Economic Opportunity

Rauner Reforms: *Illinois should immediately end the current version of the EDGE tax credit program, preserving all the terms of currently issued tax credit certificates. Moving forward, Illinois should implement a limited refundable income tax credit based on the income tax generated from created or retained jobs. Job creation credits would be essentially revenue neutral as credits would be based on the new taxable income of new hires. With regard to job retention credits, implementing policies outlined in the Bring Back Blueprint: Corporate Welfare Reform will safeguard taxpayers. From 2005 – 2010, Indiana's EDGE program issued credits at a cost of about $25 million a year.[22] In comparison, Illinois spent $45 million on its EDGE program without these reforms in FY2013.[23]*

In 2013, more than 9,000 jobs were pledged to be retained under the EDGE Program, but fewer than half of that number involved new jobs.[24] Equalizing job creation with job retention would net more than 5,000 new jobs.

By letting job creators monetize their tax credits, there also will no longer be a need for special, company-specific deals. Such a move will put Illinois in line with competing states like Indiana, Missouri and Ohio and level the playing field for all job creators, regardless of who they have as their lobbyists.

Treat small businesses fairly under EDGE

Gov. Quinn has left small business owners holding the bag on EDGE tax credit awards. Companies with fewer than 100 employees accounted for only 24 percent of all EDGE Tax Credits agreements since 2010,[25] and no small businesses have received "special EDGE" tax credits. Illinois small business EDGE credits require at least a $1 million capital infusion and 100 or fewer employees. According to the U.S. Small Business Administration, of the more than 250,000 firms in Illinois, more than 240,000 have fewer than 100 employees.[26]

Rauner Reforms: *Illinois should eliminate the minimum $1 million capital requirement that makes many small businesses ineligible for the program. Indiana has no capital requirements, making their incentives much more attractive for smaller firms. Small businesses lose when they are held to standards that are a better fit for large corporations.*

22 "An Analysis of State & Local Tax Incentives In Indiana," Center for Business and Economic Research at Ball State University, November 2013

23 "Tax Expenditure Report: FY2013," Illinois Comptroller, April 2014

24 2013 Economic Development for a Growing Economy Annual Report, Illinois Department of Commerce and Economic Opportunity.

25 "State Business Incentives: A Comparative Analysis," Illinois Department of Commerce and Economic Opportunity, Feb. 4, 2014

26 United States Small Business Administration

Workers' Compensation Reforms

The 2011 workers' compensation legislation did not go far enough to correct Illinois' status as one of the most anti-business states in the nation. Despite the legislation, total payments per claim have only decreased by 1 percent.[27] Illinois workers' compensation requirements remain among the most expensive in the country with the fourth-highest insurance premiums in 2012.[28] An employer with a $10 million wage bill can cut his or her workers' compensation costs by $167,000, or about the salary of five employees, just by crossing the border from Illinois to Indiana. Further reforms will save employers money and make Illinois more competitive.

Rauner Reforms: *Common-sense reforms should be implemented to reduce unnecessary cost pressures on job creators while at the same time preserving benefits for workers injured on the job. These reforms will place Illinois employers on an even playing field and in the mainstream of what employers in most other states are responsible for.*

Illinois should update how injuries are apportioned to ensure employers pay for injuries that occur due to the worker's employment. States that have enacted similar reforms have seen their workers' compensation costs decrease by more than 50 percent.[29]

The issue of "traveling employees" also should be addressed to prevent claims that result while workers commute to work and are exposed to the same risks facing the general public.

The Workers' Compensation system should be strengthened to eliminate "doctor shopping" and fully require the use of American Medical Association standards by arbitrators and commissioners when determining impairment and making awards to injured workers.

As Governor, Bruce Rauner also will appoint well-qualified individuals – not the politically-connected - to serve as arbitrators and commissioners in the Workers' Compensation system.

27 Paul Merrion, "Why Illinois' workers comp reform only made a dent," Crain's Chicago Business, Oct. 21, 2013

28 2012 Oregon Workers' Compensation Premium Rate Ranking Summary

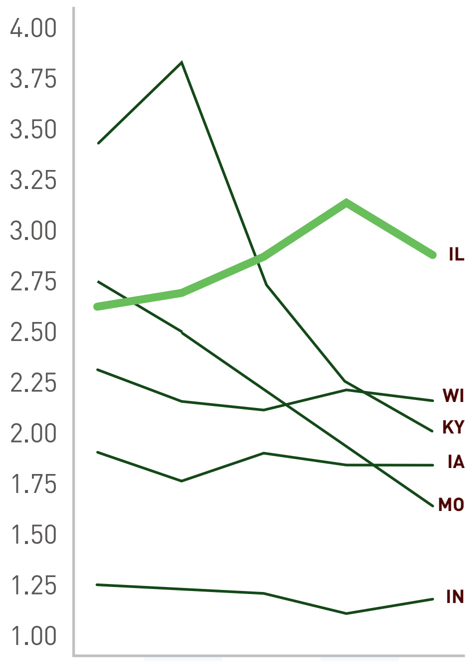
29 Illinois Chamber Employment Law Council Backgrounder

Illinois had the fourth-highest workers' compensation premiums in the nation in 2012.

- SOURCE: Oregon Department of Consumer & Business Services "Worker's" Compensation Rate Ranking Summaries for 2004-2012

WORKERS COMP PREMIUM RATES

PER $100 OF PAYROLL



	2004	2006	2008	2010	2012
	2.65	2.69	2.79	3.05	2.83
	2.27	2.18	2.12	3.21	2.15
	3.38	3.78	2.96	2.29	1.96
	1.91	1.75	1.86	1.82	1.90
	2.67	2.50	2.20	1.90	1.62
	1.24	1.24	1.23	1.16	1.16

- SOURCE: Oregon Department of Consumer & Business Services "Worker's" Compensation Rate Ranking Summaries for 2004-2012

CHICAGO HAS SPENT NEARLY

$500 MILLION

SINCE 2008 DEFENDING LAWSUITS

Madison and St. Clair counties - *"judicial hellholes"* for 2013, recognizing the unfriendly business environment created by lawsuit abuse.

- AMERICAN TORT REFORM ASSN

Tort reform could increase employment in Illinois by approximately 1 percent to 2.5 percent.

- U.S. CHAMBER INSTITUTE FOR LEGAL REFORM
Oct 26, 2011

Meaningful Lawsuit Reform

Illinois' lawsuit climate ranks 46 out of all 50 states.[30] The American Tort Reform Association declared Madison and St. Clair counties in Illinois as "judicial hellholes" for 2013, recognizing the unfriendly business environment created by lawsuit abuse.

Cook County faces similar problems. Illinois Lawsuit Abuse Watch released a recent study showing the City of Chicago has spent nearly $500 million defending lawsuits since 2008 – money that could otherwise go to schools and other services.[31]

Rauner Reforms: *To discourage venue shopping, or pre-selecting jurisdictions that are historically favorable to plaintiffs, Illinois should amend our Civil Rules of Procedure to improve venue criteria to ensure lawsuits are held in logical and fair locations. Under current law, if all plaintiffs in a class action are non-residents, they may file the case in any county in Illinois.*

Previous efforts to implement non-economic damage caps have been overturned by the Illinois Supreme Court.[32] The General Assembly should renew its effort to develop proposals that rein in absurd judgments. If future legislation is unable to pass constitutional muster, the state should consider a constitutional amendment allowing reforms.

According to the U.S. Chamber Institute for Legal Reform, tort reform could increase employment in Illinois by approximately 1 percent to 2.5 percent.[33]

Regulatory Reform

Under Pat Quinn, Illinois employers feel harassed and penalized just for being in business. According to the Mercatus Center at George Mason University, Illinois ranks 42nd among all states regarding regulatory freedom.[34] Our state government should partner with businesses regarding compliance with environmental and labor laws instead of searching for ways to penalize job creators. We need a state government that uses common sense.

30 "New U.S. Chamber Reports Reveal Cook and Madison Counties Harm Illinois› Lawsuit Climate," U.S. Chamber Institute for Legal Reform, Dec. 17, 2013

31 Illinois Lawsuit Abuse Watch, Sept. 16, 2013

32 Kevin Sack, "Illinois Court Overturns Malpractice Statute," New York Times, Feb. 4, 2010

33 "Creating Conditions for Economic Growth: The role of the legal environment," U.S. Chamber Institute for Legal Reform, Oct. 26, 2011

34 "Freedom in the 50 States Ranking: Regulatory Freedom,"Mercatus Center at George Mason University 2011

When administrative rules and regulations are developed, there is no mandated requirement that private sector consequences be considered. The Illinois Administrative Procedure Act authorizes an economic impact analysis at the discretion of the Business Assistance Office or at the request of outside stakeholders, but only for small businesses.[35]

Additionally, we must do more to protect jobs during the legislative process. Legislators currently can request reports regarding the potential impacts to state spending or government mandates when considering bills. However, there is no process to request information about potential impacts to the private sector before legislation is voted on.

Rauner Reforms: *Springfield needs to stop the process of passing laws and regulations first and determining the impact on jobs later. Administrative rules and regulations should undergo a publicly available business impact analysis to clearly outline the costs and benefits of state actions prior to implementation. A Jobs Impact note also should be authorized so that legislators can determine the impact of proposed legislation on employers prior to passage. Additionally, the federal government conducts an annual review of regulatory aggregate costs and benefits, which provides more detail on rules with a major impact. Bruce Rauner will start a similar process for a top-to-bottom review of the most onerous state rules and regulations.*

Reduce LLC fees

In addition to high tax burdens, Illinois also hurts job creators and spurns entrepreneurship through onerous fees. Limited liability companies (LLCs) are a type of business organization that are often utilized by small businesses. However, LLCs are charged many fees that are higher than those of corporations.

For example, the fee to start an LLC is $500 – among the highest in the nation[36] – while the fee to start a corporation is $150.[37]

LLC - INITIAL & RECURRING FILING FEE BY STATE

State	Initial Fee	Recurring Fee
Illinois	$500	$250
Massachusetts	$500	$500
New York	$200	$9
Washington	$180	$71
Wisconsin	$170	$25
Florida	$125	$138
Pennsylvania	$125	$70
Georgia	$100	$50
Virginia	$100	$50
Indiana	$90	$30

35 5 ILCS 100/30

36 "HB65 LLC Fee Schedule - Fact Sheet," Small Business Advisory Council

37 Jacob Huebert, "To Help Small Businesses, Illinois Should Make LLC Fees Fair," Illinois Policy Institute, Aug. 16, 2013

California	$85	$20
Iowa	$50	$45
Michigan	$50	$25

- SOURCE: Illinois General Assembly Joint Revenue & Finance and State Government Administration Committees, May 28, 2014

Rauner Reforms: *Illinois should immediately equalize fees between LLCs and corporations.*

A Responsible Minimum Wage Increase

At $8.25 an hour, Illinois already has the highest minimum wage of all our neighboring states.[38] At the same time, many low-wage working families are struggling. Our job creation numbers are pathetic, incomes are down, and 40,000 more Illinois citizens are in poverty since Gov. Quinn took office.[39] Families living on a minimum wage are worse off after the last five years.

While important for family income, minimum wage increases also create challenges for small businesses with already high tax and regulatory burdens. Mandated increases without other reforms could reduce hiring and inadvertently hurt the people we are trying to help.

Rauner Reforms: *To provide working families and teens relief from Pat Quinn's economic policies, the state of Illinois should implement a phased-in minimum wage increase, coupled with workers' compensation and lawsuit reforms to bring down employer costs.[40] This strategy will ensure that businesses can succeed while at the same time providing more economic opportunity for thousands of Illinois residents.*

Encouraging the Growth of Women- and Minority-Owned Businesses

No one has been hurt more under Gov. Pat Quinn's administration than small businesses and entrepreneurs. His anti-growth and high tax policies are particularly painful for minority and female entrepreneurs. According to the Small Business Administration there are 1.2 million small businesses in Illinois, but only 343,000 are women-owned, and only 228,000 are minority-owned small businesses.[41] Additionally, Illinois ranks 49th in employment growth and 48th in revenue growth for women-owned firms.[42]

38 "Minimum Wage Laws in the States - January 1, 2014," U.S. Department of Labor, Date Accessed May 24, 2014

39 U.S. Census Bureau, Current Population Survey, 2013 Annual Social And Economic Supplement, Accessed Jan. 30, 2014

40 Bruce Rauner, "How to raise the minimum wage," Chicago Tribune, Jan. 9, 2014

41 "Small Business Profile," U.S. Small Business Administration, February 2013

42 "The 2013 State of Women-Owned Businesses Report," American Express OPEN, March 2013

One tool Illinois uses is the Business Enterprise Program which encourages the growth of businesses owned by women, minorities and those with disabilities. In 2013, Illinois only had 1,755 companies receive certification under the program, and fewer than half actually received state contracts. The state must do much more to not just provide opportunity, but to help start and grow businesses in every community.

Rauner Reforms: *Illinois must do a better job of encouraging the development of women- and minority-owned businesses in Illinois. An important part of this process is boosting the number of companies that receive state certifications to ensure we have a competitive business base with the capability to deliver numerous services and products, as well as better linkages between prime and subcontractors.*

4. ENHANCE OUR WORKFORCE

Boosting and Improving Vocational and Technology Training

Illinois has a double-edged problem – crippling high unemployment and companies unable to hire skilled workers. Illinois appropriated $38 million in career and technical education funds in 2013, which is approximately the same amount the state committed in 2004; that's a 20% decline in real per capita spending. In 2013, just under 40 percent of Illinois secondary school students participated in career and technical education programs in Illinois – a drop of nearly 10 percent from the previous year.[43]

We need a workforce that can meet the needs of the 21st century in order to bring more high-quality jobs to the state.

Rauner Reforms: *We should ensure that every student in Illinois is properly prepared for the workforce. Illinois should significantly expand public-private partnerships between high schools, community colleges, four-year universities and employers.*

Instead of relying on a multitude of entrenched bureaucracies, a Rauner Administration will coordinate programs at all education, workforce, and economic development agencies to improve career development.

Boosting support for programs like Illinois Pathways that pair students with businesses across numerous sectors, like manufacturing, energy and health sciences, and create avenues to certifications and other credentials, will give us a leg up on neighboring states.

We also need to focus our worker training and technical education funding on programs that have proven results in putting graduates into jobs. Job training programs that do not have successful job placement rates will be discontinued. Instead, funding and support will go to programs that directly link training to employers, like apprenticeship programs.

Finally, Bruce Rauner will end the silos created by the State Board of Education, Illinois Board of Higher Education, Illinois Student Assistance Commission, and the Illinois Community College Board to better reflect that while not every student needs a four-year degree, every student deserves a pathway to a high-quality job.

43 "2013 Career and Technical Education Report," Illinois State Board of Education, Feb. 24, 2014

5. INVEST IN INNOVATION

Illinois' future success will largely be based on innovation and new company creation. Illinois' public and private research institutions are second-to-none, and Illinois already has seen the benefits of collaborative innovation hubs.

But it isn't enough to have world-class research institutions. We need to keep our talent in Illinois. As of 2013, 32 percent of computer science graduates from the University of Illinois at Champaign-Urbana took jobs in California.[44] Illinois needs to be both a research leader and a place where entrepreneurs want to start and grow their companies.

Linking University Research with Innovation

Illinois has some of the world's leading research universities and research scientists. It is incumbent upon the state government to continue to nurture these institutions and the innovations they create. At the same time we must strive to increase connections between academia and business so that lab discoveries have the opportunity to evolve into products and Illinois companies.

Bruce Rauner was an early supporter and helped create the plan for the recently launched UI Labs, a research and commercialization collaborative.[45] Public-private partnerships help tap federal, state, local and private funds, while encouraging an environment that attracts related industries and jobs.

Rauner Reforms: *These types of linkages need to be expanded throughout Illinois to take advantage of regional strengths, like clean energy and technology in Chicago, pharmaceutical development in the northern suburbs, aerospace in Rockford, manufacturing in the Quad Cities and Peoria, agriculture in central Illinois and energy production in southern Illinois. Bruce Rauner has a proven track record in developing these types of partnerships, and will make Illinois an international leader with regard to innovation.*

Increasing Innovation Investment

Illinois's Research and Development tax credit is a crucial tool to help attract and retain innovative companies. Under current law, the non-refundable tax credit expires and needs to be renewed every five years. This five year cycle makes it difficult for companies with sophisticated, long-term research projects -- precisely the type we hope to attract to Illinois due to their high salaries -- to plan and invest here.

In addition to stabilizing state support programs, Illinois needs to do a better job creating a competitive innovation environment. With Pat Quinn, Illinois is falling behind relative to the rest of the nation when it comes to federal innovation investment. Under the federal Small Business Innovation Research and Technology Transfer programs, small businesses compete for innovation investments regarding promising new technologies. Despite having 4.2 percent of the nation's population in 2012, Illinois businesses only received 1.4 percent of nationally available funds.[46]

44 Kathy Bergen, "U. of I. to unveil plan for tech research center in Chicago," Chicago Tribune, Jan. 24, 2013

45 Kathy Bergen, "U. of I. to unveil plan for tech research center in Chicago," Chicago Tribune, Jan. 24, 2013

46 Brian Jurczyk, "Improving Illinois' SBIR and STTR Competitiveness," ISTC Catalyst, August 2013

Rauner Reforms: *We need to make the R&D tax credit permanent and aligned with the federal tax credit so that R&D and the subsequent innovation happen here in Illinois. Bruce Rauner will also support efforts to make Illinois small businesses more competitive with regard to their peers in other states.*

6. MAKE ILLINOIS COMPETITIVE INTERNATIONALLY

In 2011, Gov. Pat Quinn promised to double Illinois exports by 2014.[47] But according to the U.S. Department of Commerce's International Trade Administration, Illinois exports fell by more than $2 billion between 2012 and 2013. Quinn's record is even more troubling when we look at Illinois exports to key U.S. allies with strong connections to our state:

- ***INDIA:*** ILLINOIS EXPORTS DECLINED BY NEARLY $400 MILLION LAST YEAR
- ***ISRAEL:*** ILLINOIS EXPORTS DECLINED BY MORE THAN $11 MILLION LAST YEAR
- ***SOUTH KOREA:*** ILLINOIS EXPORTS DECLINED NEARLY $50 MILLION LAST YEAR
- ***ARMENIA:*** ILLINOIS EXPORTS DECLINED BY NEARLY $8 MILLION LAST YEAR AND HAVE NOW FALLEN MORE THAN $15 MILLION SINCE 2011
- ***PHILIPPINES:*** ILLINOIS EXPORTS DECLINED BY MORE THAN $7 MILLION SINCE 2011

As part of his broken promise to double Illinois exports, Pat Quinn heralded the establishment of an Export Advisory Council. But its website only shows photos of its initial meeting and press releases about the council's work ended in May of 2012. It's clear that Pat Quinn was never interested in pursuing a comprehensive export agenda for Illinois -- all he wanted was to provide window dressing to cover up his pro-regulation, pro-tax and anti-jobs agenda. The people of Illinois deserve better.

Setting a New Course

According to the U.S. Department of Commerce, every billion dollars of American exports supported 5,590 jobs last year. That means a 60% increase over Illinois' 2013 exports could support more than 200,000 jobs.

Selling Illinois

As governor, Bruce Rauner will be salesman-in-chief for the State of Illinois. He will travel on his own dime to high-growth markets to sell our state in support of Illinois jobs -- boosting exports and attracting foreign capital. Bruce will work with local business, civic and government leaders to ensure that the state takes a comprehensive approach to selling itself to the world. He will expand sister city relationships across the state, promote partnerships and exchanges between our educational and cultural institutions, and ensure our foreign trade offices in top growth markets have the resources they need to achieve our goals.

47 State of Illinois Release, May 18, 2012

Identifying Opportunities

Businesses and municipalities don't need to pay high-priced consultants to identify opportunities for exports or foreign direct investment. Many high-growth markets have trade consul offices based in Illinois with a mission of identifying opportunities for investment in the United States. As governor, Bruce will leverage modern technology to establish real-time, user-friendly investment partnership portals for Illinois municipalities, Illinois employers, international customers and foreign investors to identify opportunities for mutual benefit.

A Focus on Small and Medium-Sized Enterprises

A total of 23,060 companies exported from Illinois locations in 2012. Of those, 20,752 (90.0 percent) were small- and medium-sized enterprises with fewer than 500 employees. Smaller employers have incredible products to offer the international marketplace but don't have the resources to pay for high-priced lobbyists and consultants. Bruce will prioritize state support for small- and medium-sized enterprises looking to export and expand their businesses in Illinois.

7. REVITALIZE MANUFACTURING

Illinois has one of the greatest manufacturing histories in the world, but these businesses have been hit particularly hard by Pat Quinn's tax and waste agenda. High tax rates and regulatory burdens make it harder and harder for manufacturers to stay in Illinois. We need reforms to workers' compensation, regulations and lawsuits to ensure that Illinois remains competitive. But we also need to ensure our tax code treats manufacturers fairly.

Manufacturer's Purchase Credit

Illinois has a sales tax exemption on the purchase of manufacturing equipment used primarily for the manufacturing or assembly of goods. However, it is often difficult to determine where in the manufacturing process a piece of equipment is used, and when the tax is applied or not. The Manufacturer's Purchase Credit seeks to remedy this problem, and allows for a 50 percent credit on state sales tax that would have been charged but is exempt under the manufacturing equipment sales tax exemption. This credit can then be used to purchase equipment that would otherwise be taxed under the state sales tax. This credit needs to be reauthorized every five years.

Rauner Reform: *The Manufacturer's Purchase Credit should be made permanent.*

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