



FOR IMMEDIATE RELEASE
April 14, 2016

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Retailers Launch Two Cents Campaign in Illinois

Retailers highlight low profit margins in wave of new taxes and mandates

SPRINGFIELD, IL – Illinois retailers launched a statewide campaign today (www.retailers2cents.com) aimed at shining the spotlight on how little profit margin exists – just two cents – on every dollar spent in an Illinois retail establishment. The retailers Two Cents movement will highlight an industry increasingly burdened with a litany of cost mandates at federal, state, and local level resulting in scaling back employee hours, laying off employees and impacting overall growth. Ironically, many of those proposals aimed at growing jobs and salaries are having the reverse effect.

The harsh reality of today’s retail sector is that for every \$1 spent in an Illinois retail establishment, only about two cents results in net profit, holding true from grocery stores and gas stations, to pharmacies and hardware stores. The additional \$.98 pays the costs of salaries, inventory, utilities, and other traditional expenses, but in Illinois it is the inordinate number of taxes, fees, and new regulations that allows for the most competitive economic sector to have the narrowest margins.

"For every dollar received in retail, the business owner needs to allocate revenue to cover costs," said Rob Karr, president and CEO of IRMA. "The couple cents left is not enough to help existing employees, hire more employees, expand operations or help our overall economy. The fact of the matter is the barrage of policy initiatives that sound good on paper are negatively impacting neighborhood businesses and the employees who work there."

Retailers in Illinois know all too well the heavy costs of doing business.

The real cost of doing business in Illinois is riddled with compounded mandates that continue to add up for retailers. Individually, issue-specific advocates look at each issue singularly -- increase the minimum wage, tobacco tax, sales tax, motor fuel tax, scheduling restrictions, and paid leaves, to name a few – but for the Illinois retailer who is responsible for paying for all of these items collectively, it's hard to survive in this environment.

Examples of mandates and tax policy impacting retailers:

- Reductions in state vendor collection allowances
- Proposed paid leave bills that create hardships for retailers from a staffing standpoint, and causes retailers to strive to keep employee levels low so as not to trigger additional mandates
- Statewide minimum wage increase proposals, and on its way to \$13 in the City of Chicago
- Suggested implementation of a sugar sweetened beverage tax, both statewide and in Chicago
- Proposed expansion of Chicago’s Homestead Exemption that would cause dynamic shifts in property tax burden
- Cook County sales tax increase; the highest sales tax rate in the nation at 10.25 percent
- A \$588 million property tax increase in Chicago that disproportionately burdens the business community; largest in the history of Chicago
- Chicago plastic bag “ban” ordinance that took effect in August 2015 and is a significant cost to retailers
- Affordable Care Act mandates that increase employer costs and results in employers trying to stay under the 50-employee threshold
- Federal Fair Labor Standards Act resulting in increased industry regulation and increased overtime costs on employers
- Ban on the sale of flavored tobacco products (including menthol) within 500 feet of a school in Chicago,

- Increases in cigarette and tobacco tax, giving Chicago the highest cigarette tax in the nation

“We feel there’s no better time than now to lower the cost of doing business in Illinois,” said Karr. “It’s time for Illinois to recognize the hardships plaguing our sector. Our wish is for the extra hands on our bottom line to let go, and to allow Illinois retailers to do what they do best: generate business and generate a significant share of the state’s tax revenue.”

To learn more about the Retailers’ Two Cents campaign, please go to www.retailers2cents.com where you can download fact sheets and follow the latest campaign news and updates.

About The Illinois Retail Merchants Association (IRMA)

One of the largest state retail organizations in the United States, IRMA serves as the voice of retailing and the business community in state government. Founded in 1957, IRMA represents more than 20,000 stores of all sizes and merchandise lines. From the nation’s largest retailers to independent businesses in every corner of the State, merchants count on IRMA to fight for the best possible environment in which to do business in Illinois.

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