



Professional Service Taxes Are A Recipe for Economic Distortion and Job Loss

Illinois officials are looking for revenue sources to fill a massive city budget hole. A new report from economist Alex Brill of Matrix Global Advisors (MGA) finds that taxing professional services in Chicago would cost the city/state tens of thousands of jobs and billions of dollars in economic activity. (MGA Report, p.6).

42,000 Lost Jobs With a Chicago Tax / 80,000 Lost Jobs With a Statewide Tax

The Chicago Tax on Professional Services economic report presents the results of macroeconomic simulations of professional services taxes in Illinois and Chicago. These simulations estimate a statewide **reduction in employment of more than 42,000** if a professional services tax were to be imposed in Chicago and **more than 80,000 fewer jobs** if the tax were imposed statewide. While employment within industries directly affected by the tax are significant, the greatest job loss in Illinois's private sector would be construction, retail, and food and beverage services. (MGA Report p. 2)

- **10,010 jobs in Chicago** (non taxed industries) lost in 2025
 - Nearly **20,386 jobs in Chicago** (non taxed industries) lost in 2029
 - Construction, retail, and feed and beverage workers are hit the hardest
 - Nearly **3,500 jobs lost** in eight professional services industries in 2025
 - More than **9,272 jobs lost** in professional services in 2029
- (Tables 2 & 3, MGA Report p. 7,8)

"Imposing a sales tax on professional services will distort business decisions, raise costs on intermediary goods, and suppress demand for these services. Such a tax can be expected to have an even larger negative impact on other industries within the local economy, including construction, retail sales, and food and beverage services."

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GREATER JOB LOSS ON NON-TAXED INDUSTRIES AND REDUCED WAGES

While a tax on professional services would result in job losses in the taxed industries, there would be greater job losses in other non-taxed industries. As the local economy shrinks, there is downward pressure on wages among those who remain employed.

HOW DOES IMPOSING A TAX ON PROFESSIONAL SERVICES CAUSE A TREMENDOUS JOB LOSS?

A tax on professional services would increase prices, reduce demand for taxed services, and reduce funds available for other purchases. Reduced demand would lead to job losses across the local economy.

www.NoTaxOnServices.org