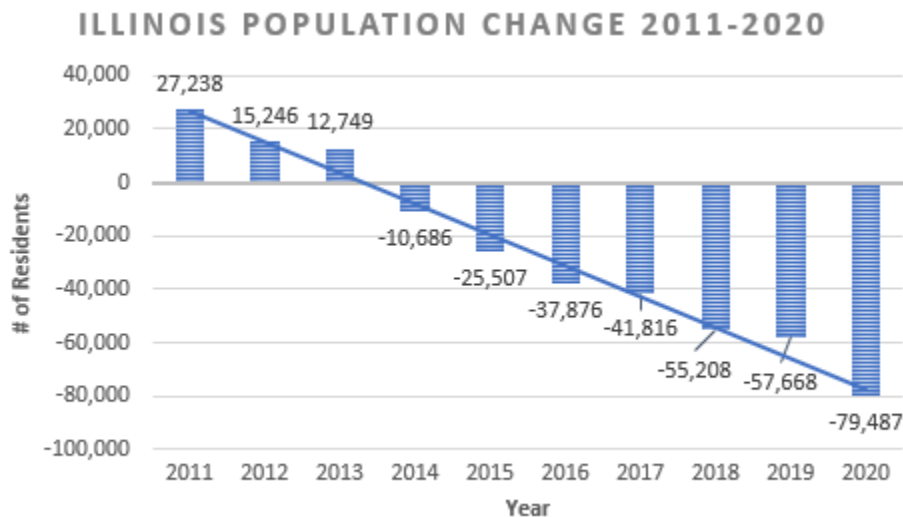


Illinois Population Decline: Why is this happening and how can we change it?

Illinois has seen population in decline in each of the past seven years, the longest in the state's history. During 2020 the state dropped a historic 79,487 residents, second worst to only the state of New York, according to the U.S. Census Bureau. While this historic low can be partially explained away by the COVID-19 pandemic, Illinois' population decline must now be recognized for what it is, a problem that needed addressed a decade ago.

Looking even more broadly, from July 2010 to July 2020, Illinois has lost a total of 253,015 residents, more than triple any other state during this time frame. This is basically equivalent to losing the combined populations of the City of Peoria (my hometown) and the entire Champaign-Urbana population area. The graph below illustrates this decrease in population year by year.



The factors causing this domestic outmigration from Illinois to other surrounding states are innumerable, but rather than trying to list off and fix every possible factor, let's ask the residents of Illinois themselves. The Paul Simon Public Policy Institute at Southern Illinois University Carbondale conducted a 2016 poll of Illinois residents and found that 47% of Illinois residents want to move out of the state, with single largest reason being taxes (27%), followed by weather (16%), government (15%), jobs (13%), and education (13%).

David Yepson, director of the Institute from 2009-2016, said it best:

“There are lots of reasons why people want to leave. Not much can be done about the weather but policy makers can do something about perceptions of the quality of services, tax competitiveness, tax fairness and educational and job opportunities. People often don't feel they get good value for their tax dollars and with frequent stories of public corruption or the large numbers of governmental units, it's no wonder why they feel that way.”

So now that we know the why, how can we change this troublesome pattern of outmigration? Tax reform.

I am not going to make argument on who should be taxed, or at what level they should be taxed, because I cannot be considered an expert on tax reform. However, stakeholders at all levels of government who do have the competency to offer legitimate policy suggestions should work together to solve this issue. According to the Tax Foundation's 2021 State Business Climate Index, Illinois ranks 36th in the nation. With a state population near the top 5 in the country, I think we can all agree that this is a problem.

What factors are creating this low ranking for doing business? The Tax Foundation subdivided their index and showed that Illinois ranks 48th in the nation regarding Property Taxes, 43rd in Unemployment Insurance Taxes, 38th in Sales Taxes and 36th in Corporate Taxes.

Unbearable property taxes will make it difficult for individuals who want to purchase a home, cause current homeowners to rethink where they live, and cause businesses to second guess where they want to build their new facility.

While high unemployment insurance costs may not affect large corporations, it can make it quite difficult for the local coffee shop to add staff and grow their business.

Increased sales taxes may provide more funding to the state government to take care of its responsibilities, but it will definitely make the middle-class household question whether to complete that addition to the house they have been dreaming of.

Corporate taxes are essential, but massive corporate taxes ensure that the manufacturing or distribution facility that loves Illinois' infrastructure will ultimately choose a neighboring state to locate in and keep the 10-employee electronic component manufacturer from expanding its operations.

Taxes touch everything and everyone. They affect home ownership, business growth, job opportunities, disposable income, among so many others. I am not saying taxes are bad, they are necessary and provide for numerous essential local and state services. With that said we cannot simply ignore what is becoming obvious, the need for tax reforms. When every independent research organization in and outside of the State of Illinois says it's a problem, and Illinoisans say it's a problem, it is probably a good idea to address it.

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