



STATE OF ILLINOIS
COMPTROLLER

JUDY BAAR TOPINKA

Fiscal Year 2010

TAX EXPENDITURE REPORT



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COMPTROLLER
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August, 2011

A Message to Illinois Taxpayers

Greetings! It is my pleasure to present this tax expenditure report for fiscal year 2010 for public review.

Compiled by my office as required by state law, this report contains information from agencies throughout state government. To provide some context, tax expenditures are essentially tax breaks – such as exemptions, credits or abatements – given to individuals, corporations or other organizations. In fiscal year 2010, state agencies reported 238 such breaks, totaling roughly \$6.6 billion in foregone revenues.

Tax expenditures are enacted for a variety of reasons. In Illinois, they have been used to provide tax fairness (e.g. food and prescription drug exemption from sales taxes), encourage education (e.g. tuition tax credits) and promote economic development (e.g. tax exemptions for Enterprise Zone businesses).

As you will see, a special study within this report focuses specially on tax expenditures created since 2000 to encourage businesses to locate and expand in Illinois. This new group of incentives – which includes the EDGE Tax Credit, River Edge Redevelopment Zone incentives, the STAR Bond Act and Angel Investment Credit – adds to the portfolio of recruitment tools offered by the state of Illinois.

In addition, the report analyzes tax expenditures greater than \$100 million, examines growth trends for the three largest tax expenditures, compares the value of tax expenditures with receipts from major revenue sources, and highlights the differences between expenditures that primarily benefit individuals and those that assist businesses.

I hope you find this report informative and useful. If you have any comments or suggestions regarding this report, or any other report of the Comptroller's Office, please contact us at (217)782-6000 or (312)814-2451, or www.ioc.state.il.us.

Sincerely,

Judy Baar Topinka
State Comptroller

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INTRODUCTION

What is a Tax Expenditure?

A tax expenditure is any exemption, exclusion, deduction, allowance, credit, preferential tax rate, abatement, or other device that reduces the amount of tax revenue that would otherwise accrue to the State. Tax expenditures are used to provide a means of benefiting “selected” groups or providing an incentive for the performance of desired activities. Numerous expenditures have been implemented over the years benefiting individuals and business.

The total impact of tax expenditures in Illinois (as reported by state agencies) was estimated at \$6.6 billion in fiscal year 2010, with the major portion derived from income and sales tax expenditures.

Tax expenditures have been used since the early 1930’s; however, it was the decade of the 1980’s that saw an explosive growth in their use. During that decade, 67 of the existing tax expenditures were enacted. Of these, at least 28 were related to economic development efforts including various tax expenditures related to enterprise zones, foreign trade zones, and high impact business investments.

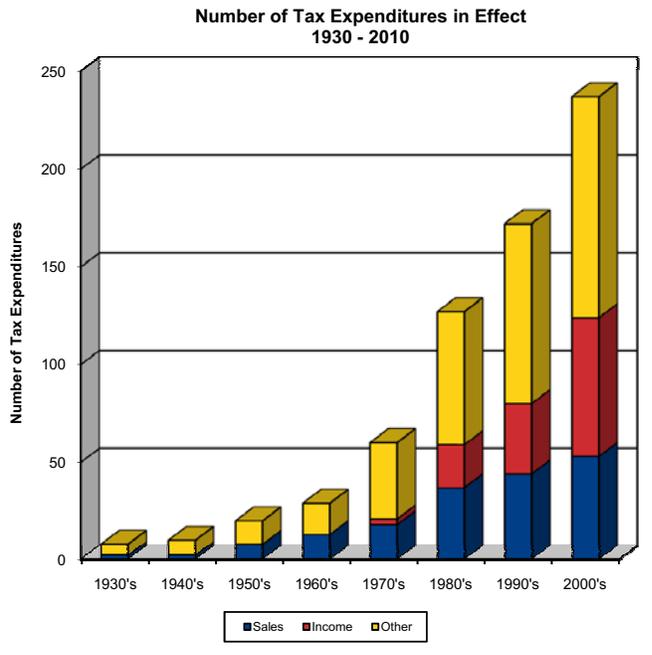
For fiscal year 2010, agencies identified 238 tax expenditures, 189 were associated with taxes and 49 with licenses or fees. Since fiscal year 2000, there has been a second spurt in economic development tax preferences with tax breaks for river edge redevelopment zone investments, the Economic Development for a Growing Economy (EDGE) tax credit, and the film production services credit.

What’s New in Tax Expenditures

Tax Expenditures of \$6.6 Billion in FY 2010

Reported tax expenditures of \$6.594 billion in fiscal year 2010 were down \$33 million or 0.5% from reported tax expenditures of \$6.627 billion in fiscal year 2009. Lower reported tax expenditures are in spite of a revised calculation methodology used by the Department of Revenue that inflated the estimated cost of some of the tax expenditures for the individual income tax.

Tax expenditures from the sales tax of \$2.959 billion were down \$335 million or 10.2% from the prior year estimate. The estimated cost of the most expensive tax expenditure, the food, drugs, and medical appli-



ances rate reduction, of \$1.530 billion was down \$70 million (4.4%) from the prior year estimate. The largest portion of the estimated decline in the cost of tax expenditures for the sales tax is concentrated in two tax expenditures: the traded-in property exemption and the farm chemicals exemption. The estimated cost of the traded-in property exemption declined from \$263 million in fiscal year 2009 to \$109 million in fiscal year 2010. The Department of Revenue reported that this was due to a large decline in the dollar volume of trade-in claims for motor vehicles sold by Illinois auto dealers. Far fewer reported purchases were also responsible for the drop in the estimated cost of the rolling stock exemption from \$47 million in fiscal year 2009 to \$27 million in fiscal year 2010. The main reason for the decline in the cost of the farm chemical exemption from \$251 million to \$191 million was the 31% drop in fertilizer prices.

For some tax expenditures against the income taxes, there is a gap between the potential value of the tax expenditure and the amount that can actually be claimed based on incomes earned. For example, a low income retired couple might qualify for a \$2,000 additional subtraction under the additional exemption for the blind and elderly; however, they will not benefit from the additional exemption and it will have no cost to the state if their taxable non-retirement income does not exceed the \$4,000 standard exemption.

This year, potential cost rather than actual cost has been used by the Department of Revenue for several large individual income tax subtractions leading to significant increases in the reported cost for these tax expenditures. The estimated cost of the retirement and social security subtraction increased \$116 million from \$973 million in fiscal year 2009 to \$1.098 billion in fiscal year 2010. The standard exemption was up \$94 million from \$622 million to \$714 million. Other subtractions increased \$86 million from \$44 million to \$130 million. The additional exemption for the blind and elderly went from \$20 million to \$36 million. For other major tax expenditures against the individual income tax, the tax credit for residential property taxes and the education credits were both little changed from the prior year at \$526 million and \$71 million respectively and the earned income tax credit increased from \$91 million to \$105 million. As a result, tax expenditures against the individual income tax of \$2.716 billion were up \$338 million or 14.2% from the prior year.

Tax expenditures from the corporate income tax of \$355 million were down \$29 million or 7.6% in fiscal year 2010. The cost of the largest corporate income tax expenditure, the Illinois net operating loss deduction which allows losses to be carried forward for 12 years, was down \$4 million to \$256 million. This tax expenditure was temporarily suspended from January 1, 2011 to December 31, 2014. The largest decline was for the foreign insurer rate reduction which was \$10 million in fiscal year 2010 versus \$29 million in fiscal year 2009. This tax expenditure reduces the tax rate on out-of-state insurers to the tax rate of their home state and benefits Illinois based insurers by reducing retaliatory taxes they would owe for operations in other states.

Effective for the 2011 tax year, the individual income tax rate was temporarily increased from 3% to 5% and the corporate income tax rate was temporarily increased from 4.8% to 7%. Although higher tax rates will increase the cost of tax expenditures that are subtractions from the tax base, their impact will not be included in the Tax Expenditure Report until returns on 2011 taxes filed during 2012 are analyzed by the Department of Revenue.

The hospital provider assessment exemption is for hospital providers who are state agencies and state universities or are counties or other units of local government and was \$173 million in fiscal year 2010. This was unchanged from the prior year as the cur-

rent hospital services assessment is \$218.38 per occupied hospital bed-day excluding Medicare bed-days and is effective for fiscal years 2009 through 2013. Tax expenditures for the motor fuel taxes, the final revenue source with other \$100 million in tax expenditures, were \$130 million in fiscal year 2010, down \$23 million from the prior year.

What's New in Fiscal Year 2010?

A new tax expenditure provides additional benefits to some college savers. The existing college savings pool subtraction allows for the deduction of up to \$10,000 per year for an individual and up to \$20,000 per year for a couple filing jointly for contributions to an Illinois 529 plan. Effective for tax years ending on or after December 2009, employers that make a matching contribution to a qualified Illinois prepaid tuition program on behalf of their employees are entitled to a 25% credit up to \$500 per employee.

Revenues to support the new capital program cause tax expenditure to have an impact on Debt Service Funds for the first time. Sales, vehicle use, and hotel tax revenues have always been used to support the Build Illinois program, but tax expenditures have not had an impact on the revenues available for Build Illinois since the amount required from these tax sources each year is set by statute. The Capital Projects Fund is to receive monies from vehicle license fees, sales and liquor taxes, and the new video gaming taxes. Tax expenditures will reduce the revenues available to the Capital Projects Fund. ■

SPECIAL STUDY: RECENTLY CREATED BUSINESS TAX INCENTIVES

Earlier Tax Incentives

Since 1979, Illinois has created a variety of tax expenditures specifically designed to make Illinois more attractive to business. The first was the sales tax exemption for the purchase of machinery and equipment used in manufacturing and assembling. This was followed by the expansion of the sales tax exemption to additional types of equipment such as graphic arts and pollution control equipment and the manufacturer's purchase credit that provides an additional use tax credit to offset the sales tax on production related items.

Enterprise zone legislation passed in the 1980's, provided income, sales, and public utility incentives to encourage investment by businesses operating in specified enterprise and foreign trade zones. Following local government application, the Department of Commerce and Economic Opportunity (DCEO) has designated 97 Illinois enterprise zones. Specific businesses were first favored with the new incentives for high impact businesses. High impact businesses either intend to invest \$12 million and create 500 jobs at a designated location or invest \$30 million and retain 1,500 jobs and certify the investment would not be made without the tax incentives. With the high impact designation, businesses can receive incentives similar to those offered within enterprise zones. The definition of a high impact business has been expanded to include coal gasification plants and supporting Illinois coal mines and power transmission facilities and new wind power facilities.

The training expense and research and development credits to the income tax were two additional incentives created before 2000. Programs to provide incentives have not just been limited to state taxes with other business incentives provided by the state through grants and loans and by local governments through property tax breaks, licensing and permit fee waivers, and streamlining building code and zoning requirements.

Tax Incentives Established Since 2000

In the past ten years, several new tax expenditures have been added to the list of Illinois business tax incentives. The first added tax incentive for the new century was the Economic Development for a Growing Economy (EDGE) tax credit which links investment benefits to the resulting job creations. EDGE is a targeted tax credit effective in 2000 that

provides income tax credits related to employment growth to companies that agree to invest or relocate their corporate headquarters to Illinois. The credit received depends upon the earnings from the jobs created in Illinois. The criteria used by DCEO for approving projects combines value of investment and new jobs. EDGE has become a major incentive with estimated credits of \$36 million reported for fiscal year 2010.

Since its inception, several pieces of legislation have broadened the EDGE incentive. For example, starting in 2007, the EDGE credits may be increased under the Business Location and Economic Efficiency Incentive Act. DCEO may increase the EDGE credit up to 10% if the project is in an area with affordable workforce housing or affordable and accessible mass transit or has a plan to improve workforce housing or workplace accessibility. Starting in 2010, EDGE credits may be taken against income tax withholding payments rather than corporate income tax liability under certain narrowly specified circumstances.

An industry specific tax incentive is the Film Production Services credit first effective in 2004. This income tax credit is earned as a percent of the payroll of Illinois film employees involved in a film production and allows Illinois to offer incentive packages that can compete with incentives offered by other states seeking filming activity. In the fiscal year 2010 Tax Expenditure Report, the cost of this credit was \$12 million.

Fiscal year 2004 saw a reevaluation of Illinois tax incentives. The training expense and research and development income tax credits were both eliminated, as were the sales tax exemptions for the purchase of graphic arts, pollution control, coal, oil, ethanol, and aggregate machinery and the manufacturer's purchase credit. Later legislation reversed the elimination of the research and development credit and the manufacturer's purchase credit which were both restored by the end of 2004.

With concerns about freight traffic congestion having a negative impact on the economy, construction of intermodal terminal facilities received favored status with the exemption from the sales tax for sales of building materials beginning in 2006. An intermodal terminal facility is a terminal with equipment allowing the transfer of goods between different modes of transportation. To take advantage of this exemption, one of the modes must be a railroad. Another sort of transportation facility, an aircraft support center, can

benefit from an exemption created in 2007. If the aircraft support center invests at least \$30 million into an air base in Illinois that generates at least 750 jobs, sales of jet fuel and petroleum products used to maintain, rebuild, or repair aircraft are exempt from the sales tax.

River Edge Redevelopment Zones were established as a new tax preference area effective in 2007. These zones are selected from environmentally challenged areas bordering rivers with economic development potential that are hindered by high redevelopment costs. Municipalities apply to have an area designated a zone and approved zones become eligible for tax expenditures similar to those available for enterprise zones plus credits for site remediation expenses. DCEO has designated sections of Aurora, East Saint Louis, Elgin, and Rockford as River Edge Redevelopment Zones.

In 2009, Illinois created the New Markets Development tax credit. This is a state add-on to a federal tax incentive that began in 2001. The program provides income tax credits to financial institutions in exchange for investments in Community Development Entities. The entities use the investments to provide low interest rate loans, high loan to value ratios, and possible partial debt forgiveness to businesses or real estate projects in qualifying low income districts. The Illinois New Markets initiative provides additional state income tax credits for these investments. Originally capped at \$10 million per year, the credit ceiling for the program has been raised to \$20 million per year.

Among the other incentives that have recently gone into effect to help create new jobs or ameliorate the effects of the severe recession is the STAR (sales tax and revenue) bond program. The idea behind the STAR bond concept is to issue bonds to help construct a retail and entertainment destination site and then use a portion of the proceeds from sales taxes earned at the site for the bond debt service. This is similar to how local governments can use incremental property tax revenues to help development in TIF districts, except that for STAR much of the revenue loss will be to the state rather than to the local governments. Critics are concerned that the new destination site might just siphon business from existing establishments instead of bringing all new economic activity to an area, limiting its aggregate impact on the economy, while costing the state and nearby local governments sales tax revenues.

Tax Expenditures Intended to Provide an Incentive to Business			
2000 to 2011			
Incentive	Tax Source	Year Effective	Year Rescinded
Angel Investment Credit	Income Taxes	2011	
Sales Tax Holiday	Sales Tax	2011	
Industrial Development and Economy (STAR Bond) Act	Sales Tax	2011	
Small Business Job Creation Tax Credit	Income Taxes	2010	
New Markets Development Tax Credit	Income, Franchise, and Insurance Taxes	2009	
Airport Support Center Exemption	Sales Tax	2007	
Building Materials within River Edge Redevelopment Zone Exemption	Sales Tax	2007	
River Edge Redevelopment Zone Dividend and Interest Subtraction, Site Remediation, Jobs, and Investment Credit	Income Taxes	2007	
Building Materials with Intermodal Terminal Facility Redevelopment Project Area Exemption	Sales Tax	2006	
Film Production Services Credit	Income Taxes	2005	
Research and Development Credit	Income Taxes	2004*	2003
Manufacturers Purchase Credit	Sales Tax	2004*	2003
Graphic Arts Machinery and Equipment Exemption	Sales Tax	2004*	2003
Training Expense Credit	Income Taxes		2003
Coal, Oil, Ethanol Distillation, and Aggregate Manufacturing Machinery and Equipment Exemption	Sales Tax		2003
Economic Development for a Growing Economy (EDGE) Tax Credit	Income Taxes	2000	

* Year rescinded tax expenditure was reinstated.

The key to the success of the STAR concept is attracting destination and entertainment users to the project. Destination users are retail stores that are at least 150 thousand square feet, require an investment of at least \$30 million, are at least 70 miles from their nearest Illinois location, and expect to draw at least 30% of their customers from out-of-state or more than 75 miles away. Destination hotels have at least 150 rooms and include entertainment facilities. Entertainment users are an entertainment use such as an amusement or water park that occupies at least 20 acres with an investment of at least \$25 million. Incremental state sales tax revenues from destination and entertainment users plus other sales in the STAR bond district can be made available for debt service for STAR bonds.

STAR bonds can be issued to pay project costs and may not exceed 50% of total development costs. Prior to the approval of a STAR bond district, the Department of Revenue must accept impact and feasibility studies showing the district would have at least \$100 million in investment, \$100 million in annual revenue, and generate at least 500 jobs. Schools in neighboring communities are to receive 15% of the increase in property tax generated within the STAR bond district.

After seven years, an independent committee is to review the success of the STAR bond program. If there is a negative finding from this committee, no new STAR districts can be formed without further legislative action. Restrictions in the legislation limit the number of sites that currently could create STAR bond districts. Eligible sites must be between 250 and 500 acres, adjacent to an interstate highway and in close proximity to two state highways, within one mile of an entertainment user such as a sports stadium that had a \$20 million initial investment, and include previously mined land. A site at Marion meets these requirements and is the home of the Marion Sales Tax and Revenue (STAR) Bond district which received state approval in October 2010.

Illinois held its first Sales Tax Holiday in August 2010. Although primarily designed to provide a break for parents preparing their children for the new school year, this incentive was backed by retailers. During the ten days of the holiday, most items required by classroom teachers plus clothing that costs less than \$100 per item was exempt from the 5% state portion of the sales tax. The estimated cost to the state was between \$40 million and \$60 million. Although this exemption is currently on the statutes as a one-time occurrence, it is likely that there will be efforts to expand it to an annual event.

In response to the slow job growth during the recovery from the recession, the Small Business Job

Creation Tax Credit was established for fiscal year 2011. Credits are available to employers with less than 50 employees who hire new full time employees or any employer who hires workers from the Put Illinois to Work Program. The credit is against taxes withheld and may not exceed \$2,500 per new employee hired. The maximum amount of credits to be awarded under this act is \$50 million.

Another new incentive is the Angel Investment Credit effective in 2011. This is a 25% credit for investments in qualified new business ventures. The maximum amount of the investment that may qualify for the credit is \$2 million per applicant. Qualified businesses must be headquartered in Illinois with the majority of their employees in Illinois, have potential for increasing jobs or investment in Illinois, be engaged in a business sector that is traditionally associated with high technology, have fewer than 100 employees, been in operation for not more than 10 years, and have not received more than \$10 million in private equity investment or \$4 million in investments qualified for Angel credits. The total amount of angel credits is limited to \$10 million per year.

Tax incentives had a \$394 million total impact in the fiscal year 2010 Tax Expenditure Report. By far the most costly incentive was the manufacturing and assembling machinery and equipment exemption from the sales tax with a cost of \$174 million. It is likely the cost of incentives will rise as these new incentives go into effect. ■

Economic Development Tax Incentives (Thousands)		
	Fiscal Year 2009 Annual Impact	Fiscal Year 2010 Annual Impact
Sales Taxes:		
Manufacturing and Assembling Machinery and Equipment Exemption	\$183,000	\$174,000
Manufacturer's Purchase Credit	29,000	33,000
Designated Tangible Personal Property within Enterprise Zone Exemption	26,000	21,000
Graphic Arts Machinery and Equipment Exemption	21,000	8,600
Building Materials within Special Zone Exemption	4,700	4,400
Individual Income Tax:		
Income Tax Credits	11,623	9,858
Corporate Income Tax:		
Economic Development for a Growing Economy Tax Credit	25,567	34,766
Research and Development Credit	23,182	19,135
Film Production Services Credit	13,117	11,125
Enterprise Zone and River Edge Redevelopment Zone Investment Credit	11,720	7,169
High Economic Impact Business Dividend Subtraction	5,537	4,810
Special Zone Dividend, Interest, and Charitable Contribution Subtractions	1,827	1,505
Job Training Contribution Subtraction	764	1,149
High Economic Impact Business Investment Credit	272	96
Electricity Excise Tax:		
Enterprise & Foreign Trade Zone High Economic Impact Business Exemption	37,411	44,835
Purchase of Electricity Generated by Solid Waste Energy Facility Credit	1,762	3,174
Gas Revenue Tax:		
Enterprise & Foreign Trade Zone High Economic Impact Business Exemption	13,034	12,783
Telecommunications Excise Tax:		
Enterprise & Foreign Trade Zone High Economic Impact Business Exemption	2,133	2,196
Gross Receipts Tax (Public Utility Fund)		
Enterprise Zone Revenue Exemption	44	18
Total	\$411,693	\$393,619

A REVIEW OF FISCAL YEAR 2010 TAX EXPENDITURES

The Impact of Tax Expenditures

Although tax expenditures were reported for 43 revenue sources in fiscal year 2010, the five largest tax sources accounted for \$6.333 billion or 96% of the \$6.594 billion in reported tax expenditures.

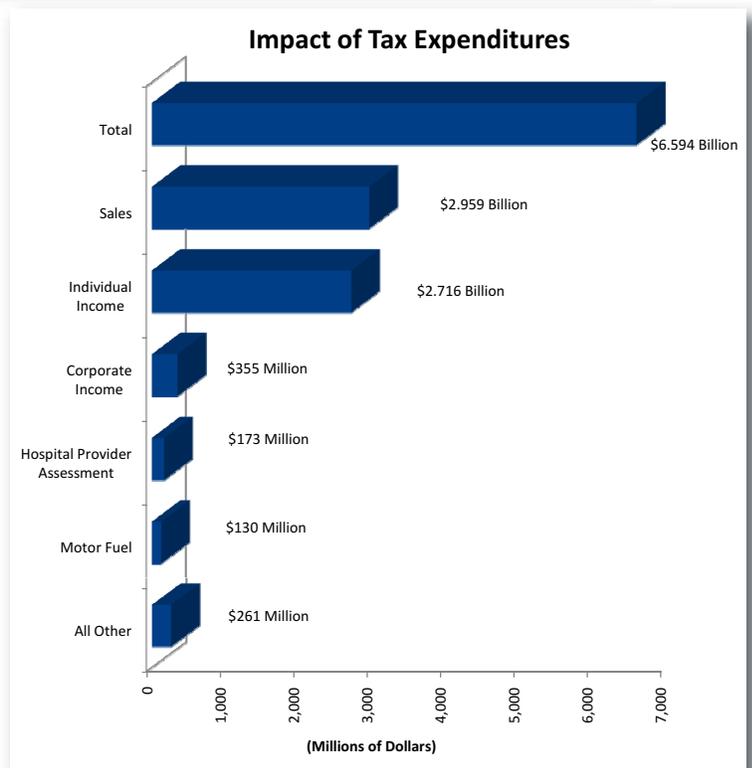
Over 40% of the reported value of tax expenditures was attributed to both the sales taxes and the income taxes. Tax expenditures against the sales taxes of \$2.959 billion accounted for 44.9% of total tax expenditures; while tax expenditures against the income taxes of \$3.071 billion accounted for 46.6% of tax expenditures. Tax expenditures against the individual income tax of \$2.716 billion were 44.2% of the total and corporate tax expenditures of \$355 million were 5.4% of the total. The hospital provider assessment (\$173 million) accounted for 3% and the motor fuel tax (\$130 million) accounted for 2% of reported tax expenditures, leaving only \$261 million or 4% for tax expenditures from the remaining revenue sources.

Tax Expenditures Greater than \$100 Million

There were fifteen tax expenditures with estimated costs in excess of \$100 million in fiscal year 2010. Seven of the over \$100 million tax expenditures were from the sales tax, with five from the individual income tax, and one each from the corporate income tax, hospital provider assessment, and the motor fuel tax. Two tax expenditures, the food, drug, and medical appliance rate reduction from the sales tax and the retirement income and social security deduction from the individual income tax, had a cost of over \$1 billion. With a cost of \$1.53 billion, the food and drug rate reduction represented 23% of the total reported impact of tax expenditures. The fifteen largest tax expenditures totaled \$5.7 billion or 87% of the total impact of all tax expenditures.

The Tax Expenditure Report only identifies tax expenditures that reduce State revenues. When local taxes are piggybacked onto state taxes, tax expenditures also reduce local government tax revenues. A prime example is sales tax expenditures that also apply to the additional portion of sales tax collections distributed to local governments.

One prominent tax expenditure has been designed to exclusively impact local government revenues. The investment tax credit is applied against the personal property replacement income tax which is dis-



Three Largest Tax Expenditures, Fiscal Year 1993 to 2010

Reported tax expenditures of \$6.6 billion for fiscal year 2010 were \$3.5 billion greater or over 2.1 times the \$3.1 billion reported for fiscal year 1993, the first year that the Tax Expenditure Report was issued. The change in the value of reported tax expenditures reflects improved reporting, new tax expenditures, as well as the impact of inflation and economic growth. Of particular interest are the trends in growth for the three largest expenditures which accounted for slightly more than half (50.6% in fiscal year 2010) of the total reported cost.

tributed to local governments. This tax expenditure includes a base 0.5% credit for buying equipment used in retailing, manufacturing, mining, and river edge redevelopment zones. An additional credit is allowed for companies that increase their Illinois employment. The maximum additional credit is 0.5% for companies whose Illinois employment has increased by at least 1%. The cost to local governments for this tax expenditure for the 2008 tax year was \$34.9 million.

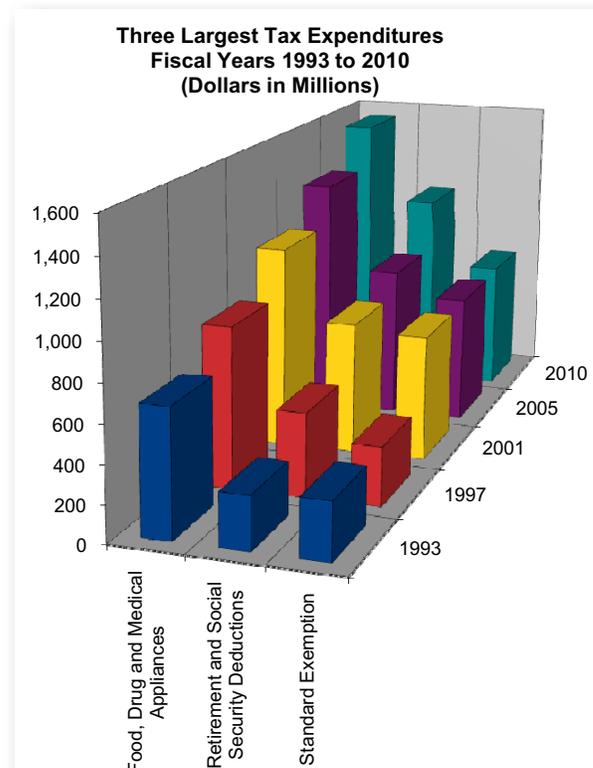
The Fifteen Largest Tax Expenditures - Fiscal Year 2010 (Millions of Dollars)		
Amount	Expenditure	Applied Against
\$1,530	Food, Drugs, Medical Appliances	Sales Tax
1,089	Retirement and Social Security Deductions	Individual Income Tax
716	Standard Deduction	Individual Income Tax
526	Property Tax Credit	Individual Income Tax
405	Sales to Exempt Organizations	Sales Tax
256	Illinois Net Operating Loss Deduction	Corporate Income Tax
191	Farm Chemical Exemption	Sales Tax
174	Manufacturing Machinery Exemption	Sales Tax
173	Hospital Provider Exemption	Hosp. Provider Assess.
130	Other Subtractions	Individual Income Tax
109	Retailer's Discount	Sales Tax
109	Exemption for Trade-Ins	Sales Tax
105	Earned Income Tax Credit	Individual Income Tax
103	Non Motor Vehicle Use	Motor Fuel Tax
102	Gasohol Discount	Sales Tax
\$5.718 Billion	Total Impact of the Fifteen Largest Tax Expenditures	
\$6.594 Billion	Total Impact of All Tax Expenditures	
87%	Percent of Total Impact	

The \$1,000 standard deduction from the state individual income tax had been one of the slowest growing tax expenditures increasing only \$14 million from \$306 million to \$320 million between fiscal year 1993 and fiscal year 1998. With the doubling in the value of this tax expenditure (to \$1,300 for the 1998 tax year, \$1,650 for the 1999 tax year, and \$2,000 for years beginning with the 2000 tax year), its cost has increased a further \$396 million to \$716 million for fiscal 2010. Growth in this tax expenditure is limited to the rate of population growth, except when the value of the deduction changes.

The largest tax expenditure is the reduced sales tax rate for food, drugs, and medical appliances. Between fiscal 1993 and fiscal 2010, its cost increased \$855 million as the tax expenditure more than doubled from \$675 million to \$1.530 billion reflecting inflation and increased consumer purchases of exempted items.

Retirement subtractions from the Illinois individual income tax apply to all retirement income including IRA, disability, social security, and railroad retirement income that is subject to the federal income tax. The estimated cost of this tax expenditure of \$1.089 billion for fiscal year 2010 was \$805 million greater or over 3.8 times its cost of \$284 million in fiscal year 1993. The substantial growth in this expenditure in part reflects the increase in income that has become subject to the federal tax, such as the increase in the maximum percentage of federally taxable social security income from 50% to 85% effective for the 1994 tax year.

Demographers are projecting a sizable increase in Illinois' population over 65. According to the Illinois Department of Commerce and Economic Opportunity population projections, there will be 2.9 million senior citizens in Illinois in 2030, up 73.9% from the number of seniors (1.7 million) in 2010. Over that same period, the total Illinois population is projected to increase 14.0%. The result should be a continued rapid increase in the cost of the retirement income tax expenditure.



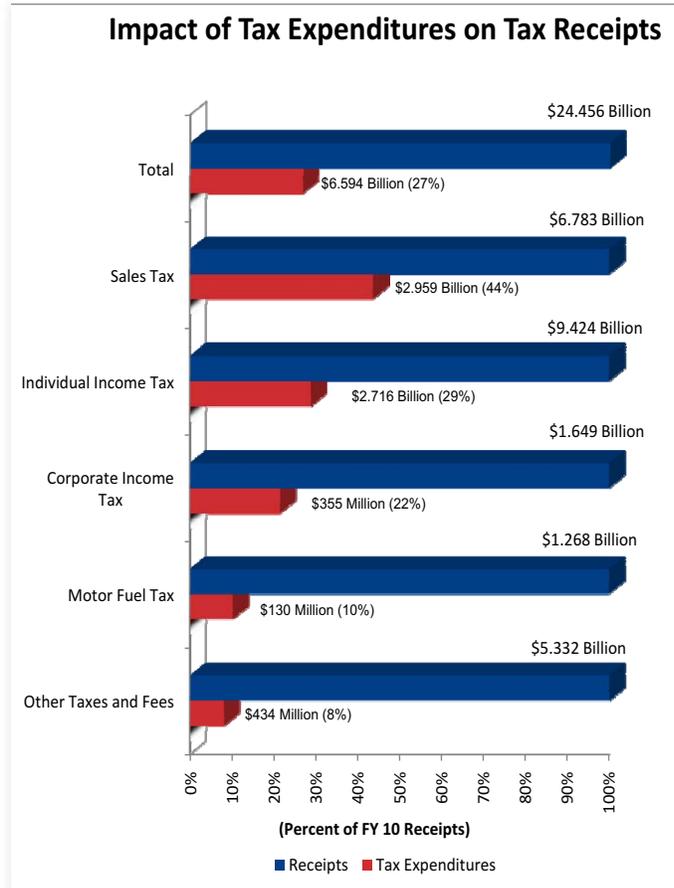
A \$6.6 Billion Impact on Reported Tax Receipts

The \$6.6 billion in tax expenditures were applied against revenue sources that brought in a reported \$24.5 billion in fiscal year 2010. This amounts to 27% of reported receipts. Of the major revenue sources, tax expenditures had the greatest impact on the sales tax followed by the individual income tax, corporate income tax, and motor fuel tax.

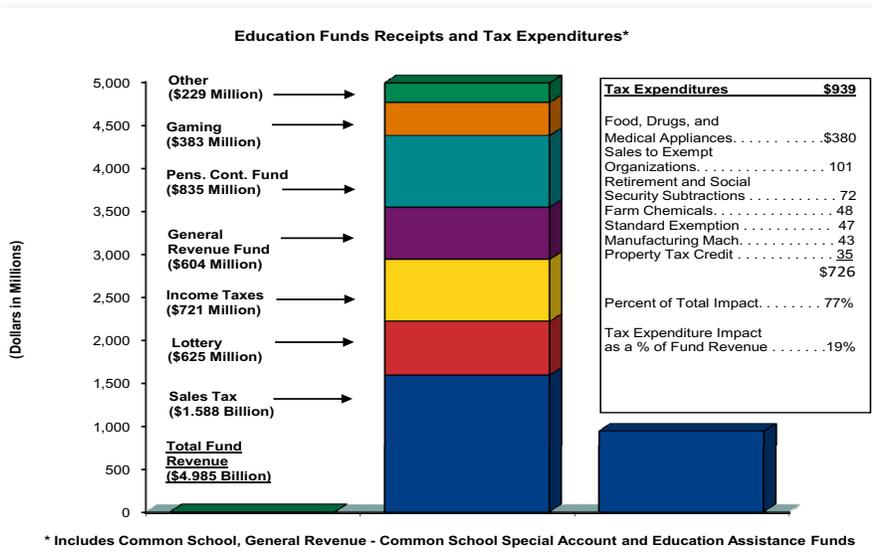
All other expenditures had a combined impact of \$434 million, or 8% of other receipts of \$5.3 billion. Within other sources, there were several for which tax expenditures had a substantial impact. These include – the hospital provider assessment (\$173 million in tax expenditures, total receipts of \$875 million), the electricity excise tax (\$48 million in tax expenditures, total receipts of \$382 million), the gas revenue tax (\$32 million impact, total receipts of \$158 million), the insurance retaliatory tax (\$39 million in tax expenditures, total receipts of \$105 million), the underground storage tank tax (\$20 million in tax expenditures, total receipts of \$71 million), and the racing pari-mutuel tax (\$4 million in tax expenditures, total receipts of \$7 million).

\$939 Million Impact on Education Funds – Fiscal Year 2010

Tax expenditures of \$939 million from monies that would have been deposited into the Education Funds were the equivalent of 19% of revenues. The Common School, General Revenue - Common School Special Account and Education Assistance Funds



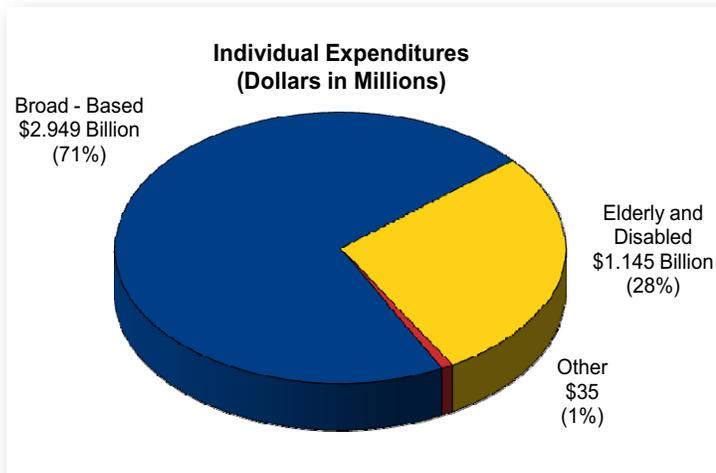
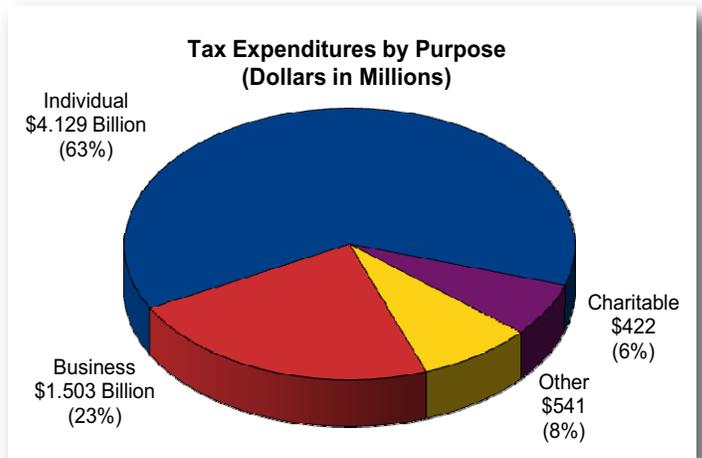
receive dedicated lottery, income tax, gaming taxes, and sales tax monies as well as General Revenue Fund transfers and portions of certain other dedicated revenues (cigarette tax, public utility tax, bingo tax, etc.) for use exclusively for elementary, secondary, and higher education. In fiscal year 2010, the Education Funds received \$5.0 billion from dedicated sources - \$1.6 billion from the sales tax, \$625 million in lottery transfers, \$721 million from income taxes, \$383 million from gaming taxes, and \$229 million from other sources (including \$118 million from cigarette taxes and \$105 million from the communications excise tax) plus \$835 million from pension bond proceeds deposited into the Pension Contribution Fund and \$604 million in General Revenue Fund transfers.



Who Received Tax Expenditures?

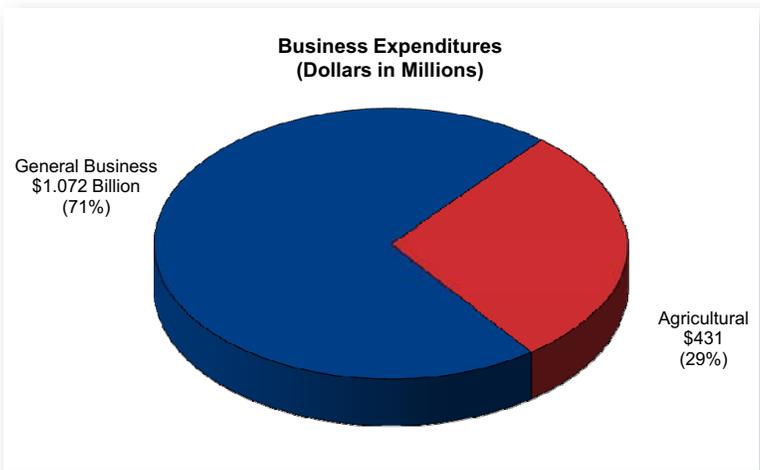
Tax expenditures for individuals totaled \$4.1 billion while business received \$1.5 billion, charities \$422 million and other \$541 million.

Individuals received \$2.9 billion in broad-based tax expenditures. The three largest were the food and drug rate reduction, the standard exemption from the individual income tax, and the property tax credit. Other broad based tax expenditures included the earned income credit and the education expense credit. The expenditures for the elderly and disabled of \$1.1 billion consisted primarily of the federally taxed retirement and Social Security subtractions.



One of the most notable uses of tax expenditures is to provide incentives to businesses to maintain and expand employment and investment in the state. Among the current business incentives offered by Illinois are the sales tax exemption and credit for manufacturing equipment, tax incentives for high economic impact businesses and investments in enterprise zones and river edge redevelopment zones, EDGE (Economic Development for a Growing Economy) tax credits, job training, research and development, and film production services credits. The cost of these incentives was \$394 million in fiscal year 2010 excluding the incentives included in other subtractions from the individual income tax.

The impact of general business expenditures was \$1.1 billion, while agricultural expenditures were \$431 million. The net operating loss deduction, manufacturing machinery exemption, retailer's sales tax discount, and sales of motor fuel for use other than in motor vehicles were the largest general business expenditures. Sales to exempt organizations were all but \$17 million of the \$422 million worth of expenditures for charities. The largest of the \$541 million in other expenditures was the \$173 million impact of the hospital provider exemption to the hospital provider assessment.



The Impact of Tax Expenditures on Revenue Sharing

Normally it is difficult to measure the impact of tax expenditures on spending. One case where such a relationship can be made occurs when a portion of tax revenues is automatically granted by formula to local governments.

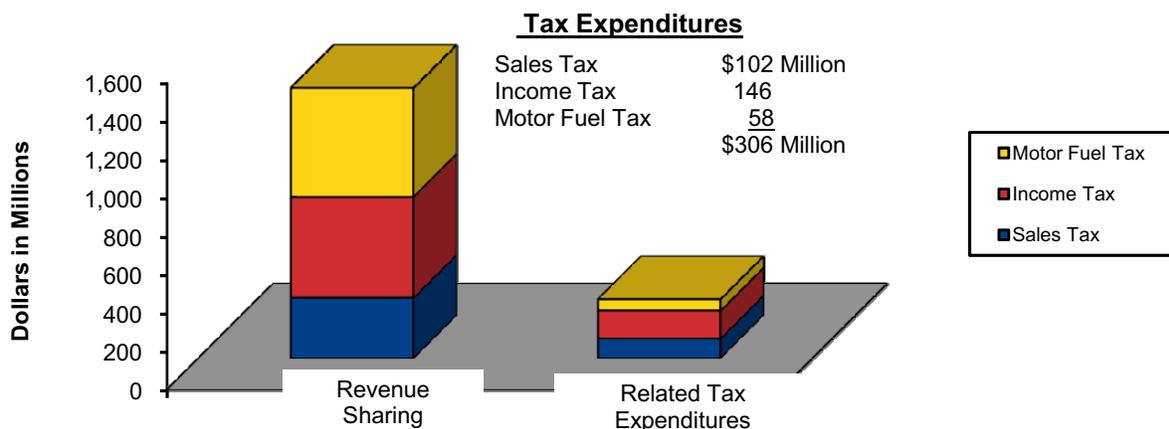
During fiscal year 2010, distributions of \$1.4 billion in income, sales, and motor fuel tax revenue sharing were down from prior fiscal years due to delayed state payments. Tax expenditures had an estimated \$306 million impact on these distributions.

A fixed percent of net income tax revenues are granted to counties and municipalities as state revenue sharing. Distribution is based on their shares of the State's population. The distribution for fiscal year 2010 was 1/10 of revenues net of deposits into the Refund Fund. In fiscal year 2010, the Local Government Distributive Fund received \$526 million in transfers from the General Revenue Fund related to income tax receipts. Based on a 28% ratio of tax expenditures to combined income tax receipts, distributions were \$146 million less than they would have been without tax expenditures.

There are several programs which share sales tax revenue with local governments. The Public Transportation Fund receives General Revenue Fund transfers equal to 30% of net revenue collected from the local RTA sales tax. The Downstate Public Fund receives a General Revenue Fund transfer based on a percentage of state sales taxes paid in downstate transit districts. The Illinois Tax Increment Fund receives 0.27% of state sales taxes. In fiscal year 2010, these programs received \$314 million in direct receipts and General Revenue Fund transfers. Distributions were \$102 million less than they would have been without tax expenditures.

State motor fuel taxes are used for state transportation related purposes and shared with counties, municipalities, townships, and road districts. During fiscal year 2010, local government funds received \$567 million in motor fuel tax revenues. Based on a 10% ratio of tax expenditures to motor fuel tax receipts, distributions were \$58 million less than they would have been without tax expenditures. ■

Revenue Sharing and Tax Expenditures



TAX EXPENDITURES BY FUND GROUP AND FUND

(IN THOUSANDS)

Fund Group: General

Fund Name and Code:		FY 09	FY 10
General Revenue Fund	0001	\$ 4,923,562	\$ 4,954,324
General Revenue - Common School Special Account Fund	0005	823,525	736,970
Education Assistance Fund	0007	179,936	200,305
Common School Fund	0412	1,615	1,611
Total Impact, General		\$ 5,928,638	\$ 5,893,210

Fund Group: Highway

Fund Name and Code:		FY 09	FY 10
Motor Fuel Tax - State Fund	0012	\$ 153,485	\$ 130,065
Road Fund	0011	8,102	9,043
State Construction Account Fund	0902	4,072	4,630
Total Impact, Highway		\$ 165,659	\$ 143,738

Fund Group: Special State

Fund Name and Code:		FY 09	FY 10
Income Tax Refund Fund	0278	\$ 298,994	\$ 326,877
Hospital Provider Fund	0346	173,274	173,274
Underground Storage Tank Fund	0072	21,280	19,921
Long Term Care Provider Fund	0345	8,757	8,604
Build Illinois Fund	0960	7,300	6,400
Horse Racing Fund	0632	3,725	3,632
Public Health Laboratory Services Revolving Fund	0340	2,829	2,686
School Infrastructure Fund	0568	1,615	1,611
Public Utility Fund	0059	1,185	1,416
Wildlife and Fish Fund	0041	8,826	1,272
Local Tourism Fund	0969	1,200	1,000
International Tourism Fund	0621	700	600
Drivers Education Fund	0031	517	506
Illinois Clean Water Fund	0731	500	375
Corporate Franchise Tax Refund Fund	0380	305	350
Environmental Protection Permit and Inspection Fund	0944	337	265
Metabolic Screening and Treatment Fund	0920	189	247
Lead Poisoning, Screening, Prevention and Abatement Fund	0360	293	242
Long Term Care Monitor/Receiver Fund	0285	234	133
Health Facility Plan Review Fund	0524	152	96
Illinois School Asbestos Abatement Fund	0175	3	3
Pesticide Control Fund	0576	2	1
Total Impact, Special State		\$ 532,217	\$ 549,511

Fund Group: Debt Service

Fund Name and Code:		FY 09	FY 10
Capital Projects Fund	0694	\$ 0	\$ 7,706
Total Impact, Debt Service		\$ 0	\$ 7,706

GRAND TOTAL, IMPACT **\$ 6,626,514** **\$ 6,594,165**

TAX EXPENDITURES BY REVENUE SOURCE

(IN THOUSANDS)

Revenue Source and Annual Receipts: Sales and Use Tax

Expenditure:	FY 09	FY 10
Food, Drugs, and Medical Appliances Rate Reduction	\$ 1,600,000	\$ 1,530,000
Sales to Exempt Organizations	417,000	405,000
Farm Chemicals (Includes Feed and Seed) Exemption	251,000	191,000
Manufacturing and Assembling Machinery and Equipment Exemption	183,000	174,000
Traded-In Property Exemption	263,000	109,000
Retailer's Discount	112,000	109,000
Gasohol Discount	104,000	102,000
Biodiesel Discount and Exemption	81,000	83,000
Farm Machinery and Equipment Exemption	51,000	53,000
Newsprint and Ink to Newspapers and Magazines Exemption	37,000	39,000
Sales of Motor Vehicles to Non-Residents Exemption	43,000	36,000
Manufacturer's Purchase Credit	29,000	33,000
Rolling Stock Exemption	47,000	27,000
Sales of Vehicles to Automobile Rentors Exemption	13,000	27,000
Designated Tangible Personal Property within Enterprise Zone Exemption	26,000	21,000
Graphic Arts Machinery and Equipment Exemption	21,000	8,600
All Other	16,000	11,670
Total Impact	\$ 3,294,000	\$ 2,959,270

Revenue Source and Annual Receipts: Individual Income Tax

Expenditure:	FY 09	FY 10
Federally Taxed Retirement and Social Security Subtractions	\$ 973,416	\$ 1,088,858
Standard Exemption: Taxpayers and Dependents	622,244	716,487
Tax Credit for Residential Real Property Taxes	521,100	526,021
Other Subtractions	44,274	130,026
Earned Income Tax Credit	91,220	105,315
Education Expense Credit	72,282	71,232
Additional Exemptions: Blind and Elderly	19,719	35,561
Military Pay Subtraction	20,954	27,732
Income Tax Credits	12,903	15,025
Total Impact	\$ 2,378,112	\$ 2,716,257

Revenue Source and Annual Receipts: Corporate Income Tax

Expenditure:	FY 09	FY 10
Illinois Net Operating Loss Deduction	\$ 259,536	\$ 255,529
Economic Development for a Growing Economy Tax Credit	25,567	34,766
Research and Development Credit	23,182	19,135
Film Production Services Credit	13,117	11,125
Foreign Insurer Rate Reduction	29,088	10,240
Affordable Housing Donations	12,451	8,938
Enterprise Zone and River Edge Redevelopment Zone Investment Credit	11,720	7,169
High Economic Impact Business Dividend Subtraction	5,537	4,810
Enterprise Zone Dividend, Interest and Charitable Contribution Subtractions	1,827	1,505
Job Training Contribution Subtraction	764	1,149
All Other	806	156
Total Impact	\$ 383,595	\$ 354,522

TAX EXPENDITURES BY REVENUE SOURCE (IN THOUSANDS)

Revenue Source and Annual Receipts: Hospital Provider Assessment

Expenditure:	FY 09	FY 10
Hospital Provider Exemption	\$ 173,274	\$ 173,274
Total Impact	\$ 173,274	\$ 173,274

Revenue Source and Annual Receipts: Motor Fuel Taxes

Expenditure:	FY 09	FY 10
Sales for Use Other Than in Motor Vehicles Exemption	\$ 125,970	\$ 103,025
Timely Filing and Full Payment Discount	20,092	19,918
Municipal Corporation or Private Utility Local Transportation System Exemption	7,376	7,077
Aviation Purposes Exemption	47	45
Total Impact	\$ 153,485	\$ 130,065

Revenue Source and Annual Receipts: Electricity Excise Tax

Expenditure:	FY 09	FY 10
Enterprise Zone and Foreign Trade Zone High Economic Impact Business Exemption	\$ 37,411	\$ 44,835
Purchase of Electricity Generated by Solid Waste Energy Facility Credit	1,762	3,174
Total Impact	\$ 39,173	\$ 48,009

Revenue Source and Annual Receipts: Insurance Retaliatory Tax

Expenditure:	FY 09	FY 10
Replacement Income Tax Credit	\$ 22,048	\$ 22,048
Fire Department Tax Credit	12,672	16,530
Total Impact	\$ 34,720	\$ 38,578

Revenue Source and Annual Receipts: Gas Revenue Tax

Expenditure:	FY 09	FY 10
Enterprise Zone and Foreign Trade Zone High Economic Impact Business Exemption	\$ 13,034	\$ 12,783
Gas Used in Petroleum Refinery Operation	8,353	8,020
Gas Used in Production of Electric Energy	8,304	7,968
Gas Used in Production of Fertilizer	2,700	2,700
Cost of Collection Discount (Gas Use Tax)	721	679
Total Impact	\$ 33,112	\$ 32,150

Revenue Source and Annual Receipts: Underground Storage Tank Tax

Expenditure:	FY 09	FY 10
Airport Exemption	\$ 15,513	\$ 15,223
Rail Carrier Exemption	4,025	2,967
Timely Filing and Full Payment Discount	1,222	1,220
Exemption for Ships, Barges & Vessels Conducting Interstate Commerce on Border Rivers	495	485
Liquefied Propane Gas Exemption	25	26
Total Impact	\$ 21,280	\$ 19,921

Revenue Source and Annual Receipts: Annual Reports of Corporations

Expenditure:	FY 09	FY 10
Two Million Dollar Cap on Franchise Tax for Corporations	\$ 15,238	\$ 17,510
Total Impact	\$ 15,238	\$ 17,510

TAX EXPENDITURES BY REVENUE SOURCE

(IN THOUSANDS)

Revenue Source and Annual Receipts: Motor Vehicle Registration (1st Division)

Expenditure:	FY 09	FY 10
Senior Citizen Plate Renewal Reduction	\$ 7,544	\$ 10,538
Municipality Owned Passenger Vehicle Exemption	2,841	2,729
Charitable Organization Vehicle Exemption	172	2,581
Disabled Veteran Vehicle Registration Exemption	320	416
Drivers Education Vehicles	7	202
X-POW Vehicle Registration Exemption	73	60
Sheriff Plates	48	47
Total Impact	\$ 11,005	\$ 16,573

Revenue Source and Annual Receipts: Insurance Privilege Tax

Expenditure:	FY 09	FY 10
Fire Department Tax Credit	\$ 11,986	\$ 15,226
Replacement Income Tax Credit	1,389	954
Total Impact	\$ 13,375	\$ 16,180

Revenue Source and Annual Receipts: Vehicle Use Tax

Expenditure:	FY 09	FY 10
Rolling Stock Exemption	\$ 3,300	\$ 5,800
Family Member Preferential Tax Rate	3,900	3,900
Government, Charitable, Educational, Religious Entities Exemption	2,887	2,900
Farm Implement - Ready Mix Exemption	1,200	1,120
Out-of-State Resident Exemption	900	900
Estate Gift to Beneficiary Preferential Tax Rate	478	290
Surviving Spouse Exemption	140	150
Business Reorganization Preferential Tax Rate	72	58
Total Impact	\$ 12,877	\$ 15,118

Revenue Source and Annual Receipts: Hotel Operators' Occupation and Use Tax

Expenditure:	FY 09	FY 10
Permanent Residents Exemption	\$ 10,900	\$ 9,200
Cost of Collection Discount	3,800	3,600
Total Impact	\$ 14,700	\$ 12,800

Revenue Source and Annual Receipts: Telecommunications Excise Tax

Expenditure:	FY 09	FY 10
Cost of Collection Discount	\$ 9,356	\$ 9,262
Enterprise Zone and Foreign Trade Zone High Economic Impact Business Exemption	2,133	2,196
Total Impact	\$ 11,489	\$ 11,458

TAX EXPENDITURES BY REVENUE SOURCE (IN THOUSANDS)

Revenue Source and Annual Receipts: Cigarette and Cigarette Use Taxes

Expenditure:	FY 09	FY 10
Cost of Collection Discount	\$ 8,757	\$ 8,604
Total Impact	\$ 8,757	\$ 8,604

Revenue Source and Annual Receipts: Automobile Renting Occupation and Use Tax

Expenditure:	FY 09	FY 10
Claims for Loss or Damage Deduction	\$ 1,457	\$ 1,400
Exempt Organization Rentals	1,396	1,400
Insurance Coverage Deduction	1,056	1,100
Timely Filing and Full Payment Discount	516	500
Refueling Deduction	414	400
Other/Miscellaneous Deductions	81	100
Total Impact	\$ 4,920	\$ 4,900

Revenue Source and Annual Receipts: Driver's License Four Year Renewal

Expenditure:	FY 09	FY 10
Reduced Renewal Fee for Senior Citizens	\$ 1,026	\$ 4,648
Total Impact	\$ 1,026	\$ 4,648

Revenue Source and Annual Receipts: Racing Pari-mutuel (Privilege) Tax

Expenditure:	FY 09	FY 10
Real Estate Tax Credit	\$ 3,725	\$ 3,632
Total Impact	\$ 3,725	\$ 3,632

Revenue Source and Annual Receipts: Standard Identification Card Fee

Expenditure:	FY 09	FY 10
Duplicated/Corrected ID Senior Citizen/Handicapped	\$ 3,259	\$ 3,284
Total Impact	\$ 3,259	\$ 3,284

Revenue Source and Annual Receipts: Sexually Transmitted Disease Test Fee

Expenditure:	FY 09	FY 10
Population With High Incidence of Sexually Transmitted Diseases Exemption	\$ 2,515	\$ 2,356
Dept. Funded HIV Counseling & Testing Site and HIV Seroprevalence Exemption	314	330
Total Impact	\$ 2,829	\$ 2,686

Revenue Source and Annual Receipts: All Other

Expenditure:	FY 09	FY 10
All Other	\$ 12,563	\$ 4,726
Total Impact	\$ 12,563	\$ 4,726

GRAND TOTAL, IMPACT	\$ 6,626,514	\$ 6,594,165
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SUMMARY OF TAX EXPENDITURES BY AGENCY, REVENUE SOURCE AND FUND (IN THOUSANDS)

Secretary of State

Revenue Source and Annual Receipts: Motor Vehicle Registration (1st Division)

Fund Name and Code:		<u>FY 09</u>	<u>FY 10</u>
Road Fund	0011	\$ 6,933	\$ 7,882
Capital Projects Fund	0694	0	4,061
State Construction Account Fund	0902	4,072	4,630

Revenue Source and Annual Receipts: Standard Identification Card Fee

Fund Name and Code:		<u>FY 09</u>	<u>FY 10</u>
General Revenue Fund	0001	\$ 2,607	\$ 2,628
Road Fund	0011	652	656

Revenue Source and Annual Receipts: Duplicated/Corrected Driver's License

Fund Name and Code:		<u>FY 09</u>	<u>FY 10</u>
Road Fund	0011	\$ 4	\$ 4
Drivers Education Fund	0031	4	4

Revenue Source and Annual Receipts: Driver's License Four Year Renewal Fee

Fund Name and Code:		<u>FY 09</u>	<u>FY 10</u>
Road Fund	0011	\$ 513	\$ 501
Drivers Education Fund	0031	513	502
Capital Projects Fund	0694	0	3,645

Revenue Source and Annual Receipts: Annual Reports of Corporations

Fund Name and Code:		<u>FY 09</u>	<u>FY 10</u>
General Revenue Fund	0001	\$ 14,933	\$ 17,160
Corporate Franchise Tax Refund Fund	0380	305	350

Natural Resources

Revenue Source and Annual Receipts: Fishing Licenses

Fund Name and Code:		<u>FY 09</u>	<u>FY 10</u>
Wildlife and Fish Fund	0041	\$ 8,826	\$ 1,272

SUMMARY OF TAX EXPENDITURES BY AGENCY, REVENUE SOURCE AND FUND (IN THOUSANDS)

Insurance

Revenue Source and Annual Receipts: Insurance Privilege Tax

Fund Name and Code:	FY 09	FY 10
General Revenue Fund	0001 \$ 13,375	\$ 16,180

Revenue Source and Annual Receipts: Retaliatory Tax

Fund Name and Code:	FY 09	FY 10
General Revenue Fund	0001 \$ 34,720	\$ 38,578

Healthcare and Family Services

Revenue Source and Annual Receipts: Hospital Provider Assessment

Fund Name and Code:	FY 09	FY 10
Hospital Provider Fund	0346 \$ 173,274	\$ 173,274

Public Health

Revenue Source and Annual Receipts: Health Care Facility Permit Application Fee

Fund Name and Code:	FY 09	FY 10
Illinois Health Facilities Planning Fund	0238 \$ 0	\$ 0

Revenue Source and Annual Receipts: Vital Records Fees

Fund Name and Code:	FY 09	FY 10
General Revenue Fund	0001 \$ 3	\$ 4

Revenue Source and Annual Receipts: Metabolic Screening and Treatment Fee

Fund Name and Code:	FY 09	FY 10
Metabolic Screening and Treatment Fund	0920 \$ 189	\$ 247

Revenue Source and Annual Receipts: Private Sewage Fee

Fund Name and Code:	FY 09	FY 10
General Revenue Fund	0001 \$ 19	\$ 19

Revenue Source and Annual Receipts: Pesticide Control Fee

Fund Name and Code:	FY 09	FY 10
Pesticide Control Fund	0576 \$ 2	\$ 1

SUMMARY OF TAX EXPENDITURES BY AGENCY, REVENUE SOURCE AND FUND (IN THOUSANDS)

Public Health (Continued)

Revenue Source and Annual Receipts: Recreational Area Fee

Fund Name and Code:	FY 09	FY 10
General Revenue Fund	0001 \$ 38	\$ 38

Revenue Source and Annual Receipts: Swimming Pool and Bathing Beach Fee

Fund Name and Code:	FY 09	FY 10
General Revenue Fund	0001 \$ 86	\$ 99

Revenue Source and Annual Receipts: Long Term Care Facility Fee

Fund Name and Code:	FY 09	FY 10
Long Term Care Monitor/Receiver Fund	0285 \$ 234	\$ 133

Revenue Source and Annual Receipts: Childhood Lead Screening Fee

Fund Name and Code:	FY 09	FY 10
Lead Poisoning, Screening, Prevention and Abatement Fund	0360 \$ 283	\$ 232

Revenue Source and Annual Receipts: Automated Lab Tests - HIV (ELISA) Test and STD Test

Fund Name and Code:	FY 09	FY 10
Public Health Services Revolving Fund	0340 \$ 2,829	\$ 2,686

Revenue Source and Annual Receipts: Youth Camp License Application Fee

Fund Name and Code:	FY 09	FY 10
General Revenue Fund	0001 \$ 1	\$ 1

Revenue Source and Annual Receipts: Water Pump Contractor Fee

Fund Name and Code:	FY 09	FY 10
General Revenue Fund	0001 \$ 11	\$ 7

Revenue Source and Annual Receipts: Environmental Lead License Application Fee

Fund Name and Code:	FY 09	FY 10
Lead Poisoning, Screening, Prevention and Abatement Fund	0360 \$ 10	\$ 10

Revenue Source and Annual Receipts: Salvage Warehouse and Salvage Warehouse Store Act

Fund Name and Code:	FY 09	FY 10
General Revenue Fund	0001 \$ 2	\$ 3

Revenue Source and Annual Receipts: Asbestos Abatement License Fee

Fund Name and Code:	FY 09	FY 10
Illinois School Asbestos Abatement Fund	0175 \$ 3	\$ 3

SUMMARY OF TAX EXPENDITURES BY AGENCY, REVENUE SOURCE AND FUND (IN THOUSANDS)

Public Health (Concluded)

Revenue Source and Annual Receipts: Plan Review Fee - LTC Facilities

Fund Name and Code:		FY 09	FY 10
Health Facility Plan Review Fund	0524	\$ 152	\$ 96

Revenue

Revenue Source and Annual Receipts: Sales and Use Tax

Fund Name and Code:		FY 09	FY 10
General Revenue Fund	0001	\$ 2,470,475	\$ 2,222,300
General Revenue - Common School Special Account Fund	0005	823,525	736,970

Revenue Source and Annual Receipts: Individual Income Tax

Fund Name and Code:		FY 09	FY 10
General Revenue Fund	0001	\$ 1,989,572	\$ 2,272,469
Education Assistance Fund	0007	156,676	178,953
Income Tax Refund Fund	0278	231,864	264,835

Revenue Source and Annual Receipts: Corporate Income Tax

Fund Name and Code:		FY 09	FY 10
General Revenue Fund	0001	\$ 293,205	\$ 271,128
Education Assistance Fund	0007	23,260	21,352
Income Tax Refund Fund	0278	67,130	62,042

Revenue Source and Annual Receipts: Automobile Renting Occupation and Use Tax

Fund Name and Code:		FY 09	FY 10
General Revenue Fund	0001	\$ 4,920	\$ 4,900

Revenue Source and Annual Receipts: Cigarette and Cigarette Use Taxes

Fund Name and Code:		FY 09	FY 10
Long Term Care Provider Fund	0345	\$ 8,757	\$ 8,604

Revenue Source and Annual Receipts: Hotel Operators' Occupation and Use Tax

Fund Name and Code:		FY 09	FY 10
General Revenue Fund	0001	\$ 5,500	\$ 4,800
International Tourism Fund	0621	700	600
Build Illinois Fund	0960	7,300	6,400
Local Tourism Fund	0969	1,200	1,000

SUMMARY OF TAX EXPENDITURES BY AGENCY, REVENUE SOURCE AND FUND (IN THOUSANDS)

Revenue (Concluded)

Revenue Source and Annual Receipts: Liquor Gallonage Tax

Fund Name and Code:		FY 09	FY 10
General Revenue Fund	0001	\$ 1,588	\$ 1,679

Revenue Source and Annual Receipts: Underground Storage Tank Tax

Fund Name and Code:		FY 09	FY 10
Underground Storage Tank Fund	0072	\$ 21,280	\$ 19,921

Revenue Source and Annual Receipts: Motor Fuel Taxes

Fund Name and Code:		FY 09	FY 10
Motor Fuel Tax - State Fund	0012	\$ 153,485	\$ 130,065

Revenue Source and Annual Receipts: Electricity Excise Tax

Fund Name and Code:		FY 09	FY 10
General Revenue Fund	0001	\$ 38,032	\$ 46,611
Public Utility Fund	0059	1,141	1,398

Revenue Source and Annual Receipts: Gas Revenue Tax

Fund Name and Code:		FY 09	FY 10
General Revenue Fund	0001	\$ 33,112	\$ 32,150

Revenue Source and Annual Receipts: Telecommunications Excise Tax

Fund Name and Code:		FY 09	FY 10
General Revenue Fund	0001	\$ 8,259	\$ 8,236
Common School Fund	0412	1,615	1,611
School Infrastructure Fund	0568	1,615	1,611

Revenue Source and Annual Receipts: Vehicle Use Tax

Fund Name and Code:		FY 09	FY 10
General Revenue Fund	0001	\$ 12,877	\$ 15,118

SUMMARY OF TAX EXPENDITURES BY AGENCY, REVENUE SOURCE AND FUND (IN THOUSANDS)

Commerce Commission

Revenue Source and Annual Receipts: Gross Receipts Tax (Public Utility Fund)

Fund Name and Code:		<u>FY 09</u>	<u>FY 10</u>
Public Utility Fund	0059	\$ 44	\$ 18

Environmental Protection Agency

Revenue Source and Annual Receipts: Sewer Construction Permit Application Fee

Fund Name and Code:		<u>FY 09</u>	<u>FY 10</u>
Environmental Protection Permit and Inspection Fund	0944	\$ 202	\$ 148

Revenue Source and Annual Receipts: Water Main Construction Permit Application Fee

Fund Name and Code:		<u>FY 09</u>	<u>FY 10</u>
Environmental Protection Permit and Inspection Fund	0944	\$ 135	\$ 117

Revenue Source and Annual Receipts: NPDES Permit Discharge Fee

Fund Name and Code:		<u>FY 09</u>	<u>FY 10</u>
Illinois Clean Water Fund	0731	\$ 500	\$ 375

Racing Board

Revenue Source and Annual Receipts: Horse Racing Admission Tax

Fund Name and Code:		<u>FY 09</u>	<u>FY 10</u>
General Revenue Fund	0001	\$ 227	\$ 216

Revenue Source and Annual Receipts: Racing Pari-Mutuel (Privilege Tax)

Fund Name and Code:		<u>FY 09</u>	<u>FY 10</u>
Horse Racing Fund	0632	\$ 3,725	\$ 3,632

GRAND TOTAL, IMPACT		\$ 6,626,514	\$ 6,594,165
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DETAIL OF TAX EXPENDITURES BY AGENCY, REVENUE SOURCE AND FUND (IN THOUSANDS)

Secretary of State

		FY 09	FY 10
Revenue Source and Annual Receipts: Motor Vehicle Registration (1st Division)	\$	603,491	\$ 639,660
Expenditure: Charitable Organization Vehicle Exemption			
Fund Name and Code:		FY 09	FY 10
Road Fund	0011	\$ 108	\$ 1,280
Capital Projects Fund	0694	0	549
State Construction Account Fund	0902	64	752
Total		\$ 172	\$ 2,581
Expenditure: Disabled Veteran Vehicle Registration Exemption			
Fund Name and Code:		FY 09	FY 10
Road Fund	0011	\$ 202	\$ 209
Capital Projects Fund	0694	0	84
State Construction Account Fund	0902	118	123
Total		\$ 320	\$ 416
Expenditure: Drivers Education Vehicles			
Fund Name and Code:		FY 09	FY 10
Road Fund	0011	\$ 4	\$ 100
Capital Projects Fund	0694	0	43
State Construction Account Fund	0902	3	59
Total		\$ 7	\$ 202
Expenditure: Municipality Owned Passenger Vehicle Exemption			
Fund Name and Code:		FY 09	FY 10
Road Fund	0011	\$ 1,790	\$ 1,366
Capital Projects Fund	0694	0	561
State Construction Account Fund	0902	1,051	802
Total		\$ 2,841	\$ 2,729
Expenditure: Senior Citizen Plate Renewal Reduction			
Fund Name and Code:		FY 09	FY 10
Road Fund	0011	\$ 4,753	\$ 4,869
Capital Projects Fund	0694	0	2,810
State Construction Account Fund	0902	2,791	2,859
Total		\$ 7,544	\$ 10,538
Expenditure: Sheriff Plates			
Fund Name and Code:		FY 09	FY 10
Road Fund	0011	\$ 30	\$ 28
Capital Projects Fund	0694	0	2
State Construction Account Fund	0902	18	17
Total		\$ 48	\$ 47
Expenditure: X-POW Vehicle Registration Exemption			
Fund Name and Code:		FY 09	FY 10
Road Fund	0011	\$ 46	\$ 30
Capital Projects Fund	0694	0	12
State Construction Account Fund	0902	27	18
Total		\$ 73	\$ 60
Total Tax Impact per Revenue Source		\$ 11,005	\$ 16,573

DETAIL OF TAX EXPENDITURES BY AGENCY, REVENUE SOURCE AND FUND (IN THOUSANDS)

Secretary of State (Concluded)

		FY 09	FY 10
Revenue Source and Annual Receipts: Standard Identification Card Fee	\$	11,576	\$ 10,928
Expenditure: Duplicated/Corrected ID Senior Citizen/Handicapped			
Fund Name and Code:		FY 09	FY 10
General Revenue Fund	0001	\$ 2,607	\$ 2,628
Road Fund	0011	652	656
Total		\$ 3,259	\$ 3,284
Total Tax Impact per Revenue Source		\$ 3,259	\$ 3,284
<hr/>			
		FY 09	FY 10
Revenue Source and Annual Receipts: Duplicated/Corrected Driver's License	\$	3,484	\$ 3,323
Expenditure: Duplication of Stolen Licenses for Senior Citizens			
Fund Name and Code:		FY 09	FY 10
Road Fund	0011	\$ 4	\$ 4
Drivers Education Fund	0031	4	4
Total		\$ 8	\$ 8
Total Tax Impact per Revenue Source		\$ 8	\$ 8
<hr/>			
		FY 09	FY 10
Revenue Source and Annual Receipts: Driver's License Four Year Renewal Fee	\$	17,352	\$ 17,431
Expenditure: Reduced Renewal Fee for Senior Citizens			
Fund Name and Code:		FY 09	FY 10
Road Fund	0011	\$ 513	\$ 501
Drivers Education Fund	0031	513	502
Capital Projects Fund	0694	0	3,645
Total		\$ 1,026	\$ 4,648
Total Tax Impact per Revenue Source		\$ 1,026	\$ 4,648
<hr/>			
		FY 09	FY 10
Revenue Source and Annual Receipts: Annual Reports of Corporations	\$	215,429	\$ 208,098
Expenditure: Two Million Dollar Cap on Franchise Tax for Corporations			
Fund Name and Code:		FY 09	FY 10
General Revenue Fund	0001	\$ 14,933	\$ 17,160
Corporate Franchise Tax Refund Fund	0380	305	350
Total		\$ 15,238	\$ 17,510
Total Tax Impact per Revenue Source		\$ 15,238	\$ 17,510
Total Tax Impact, Secretary of State		\$ 30,536	\$ 42,023
Natural Resources			
		FY 09	FY 10
Revenue Source and Annual Receipts: Fishing Licenses	\$	7,952	\$ 8,619
Expenditure: Disabled, Under 16, 65 or Over, Fee Fishing Areas, Owners/Tenants Discount			
Fund Name and Code:		FY 09	FY 10
Wildlife and Fish Fund	0041	\$ 8,826	\$ 1,272
Total		\$ 8,826	\$ 1,272
Total Tax Impact per Revenue Source		\$ 8,826	\$ 1,272
Total Tax Impact, Natural Resources		\$ 8,826	\$ 1,272

**DETAIL OF TAX EXPENDITURES BY AGENCY,
REVENUE SOURCE AND FUND
(IN THOUSANDS)**

Insurance

		FY 09	FY 10
Revenue Source and Annual Receipts: Insurance Privilege Tax		\$ 182,146	\$ 176,232
Expenditure: Fire Department Tax Credit			
Fund Name and Code:		FY 09	FY 10
General Revenue Fund	0001	\$ 11,986	\$ 15,226
Total		\$ 11,986	\$ 15,226
Expenditure: Replacement Income Tax Credit			
Fund Name and Code:		FY 09	FY 10
General Revenue Fund	0001	\$ 1,389	\$ 954
Total		\$ 1,389	\$ 954
Total Tax Impact per Revenue Source		\$ 13,375	\$ 16,180
		FY 09	FY 10
Revenue Source and Annual Receipts: Retaliatory Tax		\$ 115,439	\$ 105,023
Expenditure: Fire Department Tax Credit			
Fund Name and Code:		FY 09	FY 10
General Revenue Fund	0001	\$ 12,672	\$ 16,530
Total		\$ 12,672	\$ 16,530
Expenditure: Replacement Income Tax Credit			
Fund Name and Code:		FY 09	FY 10
General Revenue Fund	0001	\$ 22,048	\$ 22,048
Total		\$ 22,048	\$ 22,048
Total Tax Impact per Revenue Source		\$ 34,720	\$ 38,578
Total Tax Impact, Insurance		\$ 48,095	\$ 54,758

Healthcare and Family Services

		FY 09	FY 10
Revenue Source and Annual Receipts: Hospital Provider Assessment		\$ 899,115	\$ 874,801
Expenditure: Hospital Provider Exemption			
Fund Name and Code:		FY 09	FY 10
Hospital Provider Fund	0346	\$ 173,274	\$ 173,274
Total		\$ 173,274	\$ 173,274
Total Tax Impact per Revenue Source		\$ 173,274	\$ 173,274
Total Tax Impact, Healthcare and Family Services		\$ 173,274	\$ 173,274

DETAIL OF TAX EXPENDITURES BY AGENCY, REVENUE SOURCE AND FUND (IN THOUSANDS)

Public Health (Continued)

	FY 09	FY 10
Revenue Source and Annual Receipts: Recreational Area Fee	\$ 37	\$ 36
Expenditure: Not-for-Profit and Governmental Agency Construction Application Fee Waiver		
Fund Name and Code:	FY 09	FY 10
General Revenue Fund 0001	\$ 1	\$ 1
Total	\$ 1	\$ 1
Expenditure: Not-for-Profit Organization and Governmental Agency License Renewal Fee Waiver		
Fund Name and Code:	FY 09	FY 10
General Revenue Fund 0001	\$ 36	\$ 36
Total	\$ 36	\$ 36
Expenditure: Not-for-Profit Organization and Governmental Agency Original License Application Fee Waiver		
Fund Name and Code:	FY 09	FY 10
General Revenue Fund 0001	\$ 1	\$ 1
Total	\$ 1	\$ 1
Total Tax Impact per Revenue Source	\$ 38	\$ 38
<hr/>		
	FY 09	FY 10
Revenue Source and Annual Receipts: Swimming Pool and Bathing Beach Fee	\$ 164	\$ 163
Expenditure: Not-for-Profit and Governmental Facility Construction Application Fee Waiver		
Fund Name and Code:	FY 09	FY 10
General Revenue Fund 0001	\$ 4	\$ 2
Total	\$ 4	\$ 2
Expenditure: Not-for-Profit and Governmental Facility License Renewal Fee Waiver		
Fund Name and Code:	FY 09	FY 10
General Revenue Fund 0001	\$ 80	\$ 95
Total	\$ 80	\$ 95
Expenditure: Not-for-Profit Organization and Governmental Facility License Original License Fee Waiver		
Fund Name and Code:	FY 09	FY 10
General Revenue Fund 0001	\$ 2	\$ 2
Total	\$ 2	\$ 2
Total Tax Impact per Revenue Source	\$ 86	\$ 99

DETAIL OF TAX EXPENDITURES BY AGENCY, REVENUE SOURCE AND FUND (IN THOUSANDS)

Public Health (Continued)

		FY 09	FY 10
Revenue Source and Annual Receipts: Long Term Care Facility Fee	\$	928	822
Expenditure: Facility Fee Exemption			
Fund Name and Code:			
Long Term Care Monitor/Receiver Fund	0285	\$ 234	\$ 133
Total		\$ 234	\$ 133
Total Tax Impact per Revenue Source	\$	234	133
<hr/>			
		FY 09	FY 10
Revenue Source and Annual Receipts: Childhood Lead Screening Fee	\$	1,359	988
Expenditure: Low Income Family Waiver			
Fund Name and Code:			
Lead Poisoning, Screening, Prevention and Abatement Fund	0360	\$ 283	\$ 232
Total		\$ 283	\$ 232
Total Tax Impact per Revenue Source	\$	283	232
<hr/>			
		FY 09	FY 10
Revenue Source and Annual Receipts: Automated Lab Tests - HIV (ELISA) and STD Test	\$	148	96
Expenditure: Department Funded HIV Counseling and Testing site and HIV Seroprevalence Exemption			
Fund Name and Code:			
Public Health Laboratory Services Revolving Fund	0340	\$ 314	\$ 330
Total		\$ 314	\$ 330
Expenditure: Population With High Incidence of Sexually Transmitted Diseases Exemption			
Fund Name and Code:			
Public Health Laboratory Services Revolving Fund	0340	\$ 2,515	\$ 2,356
Total		\$ 2,515	\$ 2,356
Total Tax Impact per Revenue Source	\$	2,829	2,686
<hr/>			
		FY 09	FY 10
Revenue Source and Annual Receipts: Youth Camp License Application Fee	\$	2	3
Expenditure: Governmental Agency Waiver			
Fund Name and Code:			
General Revenue Fund	0001	\$ 1	\$ 1
Total		\$ 1	\$ 1
Total Tax Impact per Revenue Source	\$	1	1

DETAIL OF TAX EXPENDITURES BY AGENCY, REVENUE SOURCE AND FUND (IN THOUSANDS)

Public Health (Concluded)

		FY 09	FY 10
Revenue Source and Annual Receipts: Water Pump Contractor Fee	\$	17	\$ 17
Expenditure: Licensed Plumber Exemption			
Fund Name and Code:		FY 09	FY 10
General Revenue Fund	0001	\$ 11	\$ 7
Total		\$ 11	\$ 7
Total Tax Impact per Revenue Source	\$	11	\$ 7
<hr/>			
		FY 09	FY 10
Revenue Source and Annual Receipts: Environmental Lead License Application Fee	\$	265	\$ 360
Expenditure: Department of Public Health and Delegate Agency Employee Waiver			
Fund Name and Code:		FY 09	FY 10
Lead Poisoning, Screening, Prevention and Abatement Fund	0360	\$ 10	\$ 10
Total		\$ 10	\$ 10
Total Tax Impact per Revenue Source	\$	10	\$ 10
<hr/>			
		FY 09	FY 10
Revenue Source and Annual Receipts: Salvage Warehouse & Salvage Warehouse Store Act	\$	11	\$ 10
Expenditure: Not-for-Profit Organization Waiver			
Fund Name and Code:		FY 09	FY 10
General Revenue Fund	0001	\$ 2	\$ 3
Total		\$ 2	\$ 3
Total Tax Impact per Revenue Source	\$	2	\$ 3
<hr/>			
		FY 09	FY 10
Revenue Source and Annual Receipts: Asbestos Abatement License Fee	\$	556	\$ 522
Expenditure: Governmental Employee Waiver			
Fund Name and Code:		FY 09	FY 10
Illinois School Asbestos Abatement Fund	0175	\$ 3	\$ 3
Total		\$ 3	\$ 3
Total Tax Impact per Revenue Source	\$	3	\$ 3
<hr/>			
		FY 09	FY 10
Revenue Source and Annual Receipts: Plan Review Fee - LTC Facilities	\$	377	\$ 365
Expenditure: Projects Costing Less than \$100,000 Waiver			
Fund Name and Code:		FY 09	FY 10
Health Facility Plan Review Fund	0524	\$ 152	\$ 96
Total		\$ 152	\$ 96
Total Tax Impact per Revenue Source	\$	152	\$ 96
Total Tax Impact, Public Health	\$	3,862	\$ 3,579

DETAIL OF TAX EXPENDITURES BY AGENCY, REVENUE SOURCE AND FUND (IN THOUSANDS)

Revenue

		FY 09	FY 10
Revenue Source and Annual Receipts: Sales and Use Tax			
		\$ 7,215,161	\$ 6,782,664
Expenditure: Biodiesel Discount and Exemption			
Fund Name and Code:			
General Revenue Fund	0001	\$ 61,000	\$ 62,000
General Revenue - Common School Special Account Fund	0005	20,000	21,000
Total		\$ 81,000	\$ 83,000
Expenditure: Building Materials within Enterprise Zone Exemption			
Fund Name and Code:			
General Revenue Fund	0001	\$ 3,525	\$ 3,300
General Revenue - Common School Special Account Fund	0005	1,175	1,100
Total		\$ 4,700	\$ 4,400
Expenditure: Designated Tangible Personal Property within Enterprise Zone Exemption¹			
Fund Name and Code:			
General Revenue Fund	0001	\$ 19,500	\$ 16,000
General Revenue - Common School Special Account Fund	0005	6,500	5,000
Total		\$ 26,000	\$ 21,000
Expenditure: Farm Chemicals (Includes Feed and Seed) Exemption²			
Fund Name and Code:			
General Revenue Fund	0001	\$ 188,000	\$ 143,000
General Revenue - Common School Special Account Fund	0005	63,000	48,000
Total		\$ 251,000	\$ 191,000
Expenditure: Farm Machinery and Equipment Exemption			
Fund Name and Code:			
General Revenue Fund	0001	\$ 38,000	\$ 40,000
General Revenue - Common School Special Account Fund	0005	13,000	13,000
Total		\$ 51,000	\$ 53,000
Expenditure: Food, Drugs, and Medical Appliances Rate Reduction			
Fund Name and Code:			
General Revenue Fund	0001	\$ 1,200,000	\$ 1,150,000
General Revenue - Common School Special Account Fund	0005	400,000	380,000
Total		\$ 1,600,000	\$ 1,530,000

¹ Tangible personal property used or consumed within an enterprise zone, including any High Impact Business, in the process of manufacturing or assembling or by producers of graphic arts. Includes sales or purchases of building material or machinery and equipment to or by a High Impact Business.

² Includes race horses, semen for the artificial insemination of livestock, and birds at game birding and hunting preserves.

DETAIL OF TAX EXPENDITURES BY AGENCY, REVENUE SOURCE AND FUND (IN THOUSANDS)

Revenue (Continued)

Revenue Source and Annual Receipts: Sales and Use Tax (Continued)

Expenditure: Gasohol Discount

Fund Name and Code:		FY 09	FY 10
General Revenue Fund	0001	\$ 78,000	\$ 76,000
General Revenue - Common School Special Account Fund	0005	26,000	26,000
Total		\$ 104,000	\$ 102,000

Expenditure: Graphic Arts Machinery and Equipment Exemption

Fund Name and Code:		FY 09	FY 10
General Revenue Fund	0001	\$ 16,000	\$ 6,500
General Revenue - Common School Special Account Fund	0005	5,000	2,100
Total		\$ 21,000	\$ 8,600

Expenditure: Interim Use Prior to Sale Exemption

Fund Name and Code:		FY 09	FY 10
General Revenue Fund	0001	\$ 3,000	\$ 2,800
General Revenue - Common School Special Account Fund	0005	1,000	900
Total		\$ 4,000	\$ 3,700

Expenditure: Legal Tender, Medallions, and Bullion Exemption

Fund Name and Code:		FY 09	FY 10
General Revenue Fund	0001	\$ 1,200	\$ 1,500
General Revenue - Common School Special Account Fund	0005	400	500
Total		\$ 1,600	\$ 2,000

Expenditure: Majority Blended Ethanol

Fund Name and Code:		FY 09	FY 10
General Revenue Fund	0001	\$ 750	\$ 500
General Revenue - Common School Special Account Fund	0005	250	170
Total		\$ 1,000	\$ 670

Expenditure: Manufacturer's Purchase Credit

Fund Name and Code:		FY 09	FY 10
General Revenue Fund	0001	\$ 22,000	\$ 25,000
General Revenue - Common School Special Account Fund	0005	7,000	8,000
Total		\$ 29,000	\$ 33,000

Expenditure: Manufacturing and Assembling Machinery and Equipment Exemption³

Fund Name and Code:		FY 09	FY 10
General Revenue Fund	0001	\$ 137,000	\$ 131,000
General Revenue - Common School Special Account Fund	0005	46,000	43,000
Total		\$ 183,000	\$ 174,000

Expenditure: Newsprint and Ink to Newspapers and Magazines Exemption

Fund Name and Code:		FY 09	FY 10
General Revenue Fund	0001	\$ 28,000	\$ 29,000
General Revenue - Common School Special Account Fund	0005	9,000	10,000
Total		\$ 37,000	\$ 39,000

³ Includes the Photo Processing Machinery and Equipment exemption.

DETAIL OF TAX EXPENDITURES BY AGENCY, REVENUE SOURCE AND FUND (IN THOUSANDS)

Revenue (Continued)

Revenue Source and Annual Receipts: Sales and Use Tax (Concluded)

Expenditure: Property Acquired by Non-Resident before Relocating in Illinois Exemption⁴

Fund Name and Code:		FY 09	FY 10
General Revenue Fund	0001	\$ 3,500	\$ 700
General Revenue - Common School Special Account Fund	0005	1,200	200
Total		\$ 4,700	\$ 900

Expenditure: Retailer's Discount

Fund Name and Code:		FY 09	FY 10
General Revenue Fund	0001	\$ 84,000	\$ 82,000
General Revenue - Common School Special Account Fund	0005	28,000	27,000
Total		\$ 112,000	\$ 109,000

Expenditure: Rolling Stock Exemption

Fund Name and Code:		FY 09	FY 10
General Revenue Fund	0001	\$ 35,000	\$ 20,000
General Revenue - Common School Special Account Fund	0005	12,000	7,000
Total		\$ 47,000	\$ 27,000

Expenditure: Sales of Motor Vehicles to Non-Residents Exemption

Fund Name and Code:		FY 09	FY 10
General Revenue Fund	0001	\$ 32,000	\$ 27,000
General Revenue - Common School Special Account Fund	0005	11,000	9,000
Total		\$ 43,000	\$ 36,000

Expenditure: Sales of Vehicles to Automobile Rentors Exemption⁵

Fund Name and Code:		FY 09	FY 10
General Revenue Fund	0001	\$ 10,000	\$ 20,000
General Revenue - Common School Special Account Fund	0005	3,000	7,000
Total		\$ 13,000	\$ 27,000

Expenditure: Sales to Exempt Organizations⁶

Fund Name and Code:		FY 09	FY 10
General Revenue Fund	0001	\$ 313,000	\$ 304,000
General Revenue - Common School Special Account Fund	0005	104,000	101,000
Total		\$ 417,000	\$ 405,000

Expenditure: Traded-In Property Exemption

Fund Name and Code:		FY 09	FY 10
General Revenue Fund	0001	\$ 197,000	\$ 82,000
General Revenue - Common School Special Account Fund	0005	66,000	27,000
Total		\$ 263,000	\$ 109,000

Total Tax Impact per Revenue Source	\$ 3,294,000	\$ 2,959,270
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⁴ Applies to property acquired outside Illinois by a non-resident and brought to Illinois after being used at least 3 months outside of Illinois. Tax expenditure estimate only applies to motor vehicles.

⁵ Tax Expenditure is net of Automobile Rental Tax receipts.

⁶ Sales to government bodies, organizations operated exclusively for charitable, religious, or educational purposes, not-for-profit organizations for the recreation of persons 55 or older, county fair associations, teacher sponsored student organizations, not-for-profit artistic organizations, meals for the Nutrition Programs for the Elderly, nursing home food and drugs, public service corporations for municipal convention halls, and community water supply construction items.

DETAIL OF TAX EXPENDITURES BY AGENCY, REVENUE SOURCE AND FUND (IN THOUSANDS)

Revenue (Continued)

		FY 09	FY 10
Revenue Source and Annual Receipts: Individual Income Tax ⁷		\$ 10,219,394	\$ 9,429,829
Expenditure: Additional Exemptions: Blind and Elderly			
Fund Name and Code:		FY 09	FY 10
General Revenue Fund	0001	\$ 16,497	\$ 29,751
Education Assistance Fund	0007	1,299	2,343
Income Tax Refund Fund	0278	1,923	3,467
Total		\$ 19,719	\$ 35,561
Expenditure: Affordable Housing Donations Tax Credit			
Fund Name and Code:		FY 09	FY 10
General Revenue Fund	0001	\$ 988	\$ 276
Education Assistance Fund	0007	78	22
Income Tax Refund Fund	0278	115	32
Total		\$ 1,181	\$ 330
Expenditure: Dependent Care Assistance Program Tax Credit			
Fund Name and Code:		FY 09	FY 10
General Revenue Fund	0001	\$ 85	\$ 4,046
Education Assistance Fund	0007	7	319
Income Tax Refund Fund	0278	7	472
Total		\$ 99	\$ 4,837
Expenditure: Earned Income Tax Credit			
Fund Name and Code:		FY 09	FY 10
General Revenue Fund	0001	\$ 76,316	\$ 88,109
Education Assistance Fund	0007	6,010	6,938
Income Tax Refund Fund	0278	8,894	10,268
Total		\$ 91,220	\$ 105,315
Expenditure: Economic Development for a Growing Economy Tax Credit			
Fund Name and Code:		FY 09	FY 10
General Revenue Fund	0001	\$ 3,055	\$ 829
Education Assistance Fund	0007	240	65
Income Tax Refund Fund	0278	356	97
Total		\$ 3,651	\$ 991
Expenditure: Education Expense Credit			
Fund Name and Code:		FY 09	FY 10
General Revenue Fund	0001	\$ 60,473	\$ 59,594
Education Assistance Fund	0007	4,762	4,693
Income Tax Refund Fund	0278	7,047	6,945
Total		\$ 72,282	\$ 71,232
Expenditure: Enterprise Zone Investment Credit			
Fund Name and Code:		FY 09	FY 10
General Revenue Fund	0001	\$ 1,264	\$ 502
Education Assistance Fund	0007	100	39
Income Tax Refund Fund	0278	147	58
Total		\$ 1,511	\$ 599

⁷ Derived from 2009 tax year returns. FY 10 calculations for subtractions and deductions are potential costs, while, FY 09 figures are estimates of actual costs.

DETAIL OF TAX EXPENDITURES BY AGENCY, REVENUE SOURCE AND FUND (IN THOUSANDS)

Revenue (Continued)

Revenue Source and Annual Receipts: Individual Income Tax (Continued)

Expenditure: Federally Taxed Retirement and Social Security Subtractions

Fund Name and Code:		FY 09	FY 10
General Revenue Fund	0001	\$ 814,377	\$ 910,957
Education Assistance Fund	0007	64,131	71,737
Income Tax Refund Fund	0278	94,908	106,164
Total		\$ 973,416	\$ 1,088,858

Expenditure: Film Production Service Credit

Fund Name and Code:		FY 09	FY 10
General Revenue Fund	0001	\$ 160	\$ 516
Education Assistance Fund	0007	13	40
Income Tax Refund Fund	0278	19	60
Total		\$ 192	\$ 616

Expenditure: High Economic Impact Business Investment Credit

Fund Name and Code:		FY 09	FY 10
General Revenue Fund	0001	\$ 1,842	\$ 14
Education Assistance Fund	0007	145	1
Income Tax Refund Fund	0278	215	2
Total		\$ 2,202	\$ 17

Expenditure: Jobs Tax Credit

Fund Name and Code:		FY 09	FY 10
General Revenue Fund	0001	\$ 52	\$ 782
Education Assistance Fund	0007	4	62
Income Tax Refund Fund	0278	6	91
Total		\$ 62	\$ 935

Expenditure: Military Pay Subtraction

Fund Name and Code:		FY 09	FY 10
General Revenue Fund	0001	\$ 17,531	\$ 23,201
Education Assistance Fund	0007	1,380	1,827
Income Tax Refund Fund	0278	2,043	2,704
Total		\$ 20,954	\$ 27,732

Expenditure: Other Subtractions⁸

Fund Name and Code:		FY 09	FY 10
General Revenue Fund	0001	\$ 37,040	\$ 108,782
Education Assistance Fund	0007	2,917	8,566
Income Tax Refund Fund	0278	4,317	12,678
Total		\$ 44,274	\$ 130,026

⁸ Includes subtractions for a variety of items, many of which (enterprise zone and foreign trade zone dividends, interest expenses, job training contributions, acceleration of life insurance benefits for a terminal illness, Persian Gulf War bonuses, medical care savings accounts, college savings accounts, self-employed health insurance, Roth IRA conversions, compensation of Nazi victims, and nonsalary ride sharing compensation) are tax expenditures.

DETAIL OF TAX EXPENDITURES BY AGENCY, REVENUE SOURCE AND FUND (IN THOUSANDS)

Revenue (Continued)

Revenue Source and Annual Receipts: Individual Income Tax (Concluded)

Expenditure: Research and Development Credit

Fund Name and Code:		FY 09	FY 10
General Revenue Fund	0001	\$ 3,335	\$ 1,255
Education Assistance Fund	0007	263	99
Income Tax Refund Fund	0278	389	146
Total		\$ 3,987	\$ 1,500

Expenditure: River Edge Redevelopment Zone Site Remediation Tax Credit

Fund Name and Code:		FY 09	FY 10
General Revenue Fund	0001	\$ 15	\$ 0
Education Assistance Fund	0007	1	0
Income Tax Refund Fund	0278	2	0
Total		\$ 18	\$ 0

Expenditure: Standard Exemption: Taxpayers and Dependents

Fund Name and Code:		FY 09	FY 10
General Revenue Fund	0001	\$ 520,580	\$ 599,426
Education Assistance Fund	0007	40,995	47,204
Income Tax Refund Fund	0278	60,669	69,857
Total		\$ 622,244	\$ 716,487

Expenditure: Tax Credit for Residential Real Property Taxes

Fund Name and Code:		FY 09	FY 10
General Revenue Fund	0001	\$ 435,962	\$ 440,078
Education Assistance Fund	0007	34,331	34,656
Income Tax Refund Fund	0278	50,807	51,287
Total		\$ 521,100	\$ 526,021

Expenditure: TECH-PREP Youth Vocational Programs

Fund Name and Code:		FY 09	FY 10
General Revenue Fund	0001	\$ 0	\$ 4,351
Education Assistance Fund	0007	0	342
Income Tax Refund Fund	0278	0	507
Total		\$ 0	\$ 5,200

Total Tax Impact per Revenue Source	\$ 2,378,112	\$ 2,716,257
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	FY 09	FY 10
Revenue Source and Annual Receipts: Corporate Income Tax⁹	\$ 2,072,534	\$ 1,648,933

Expenditure: Affordable Housing Donations

Fund Name and Code:		FY 09	FY 10
General Revenue Fund	0001	\$ 9,363	\$ 6,836
Education Assistance Fund	0007	909	538
Income Tax Refund Fund	0278	2,179	1,564
Total		\$ 12,451	\$ 8,938

⁹ Derived from 2008 tax year returns.

DETAIL OF TAX EXPENDITURES BY AGENCY, REVENUE SOURCE AND FUND (IN THOUSANDS)

Revenue (Continued)

Revenue Source and Annual Receipts: Corporate Income Tax (Continued)

Expenditure: Economic Development for a Growing Economy Tax Credit

Fund Name and Code:		FY 09	FY 10
General Revenue Fund	0001	\$ 19,553	\$ 26,588
Education Assistance Fund	0007	1,540	2,094
Income Tax Refund Fund	0278	4,474	6,084
Total		\$ 25,567	\$ 34,766

Expenditure: Employee Child Care Tax Credit

Fund Name and Code:		FY 09	FY 10
General Revenue Fund	0001	\$ 396	\$ 20
Education Assistance Fund	0007	31	2
Income Tax Refund Fund	0278	91	5
Total		\$ 518	\$ 27

Expenditure: Enterprise Zone Dividend, Interest, and Charitable Contribution Subtractions

Fund Name and Code:		FY 09	FY 10
General Revenue Fund	0001	\$ 1,397	\$ 1,151
Education Assistance Fund	0007	110	91
Income Tax Refund Fund	0278	320	263
Total		\$ 1,827	\$ 1,505

Expenditure: Enterprise Zone Investment Credit

Fund Name and Code:		FY 09	FY 10
General Revenue Fund	0001	\$ 8,963	\$ 5,483
Education Assistance Fund	0007	706	432
Income Tax Refund Fund	0278	2,051	1,254
Total		\$ 11,720	\$ 7,169

Expenditure: Film Production Services Credit

Fund Name and Code:		FY 09	FY 10
General Revenue Fund	0001	\$ 10,032	\$ 8,508
Education Assistance Fund	0007	790	670
Income Tax Refund Fund	0278	2,295	1,947
Total		\$ 13,117	\$ 11,125

Expenditure: Foreign Insurer Rate Reduction

Fund Name and Code:		FY 09	FY 10
General Revenue Fund	0001	\$ 22,246	\$ 7,831
Education Assistance Fund	0007	1,752	617
Income Tax Refund Fund	0278	5,090	1,792
Total		\$ 29,088	\$ 10,240

DETAIL OF TAX EXPENDITURES BY AGENCY, REVENUE SOURCE AND FUND (IN THOUSANDS)

Revenue (Continued)

Revenue Source and Annual Receipts: Corporate Income Tax (Concluded)

Expenditure: High Economic Impact Business Investment Credit

Fund Name and Code:		FY 09	FY 10
General Revenue Fund	0001	\$ 208	\$ 73
Education Assistance Fund	0007	16	6
Income Tax Refund Fund	0278	48	17
Total		\$ 272	\$ 96

Expenditure: High Economic Impact Business Dividend Subtraction

Fund Name and Code:		FY 09	FY 10
General Revenue Fund	0001	\$ 4,235	\$ 3,678
Education Assistance Fund	0007	333	290
Income Tax Refund Fund	0278	969	842
Total		\$ 5,537	\$ 4,810

Expenditure: Illinois Net Operating Loss Deduction

Fund Name and Code:		FY 09	FY 10
General Revenue Fund	0001	\$ 198,487	\$ 195,422
Education Assistance Fund	0007	15,630	15,389
Income Tax Refund Fund	0278	45,419	44,718
Total		\$ 259,536	\$ 255,529

Expenditure: Job Training Contribution Subtraction

Fund Name and Code:		FY 09	FY 10
General Revenue Fund	0001	\$ 584	\$ 879
Education Assistance Fund	0007	46	69
Income Tax Refund Fund	0278	134	201
Total		\$ 764	\$ 1,149

Expenditure: Research and Development Credit

Fund Name and Code:		FY 09	FY 10
General Revenue Fund	0001	\$ 17,729	\$ 14,634
Education Assistance Fund	0007	1,396	1,152
Income Tax Refund Fund	0278	4,057	3,349
Total		\$ 23,182	\$ 19,135

Expenditure: Veterans Jobs Credit

Fund Name and Code:		FY 09	FY 10
General Revenue Fund	0001	\$ 12	\$ 25
Education Assistance Fund	0007	1	2
Income Tax Refund Fund	0278	3	6
Total		\$ 16	\$ 33

Total Tax Impact per Revenue Source		\$ 383,595	\$ 354,522
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DETAIL OF TAX EXPENDITURES BY AGENCY, REVENUE SOURCE AND FUND (IN THOUSANDS)

Revenue (Continued)

		FY 09	FY 10
Revenue Source and Annual Receipts: Automobile Renting Occupation and Use Tax	\$	30,826	\$ 28,866
Expenditure: Claims for Loss or Damage Deduction			
Fund Name and Code:			
General Revenue Fund	0001	\$ 1,457	\$ 1,400
Total		\$ 1,457	\$ 1,400
Expenditure: Exempt Organization Rentals ¹⁰			
Fund Name and Code:			
General Revenue Fund	0001	\$ 1,396	\$ 1,400
Total		\$ 1,396	\$ 1,400
Expenditure: Insurance Coverage Deduction			
Fund Name and Code:			
General Revenue Fund	0001	\$ 1,056	\$ 1,100
Total		\$ 1,056	\$ 1,100
Expenditure: Other/Miscellaneous Deductions			
Fund Name and Code:			
General Revenue Fund	0001	\$ 81	\$ 100
Total		\$ 81	\$ 100
Expenditure: Refueling Deduction			
Fund Name and Code:			
General Revenue Fund	0001	\$ 414	\$ 400
Total		\$ 414	\$ 400
Expenditure: Timely Filing and Full Payment Discount			
Fund Name and Code:			
General Revenue Fund	0001	\$ 516	\$ 500
Total		\$ 516	\$ 500
Total Tax Impact per Revenue Source		\$ 4,920	\$ 4,900
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		FY 09	FY 10
Revenue Source and Annual Receipts: Cigarette and Cigarette Use Taxes	\$	560,963	\$ 557,805
Expenditure: Cost of Collection Discount			
Fund Name and Code:			
Long Term Care Provider Fund	0345	\$ 8,757	\$ 8,604
Total		\$ 8,757	\$ 8,604
Total Tax Impact per Revenue Source		\$ 8,757	\$ 8,604

¹⁰ Includes government, charitable, religious, and not-for-profit senior citizen entities.

DETAIL OF TAX EXPENDITURES BY AGENCY, REVENUE SOURCE AND FUND (IN THOUSANDS)

Revenue (Continued)

Revenue Source and Annual Receipts: Underground Storage Tank Tax (Concluded)

Expenditure: Rail Carrier Exemption

Fund Name and Code:		FY 09	FY 10
Underground Storage Tank Fund	0072	\$ 4,025	\$ 2,967
Total		\$ 4,025	\$ 2,967

Expenditure: Timely Filing and Full Payment Discount

Fund Name and Code:		FY 09	FY 10
Underground Storage Tank Fund	0072	\$ 1,222	\$ 1,220
Total		\$ 1,222	\$ 1,220

Total Tax Impact per Revenue Source \$ 21,280 \$ 19,921

	FY 09	FY 10
Revenue Source and Annual Receipts: Motor Fuel Taxes	\$ 1,392,623	\$ 1,268,412

Expenditure: Aviation Purposes Exemption

Fund Name and Code:		FY 09	FY 10
Motor Fuel Tax - State Fund	0012	\$ 47	\$ 45
Total		\$ 47	\$ 45

Expenditure: Municipal Corporation or Private Utility Local Transportation System Exemption

Fund Name and Code:		FY 09	FY 10
Motor Fuel Tax - State Fund	0012	\$ 7,376	\$ 7,077
Total		\$ 7,376	\$ 7,077

Expenditure: Sales for Use Other Than in Motor Vehicles Exemption

Fund Name and Code:		FY 09	FY 10
Motor Fuel Tax - State Fund	0012	\$ 125,970	\$ 103,025
Total		\$ 125,970	\$ 103,025

Expenditure: Timely Filing and Full Payment Discount

Fund Name and Code:		FY 09	FY 10
Motor Fuel Tax - State Fund	0012	\$ 20,092	\$ 19,918
Total		\$ 20,092	\$ 19,918

Total Tax Impact per Revenue Source \$ 153,485 \$ 130,065

	FY 09	FY 10
Revenue Source and Annual Receipts: Electricity Excise Tax	\$ 400,013	\$ 381,814

Expenditure: Enterprise Zone and Foreign Trade Zone High Economic Impact Business Exemption

Fund Name and Code:		FY 09	FY 10
General Revenue Fund	0001	\$ 36,321	\$ 43,529
Public Utility Fund	0059	1,090	1,306
Total		\$ 37,411	\$ 44,835

Expenditure: Purchase of Electricity Generated by Solid Waste Energy Facility Credit

Fund Name and Code:		FY 09	FY 10
General Revenue Fund	0001	\$ 1,711	\$ 3,082
Public Utility Fund	0059	51	92
Total		\$ 1,762	\$ 3,174

Total Tax Impact per Revenue Source \$ 39,173 \$ 48,009

**DETAIL OF TAX EXPENDITURES BY AGENCY,
REVENUE SOURCE AND FUND
(IN THOUSANDS)**

Revenue (Continued)		FY 09	FY 10
Revenue Source and Annual Receipts: Gas Revenue Tax		\$ 171,537	\$ 158,323
Expenditure: Cost of Collection Discount (Gas Use Tax)			
Fund Name and Code:		FY 09	FY 10
General Revenue Fund	0001	\$ 721	\$ 679
Total		\$ 721	\$ 679
Expenditure: Enterprise Zone and Foreign Trade Zone High Economic Impact Business Exemption			
Fund Name and Code:		FY 09	FY 10
General Revenue Fund	0001	\$ 13,034	\$ 12,783
Total		\$ 13,034	\$ 12,783
Expenditure: Gas Used in Petroleum Refinery Operation			
Fund Name and Code:		FY 09	FY 10
General Revenue Fund	0001	\$ 8,353	\$ 8,020
Total		\$ 8,353	\$ 8,020
Expenditure: Gas Used in Production of Electric Energy			
Fund Name and Code:		FY 09	FY 10
General Revenue Fund	0001	\$ 8,304	\$ 7,968
Total		\$ 8,304	\$ 7,968
Expenditure: Gas Used in Production of Fertilizer			
Fund Name and Code:		FY 09	FY 10
General Revenue Fund	0001	\$ 2,700	\$ 2,700
Total		\$ 2,700	\$ 2,700
Total Tax Impact per Revenue Source		\$ 33,112	\$ 32,150
		FY 09	FY 10
Revenue Source and Annual Receipts: Telecommunications Excise Tax		\$ 693,925	\$ 642,595
Expenditure: Cost of Collection Discount			
Fund Name and Code:		FY 09	FY 10
General Revenue Fund	0001	\$ 6,736	\$ 6,668
Common School Fund	0412	1,310	1,297
School Infrastructure Fund	0568	1,310	1,297
Total		\$ 9,356	\$ 9,262
Expenditure: Enterprise Zone and Foreign Trade Zone High Economic Impact Business Exemption			
Fund Name and Code:		FY 09	FY 10
General Revenue Fund	0001	\$ 1,523	\$ 1,568
Common School Fund	0412	305	314
School Infrastructure Fund	0568	305	314
Total		\$ 2,133	\$ 2,196
Total Tax Impact per Revenue Source		\$ 11,489	\$ 11,458

DETAIL OF TAX EXPENDITURES BY AGENCY, REVENUE SOURCE AND FUND (IN THOUSANDS)

Revenue (Concluded)

		FY 09	FY 10
Revenue Source and Annual Receipts: Vehicle Use Tax		\$ 32,309	\$ 35,173
Expenditure: Business Reorganization Preferential Tax Rate			
Fund Name and Code:		FY 09	FY 10
General Revenue Fund	0001	\$ 72	\$ 58
Total		\$ 72	\$ 58
Expenditure: Estate Gift to Beneficiary Preferential Tax Rate			
Fund Name and Code:		FY 09	FY 10
General Revenue Fund	0001	\$ 478	\$ 290
Total		\$ 478	\$ 290
Expenditure: Family Member Preferential Tax Rate			
Fund Name and Code:		FY 09	FY 10
General Revenue Fund	0001	\$ 3,900	\$ 3,900
Total		\$ 3,900	\$ 3,900
Expenditure: Farm Implement Exemption - Ready Mix Exemption			
Fund Name and Code:		FY 09	FY 10
General Revenue Fund	0001	\$ 1,200	\$ 1,120
Total		\$ 1,200	\$ 1,120
Expenditure: Government, Charitable, Educational, Religious Entities Exemption			
Fund Name and Code:		FY 09	FY 10
General Revenue Fund	0001	\$ 2,887	\$ 2,900
Total		\$ 2,887	\$ 2,900
Expenditure: Out-of-State Resident Exemption			
Fund Name and Code:		FY 09	FY 10
General Revenue Fund	0001	\$ 900	\$ 900
Total		\$ 900	\$ 900
Expenditure: Rolling Stock Exemption			
Fund Name and Code:		FY 09	FY 10
General Revenue Fund	0001	\$ 3,300	\$ 5,800
Total		\$ 3,300	\$ 5,800
Expenditure: Surviving Spouse Exemption			
Fund Name and Code:		FY 09	FY 10
General Revenue Fund	0001	\$ 140	\$ 150
Total		\$ 140	\$ 150
Total Tax Impact per Revenue Source		\$ 12,877	\$ 15,118
Total Tax Impact, Revenue		\$ 6,357,088	\$ 6,314,753

Commerce Commission

		FY 09	FY 10
Revenue Source and Annual Receipts: Gross Receipts Tax (Public Utility Fund)		\$ 8,525	\$ 7,649
Expenditure: Enterprise Zone Revenue Exemption			
Fund Name and Code:		FY 09	FY 10
Public Utility Fund	0059	\$ 44	\$ 18
Total		\$ 44	\$ 18
Total Tax Impact per Revenue Source		\$ 44	\$ 18
Total Tax Impact, Commerce Commission		\$ 44	\$ 18

DETAIL OF TAX EXPENDITURES BY AGENCY, REVENUE SOURCE AND FUND (IN THOUSANDS)

Environmental Protection Agency

	FY 09	FY 10
Revenue Source and Annual Receipts: Sewer Construction Permit Application Fee	\$ 408	\$ 302
Expenditure: State and Local Government Exemption		
Fund Name and Code:	FY 09	FY 10
Environmental Protection Permit and Inspection Fund 0944	\$ 202	\$ 148
Total	\$ 202	\$ 148
Total Tax Impact per Revenue Source	\$ 202	\$ 148
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	FY 09	FY 10
Revenue Source and Annual Receipts: Water Main Construction Permit Application Fee	\$ 274	\$ 233
Expenditure: State and Local Government Exemption		
Fund Name and Code:	FY 09	FY 10
Environmental Protection Permit and Inspection Fund 0944	\$ 135	\$ 117
Total	\$ 135	\$ 117
Total Tax Impact per Revenue Source	\$ 135	\$ 117
<hr/>		
	FY 09	FY 10
Revenue Source and Annual Receipts: NPDES Permit Discharge Fee	\$ 19,760	\$ 17,296
Expenditure: State Government and School District Exemption		
Fund Name and Code:	FY 09	FY 10
Illinois Clean Water Fund 0731	\$ 500	\$ 375
Total	\$ 500	\$ 375
Total Tax Impact per Revenue Source	\$ 500	\$ 375
Total Tax Impact, Environmental Protection Agency	\$ 837	\$ 640

Racing Board

	FY 09	FY 10
Revenue Source and Annual Receipts: Admission Tax	\$ 85	\$ 86
Expenditure: Free General Admission		
Fund Name and Code:	FY 09	FY 10
General Revenue Fund 0001	\$ 227	\$ 216
Total	\$ 227	\$ 216
Total Tax Impact per Revenue Source	\$ 227	\$ 216
<hr/>		
	FY 09	FY 10
Revenue Source and Annual Receipts: Racing Pari-mutuel (Privilege) Tax	\$ 6,851	\$ 6,740
Expenditure: Real Estate Tax Credit		
Fund Name and Code:	FY 09	FY 10
Horse Racing Fund 0632	\$ 3,725	\$ 3,632
Total	\$ 3,725	\$ 3,632
Total Tax Impact per Revenue Source	\$ 3,725	\$ 3,632
Total Tax Impact, Racing Board	\$ 3,952	\$ 3,848
 GRAND TOTAL, IMPACT	 \$ 6,626,514	 \$ 6,594,165

TAX EXPENDITURES WHERE IMPACT WAS NOT REPORTED

Secretary of State

Revenue Source: Motor Vehicle Registration (1st Division)

Expenditure:

Congressional Medal of Honor Recipients Vehicles

Treasurer

Revenue Source: Estate and Generation Skipping Transfer Tax

Expenditure:

Exclusion Amount

Natural Resources

Revenue Source: Watercraft Registration Fee

Expenditure:

Canoe or Kayak Owned by Non-Profit Organization

Revenue Source: Camping and Beach Fees

Expenditure:

Disabled Persons, Former POWs, and Illinois Residents Over 62

Revenue Source: Inland Trout Stamp

Expenditure:

Disabled, Under 16

Revenue Source: Hunting Licenses and Permits

Expenditure:

Disabled, 65 or Over, Landowners/Tenants

Revenue Source: Sportsman License

Expenditure:

Disabled, 65 or Over, Landowners/Tenants

Revenue Source: Trapping License

Expenditure:

Owners, Bona Fide Tenants and Their Children

Revenue Source: Salmon Stamp

Expenditure:

Disabled, Under 16

Revenue Source: Habitat Stamps

Expenditure:

Under 16

Revenue Source: Waterfowl Stamps

Expenditure:

Disabled, Landowners/Tenants

Financial and Professional Regulation

Revenue Source: Boxing/Martial Arts Events Tax

Expenditure:

Gross Receipts Tax Cap

TAX EXPENDITURES WHERE IMPACT WAS NOT REPORTED

Healthcare and Family Services

Revenue Source: Long Term Care Provider Assessment

Expenditure:

100% Contribution Homes Exemption

Public Health

Revenue Source: Health Care Facility Permit Application Fee

Expenditure:

Natural Disaster and Other Emergency Waiver

Revenue

Revenue Source: Sales and Use Tax

Expenditure:

Aircraft Support Center Exemption
Demonstration Use Prior to Resale
Fuel and Petroleum Products for International Flight Exemption
Leased Property to Hospitals or Government Bodies
Low Sulfur Dioxide Emission Coal Fueled Device Exemption
Machinery/Equipment for Operation of High Economic Impact Service Facility
Occasional Sales
Photo Processing Machinery and Equipment Exemption
Property Used in the Operation of Pollution Control Facilities
Sales by Exempt Organizations¹
Sales of Fuel to Vessels on Bordering Rivers
Sales of Machinery and Equipment in Operation of Aircraft Maintenance Facilities
Sales of Tangible Personal Property Used by Aircraft Maintenance Facilities
Sales Through Penny Bulk Vending Machines
Specified Photoprocessing Charges Exemption
Use by Nonresidents While Temporarily Passing Through Illinois

Revenue Source: Individual Income Tax

Expenditure:

Credit for Student Assistance Contributions
Ex-Felons Jobs Credit
River Edge Redevelopment Zone Site Remediation Tax Credit
Veterans Jobs Credit

Revenue Source: Corporate Income Tax

Expenditure:

Attorney-In-Fact Subtraction
Bonus Depreciation Adjustment
Dependent Care Assistance Credit
Ex-Felons Jobs Credit
High Economic Impact Business Interest Subtraction
Interest Expense Subtraction
Jobs Tax Credit
River Edge Redevelopment Zone Site Remediation Tax Credit
TECH-PREP Youth Vocational Program Credit

¹ Sales by a non-profit service enterprise operated exclusively for charitable, religious, or educational purposes are exempt when sales are 1) made to the organization's members, students, patients, or inmates when made primarily for the purpose of the organization; 2) noncompetitive with business establishments, and 3) occasional.

TAX EXPENDITURES WHERE IMPACT WAS NOT REPORTED

Revenue (Concluded)

Revenue Source: Automobile Renting Occupation and Use Tax

Expenditure:
Loaner Vehicles on Warranty

Revenue Source: Cigarette and Cigarette Use Taxes

Expenditure:
Prison and Mental Health Facility Exemption

Revenue Source: Electricity Excise Tax

Expenditure:
Sales to Municipal Transit Systems

Revenue Source: Gas Revenue Tax

Expenditure:
Gas Used in Liquefaction Process

Revenue Source: Telecommunications Excise Tax

Expenditure:
Coin-Operated Telecommunications Devices Exemption
State Universities Exemption

Revenue Source: Real Estate Transfer Tax

Expenditure:
Corporate Franchise Tax Exemption
Homeownership Made Easy Act
Exempted Deeds or Trust Documents

Revenue Source: Aircraft/Watercraft Use Tax

Expenditure:
Production Agriculture Exemption
Rolling Stock Exemption
Sales to Exempt Organizations
Surviving Spouse Exemption
Watercraft Temporarily Used in Illinois Exemption

Gaming Board

Revenue Source: Riverboat Gambling Admission Tax

Expenditure:
Tax Free Admission Passes

TAX EXPENDITURES LEGAL AUTHORITY

Secretary of State

Revenue Source: Motor Vehicle Registration (1st Division)	625 ILCS 3-806
Expenditure:	
Drivers Education Vehicles	625 ILCS 5/3-808
X-POW Vehicle Registration Exemption	625 ILCS 5/3-620
Charitable Organization Vehicle Exemption	625 ILCS 5/3-808
Disabled Veteran Vehicle Registration Exemption	625 ILCS 5/3-609
Municipality Owned Passenger Vehicle Exemption	625 ILCS 5/3-808
Sheriff Plates	625 ILCS 5/3-808
Senior Citizen Plate Renewal Reduction	625 ILCS 5/3-806.3
Congressional Medal of Honor Winners Vehicles	625 ILCS 5/3-609.1
Revenue Source: Standard Identification Card Fee	15 ILCS 335/12
Expenditure:	
Duplicated/Corrected ID Senior Citizen/Handicapped	15 ILCS 335/4(d),12A
Revenue Source: Duplicated/Corrected Driver's License	625 ILCS 5/6-118(a)
Expenditure:	
Duplication of Stolen Licenses for Senior Citizens	625 ILCS 5/6-118(a)
Revenue Source: Driver's License Four Year Renewal Fee	625 ILCS 5/6-118 (a), (b), (c)
Expenditure:	
Reduced Renewal Fee for Senior Citizens	625 ILCS 5/6-118 (a) & 6-115(g)
Revenue Source: Annual Reports of Corporations	805 ILCS 5-14.05
Expenditure:	
Two Million Dollar Cap on Annual Franchise Tax for Corporations	805 ILCS 5-15.95

Treasurer

Revenue Source: Estate and Generation Skipping Transfer Tax	35 ILCS 405
Expenditure:	
Exclusion Amount	35 ILCS 405/2
Qualified Terminable Interest Property (QTIP) Trust	35 ILCS 495/2(b-1)

Natural Resources

Revenue Source: Watercraft Registration Fee	625 ILCS 45/3-2
Expenditure:	
Canoe or Kayak Owned by Non-Profit Organization	624 ILCS 45/3-12
Revenue Source: Camping and Beach Fees	20 ILCS 805/63a23, 805/63a21.1
Expenditure:	
Disabled Persons, Former POWs, and Illinois Residents Over 62	20 ILCS 805/63a23
Revenue Source: Inland Trout Stamp	515 ILCS 5/20-11,5/20-51
Expenditure:	
Disabled, Under 16	515 ILCS 5/20-11
Revenue Source: Hunting Licenses and Permits	520 ILCS 5/1/13, 5/2.11, 5/2.26, 5/3.2
Expenditure:	
Disabled, 65 or Over, Landowners/Tenants	520 ILCS 5/3.1,5/3.1-2
Revenue Source: Fishing Licenses	515 ILCS 5/20-5, 5/20-20 5/20-45, 5/20-55
Expenditure:	
Disabled, Under 16, 65 or Over, Fee Fishing Areas, Owners/Tenants Disc.	515 ILCS 5/20-5,5/20-15
Revenue Source: Sportsman License	515 ILCS 5/20-45,520 ILCS 5/3.39
Expenditure:	
Disabled, 65 or Over, Landowners/Tenants	515 ILCS 5/20-5, 520 ILCS 5/3.1

TAX EXPENDITURES LEGAL AUTHORITY

Natural Resources (Concluded)

Revenue Source: Trapping License	520 ILCS 5/3.3, 3.4
Expenditure: Owners, Bona Fide Tenants and Their Children	520 ILCS 5/3.3
Revenue Source: Salmon Stamp	515 ILCS 5/20-10, 5/20-50
Expenditure: Disabled, Under 16	515 ILCS 5/20-10
Revenue Source: Habitat Stamps	520 ILCS 5/3.1
Expenditure: Under 16	520 ILCS 5/3.1
Revenue Source: Waterfowl Stamps	520 ILCS 5/3.1, 5/3.2
Expenditure: Disabled, Landowners/Tenants	520 ILCS 5/3.1

Financial and Professional Regulation

Revenue Source: Boxing/Martial Arts Events Tax	225 ILCS 105/13
Expenditure: Gross Receipts Tax Cap	225 ILCS 105/13

Insurance

Revenue Source: Insurance Privilege Tax	215 ILCS 5/409
Expenditure: Fire Department Tax Credit	215 ILCS 5/409
Replacement Corporate Income Tax	215 ILCS 5/409
Revenue Source: Retaliatory Tax	215 ILCS 5/444, 5/444.1
Expenditure: Fire Department Tax Credit	215 ILCS 5/444
Replacement Income Tax Credit	215 ILCS 5/444

Healthcare and Family Services

Revenue Source: Long-Term Care Provider Assessment	305 ILCS 5/5E-10
Expenditure: 100% Contribution Homes Exemption	305 ILCS 5/5E-5
Revenue Source: Hospital Provider Assessment	305 ILCS 5/5A-2
Expenditure: Hospital Provider exemption	305 ILCS 5/5A-3

Public Health

Revenue Source: Health Care Facility Permit Application Fee	20 ILCS 3960/5
Expenditure: Natural Disaster and Other Emergency Waiver	20 ILCS 3960/5
Revenue Source: Vital Records Fees	410 ILCS 535
Expenditure: U. S. Veterans Administration Exemption	410 ILCS 535/25-7
Groups Chartered by U. S. Congress Exemption	410 ILCS 535/25 (1)
Illinois Adoption Registry	750 ILCS 50/18.6
Revenue Source: Metabolic Screening and Treatment Fee	410 ILCS 240/1
Expenditure: State Agency Lab Exemption	410 ILCS 240/1
Revenue Source: Private Sewage Fee	225 ILCS 225/5
Expenditure: Plumbing License Exemption	225 ILCS 225/5
Revenue Source: Pesticide Control Fee	225 ILCS 235/9
Expenditure: State Agency Employee Exemption	225 ILCS 235/22

TAX EXPENDITURES LEGAL AUTHORITY

Public Health (Concluded)

Revenue Source: Recreational Area Fee	210 ILCS 95
Expenditure:	
Not-for-Profit & Gov. Agency Original License Application Fee Waiver.	210 ILCS 95/5
Not-for-Profit & Gov. Agency Construction Application Fee Waiver	210 ILCS 95/4
Not-for-Profit & Gov. Agency License Renewal Waiver.	210 ILCS 95/6
Revenue Source: Swimming Pool and Bathing Beach Fee	210 ILCS 125
Expenditure:	
Not-for-Profit & Gov. Facility Construction Application Fee Waiver	210 ILCS 125/5
Not-for-Profit & Gov. Facility License Renewal Fee Waiver	210 ILCS 125/6
Not-for-Profit & Gov. Facility Original License Fee Waiver.	210 ILCS 125/4
Revenue Source: Long Term Care Facility Fee	210 ILCS 45/3-103
Expenditure:	
Fac. lic. for Intermediate Care Facility for Dev. Disabled &/or Skilled under 22 beds only.	210 ILCS 45/3-103
Revenue Source: Childhood Lead Screening Fee	410 ILCS 45/1
Expenditure:	
Low Income Family Waiver	410 ILCS 45/1
Revenue Source: Automated Lab Tests - HIV (ELISA) Test and STD Tests	20 ILCS 2310/55.09
Expenditure:	
Dept. Funded HIV Counseling & Testing Site & HIV Seroprevalence Exemption	20 ILCS 2310/55.09
Pop. With High Incidence of Sexually Transmitted Diseases Exemption.	20 ILCS 2310/55.09
Revenue Source: Youth Camp License Application Fee	210 ILCS 100/5
Expenditure:	
Governmental Agency Waiver	210 ILCS 100/5
Revenue Source: Water Pump Contractor Fee	225 ILCS 345/13
Expenditure:	
Licensed Plumber Exemption	225 ILCS 345/1
Revenue Source: Environmental Lead License Application Fee	410 ILCS 45/8.1
Expenditure:	
Department of Public Health and Delegate Agency Employee Waiver	410 ILCS 45/8.1
Revenue Source: Salvage Warehouse and Salvage Warehouse Store Act	240 ILCS 30/0.1
Expenditure:	
Not-for-Profit Organization Waiver	240 ILCS 30/0.1
Revenue Source: Asbestos Abatement License Fee	105 ILCS 105 / 77 IAC 855
Expenditure:	
Governmental employee waiver	105 ILCS 105 / 77 IAC 855
Revenue Source: Plan Review Fee - LTC Facilities	210 ILCS 45/3-202.5
Expenditure:	
Projects costing less than \$100,000.	210 ILCS 45/3-202.5

TAX EXPENDITURES LEGAL AUTHORITY

Revenue

Revenue Source: Sales and Use Tax	35 ILCS 105, 110, 115, 120
Expenditure:	
Demonstration Use Prior to Resale	35 ILCS 105/2, 110/2
Game or Game Birds sold at Hunting Area	35 ILCS 120/2-5 (32)
Feed and Seed Exemption	35 ILCS 105/2, 120/1
Farm Chemicals Exemption	35 ILCS 105/3-5(7), 120/2-5(1)
Designated Personal Property within Enterprise Zone Exemption	35 ILCS 105/12, 110/12, 115/12, 120/1d
Biodiesel Discount and Exemption	35 ILCS 120/2-10; 35 ILCS 105/3-10; 35 ILCS 110/3-10; 35 ILCS 115/3-10
Building Materials within Enterprise Zone Exemption	35 ILCS 105/12, 110/12, 115/12, 120/5k
Leased Property to Hospitals or Government Bodies	35 ILCS 105/3-5(22)(23), 110/3-5(15)(16), 115/3-5(16)(17), 120/2-5(28)(29)
Race Horses	35 ILCS 120/2-5 (27)
Build. Mat. with Intermodal Terminal Fac. Redevelopment Proj. Area Exemption	35 ILCS 120/2-6
Majority Blended Ethanol	35 ILCS 105/3-10
Food, Drugs, and Medical Appliances Rate Reduction	35 ILCS 105/3-10, 110/3-10, 115/3-10, 120/2-10
Building Materials to High Economic Impact Business Exemption	35 ILCS 105/12, 110/12, 115/12, 120/5L
Building Materials within River Edge Redevelopment Zone Exemption	35 ILCS 120/2-54
Fuel and Petroleum Products for International Flight Exemption	35 ILCS 105/3-5(12), 110/3-5(8), 115/3-5(8), 120/2-5(22)
Interim Use Prior to Sale Exemption	35 ILCS 105/2, 110/2
Graphic Arts Machinery and Equipment Exemption	35 ILCS 105/3-5(6), 110/3-5(5), 115/3-5(5), 120/2-5(4)
Community Water Supply Construction Items	35 ILCS 105/3-5 (34), 110/3-5 (26), 115 /3-5 (27), 120/2-5 (39)
Sales by Exempt Organizations	35 ILCS 105/2, 120/1
Sale of Non-Resident Aircraft	35 ILCS 105/3-55 (h-2), 120/2-5 (25-7)
Semen for Artificial Insemination of Livestock	35 ILCS 120/2-5 (26)
Aircraft Support Center Exemption	35 ILCS 105/12, 110/12, 115/12, 120/1o
Farm Machinery and Equipment Exemption	35 ILCS 105/3-5(11), 110/3-5(7), 115/3-5(7), 120/2-5(2)
Sales of Motor Vehicles to Non-Residents Exemption	35 ILCS 105/3-55, 120/2-5(25)
Photo Processing Machinery and Equipment Exemption	35 ILCS 105/3-5(15), 110/3-5(11), 115/3-5(11), 120/2-5(20)
Gasohol Discount	35 ILCS 105/3-10, 110/3-10, 115/3-10, 120/2-10
Manufacturing and Assembling Machinery and Equipment Exemption	35 ILCS 105/3-5(18), 110/2(5), 115/2(e), 120/2-5(14)
Property Acquired by Non-Resident before Relocating in Illinois Exemption	35 ILCS 105/3-70, 110/3-60
Specified Photoprocessing Charges Exemption	35 ILCS 105/3-15, 110/3-15, 115/3-15, 120/2-15
Low Sulfur Dioxide Emission Coal Fueled Device Exemption	35 ILCS 105/2a-1, 110/2b, 115/2b, 120/1a-1
Machinery/Equipment for Operation of High Economic Impact Service Facility	35 ILCS 105/12, 110/12, 115/12, 120/1j

TAX EXPENDITURES LEGAL AUTHORITY

Revenue (Continued)

Property Used in the Operation of Pollution Control Facilities	35 ILCS 105/12, 110/12, 115/12, 120/1e
Newsprint and Ink to Newspapers and Magazines Exemption	35 ILCS 105/2, 120/1
Occasional Sales	35 ILCS 105/2, 120/1
Sales of Fuel to Vessels on Bordering Rivers	35 ILCS 120/2-5(24)
Retailer's Discount	35 ILCS 105/9, 110/9, 115/9, 120/3
Public Service Corporation for Municipal Convention Hall Purposes	65 ILCS 5/11-65-15, 5/11-65-25
Teacher Sponsored Student Organization Exemption	35 ILCS 105/3-5(9), 110/3-5(6), 115/3-5(6), 120/2-5(6)
Manufacturer's Purchase Credit	35 ILCS 105/3-85, 110/3-70
Sales of Vehicles to Automobile Renters Exemption	35 ILCS 105/3-5(10) & 120/2-5(5)
Sales to Not for Profit Music and Dramatic Arts Organization Exemption	35 ILCS 105/3-5(3), 110/3-5(3), 115/3-5(3), 120/2-5(9)
Legal Tender, Medallions, and Bullion Exemption	35 ILCS 105/3-5(8), 110/3-5(4), 115/3-5(4), 120/2-5(18)
Nursing Homes Food Drugs and Medical Appliances Exemption	35 ILCS 115/3-5(13)
Use by Nonresidents While Temporarily Passing Through Illinois Exemption	35 ILCS 105/3-55, 110/3-45
Rolling Stock Exemption	35 ILCS 105/3-55(b)(c), 110/3-45(b), 115/2(d)(d-1), 120/2-5(12)(13)
Traded-In Property Exemption	35 ILCS 105/2, 120/1
Senior Citizens Service Enterprises Exemption	35 ILCS 105/3-5(1), 110/3-5(1), 115/3-5(1), 120/2-5(10)
Sales to County Fair Association Exemption	35 ILCS 105/3-5(2), 110/3-5(2), 115/3-5(2), 120/2-5(8)
Sales of Mach. & Equip. in Operation of Aircraft Maintenance Facilities	35 ILCS 105/12, 110/12, 115/12, 120/1m
Nutrition Program for the Elderly Exemption	35 ILCS 105/2, 120/1
Charitable, Religious, Governmental, and Educational Exemption	35 ILCS 105/3-5(4), 110/2, 115/2, 120/2-5(11)
Sales of Tangible Personal Property Used by Aircraft Maintenance Facilities	35 ILCS 105/12, 110/12, 115/12, 120/1n
Sales Through Penny Bulk Vending Machines	35 ILCS 105/2, 120/1
Revenue Source: Individual Income Tax	35 ILCS 5/101 et. seq.
Expenditure:	
Military Pay Subtraction	35 ILCS 5/203 (a)(E)
Ex-Felons Jobs Credit	35 ILCS 5/216
River Edge Redevelopment Zone Site Remediation Tax Credit	35 ILCS 5/201(n)
Veterans Jobs Credit	35 ILCS 5/217
River Edge Redevelopment Zone - Jobs Tax Credit	35 ILCS 5/201(g)
80/20 Rules (3)	35 ILCS 5/203 (a) (EE)
80/20 Rules (1)	35 ILCS 5/203 (a) (CC)
Additional Exemptions: Blind and Elderly	35 ILCS 5/204 (d)
Earned Income Tax Credit	35 ILCS 5/212
Education Expense Credit	35 ILCS 5/201 (m)
80/20 Rules (2)	35 ILCS 5/203 (a) (DD)
Federally Taxed Social Security Subtraction	35 ILCS 5/203 (a)(L)
TECH-PREP Youth Vocational Credit	35 ILCS 5/209
River Edge Redevelopment Zone Investment Credit	35 ILCS 5/201(f)
Federally Taxed Retirement	35 ILCS 5/203 (a)(F)
Interest Expense Subtraction	35 ILCS 5/203 (a) (M)
River Edge Redevelopment Zone Dividend Subtraction	35 ILCS 5/203(a)(2)(J)
Acceleration of Life Insurance Benefits Subtraction	35 ILCS 5/203 (a) (Q)
Job Training Contribution Subtraction	35 ILCS 5/203 (a) (O)
Compensation of Nazi Victims	35 ILCS 5/203 (a) (X)
Foreign Trade Zone Dividends Subtraction	35 ILCS 5/203 (a) (K)
Ride Sharing Subtraction	35 ILCS 5/203 (a) (BB)
Capital Gain or Loss Bonus Depreciation	35 ILCS 5/203 (a) (AA)
Bonus Depreciation	35 ILCS 5/203(a)(Z)

TAX EXPENDITURES LEGAL AUTHORITY

Revenue (Continued)

Credit for Student Assistance Contributions	35 ILCS 5/218
Economic Development for a Growing Economy Tax Credit	35 ILCS 5/211
Film Production Services Credit	35 ILCS 5/213
College Savings Pool Account	35 ILCS 5/203 (a)(Y)
Affordable Housing Donations Tax Credit	35 ILCS 5/214
Enterprise Zone Investment Credit	35 ILCS 5/201 (f)
Enterprise Zone Dividends Subtraction	35 ILCS 5/203 (a)(J)
Enterprise Zone; Foreign Trade Zone - Jobs Tax Credit	35 ILCS 5/201(g)
High Impact Business Investment Credit	35 ILCS 5/201(h)
Research and Development Credit	35 ILCS 5/201(k)
IRA Converted to Roth IRA Subtraction	35 ILCS 5/203(a)(W)
Tax Credit for Residential Real Property Taxes	35 ILCS 5/208
Standard Exemption: Taxpayers and Dependents	35 ILCS 5/204 (a),(b),(c)
Self-Employed Health Insurance Subtraction	35 ILCS 5/203 (a)(V)
Persian Gulf War Bonus Subtraction	35 ILCS 5/203 (a)(R)
Medical Care Savings Account Subtraction	35 ILCS 5/203 (a)(S) & (T)
Dependent Care Assistance Program Tax Credit	35 ILCS 5/210
Revenue Source: Corporate Income Tax	35 ILCS 5/101 et. seq.
Expenditure:	
TECH-PREP Youth Vocational Program Credit	35 ILCS 5/209
River Edge Redevelopment Zone Site Remediation Tax Credit	35 ILCS 5/201(n)
Job Training Contribution Subtraction	35 ILCS 5/203 (b)(P)
Enterprise Zone; Foreign Trade Zone - Jobs Credit	35 ILCS 5/201(g)
Dependent Care Assistance Credit	35 ILCS 5/210
High Economic Impact Business Dividend Subtraction	35 ILCS 5/203 (b)(L)
Research and Development Credit	35 ILCS 5/201 (k)
Interest Expense Subtraction	35 ILCS 5/203 (b)(I)
Illinois Net Operating Loss Deduction	35 ILCS 5/207 (a) & (b)
High Economic Impact Business Investment Credit	35 ILCS 5/201 (h)
Foreign Insurer Rate Reduction	35 ILCS 5/201(d-1)
Employee Child Care Tax Credit	35 ILCS 5/210.5
Film Production Services Credit	35 ILCS 5/213
River Edge Redevelopment Zone - Jobs Tax Credit	35 ILCS 5/201 (g)
Enterprise Zone Investment Credit	35 ILCS 5/201 (f)
Enterprise Zone Charitable Contribution Subtraction	35 ILCS 5/203 (b)(2)(N)
High Economic Impact Business Interest Subtraction	35 ILCS 5/203(b)(M-1)
Ex-Felons Jobs Credit	35 ILCS 5/216
River Edge Redevelopment Zone Investment Credit	35 ILCS 5/201 (f)
Attorney-In-Fact Subtraction	35 ILCS 5/203(b)(R)
Affordable Housing Donations	35 ILCS 5/214
Enterprise Zone Dividends Subtraction	35 ILCS 5/203 (b)(2)(K)
Veterans Jobs Credit	35 ILCS 5/217
Bonus Depreciation	35 ILCS 5/203(b)(T)
Capital Gain or Loss	35 ILCS 5/203(b)(U)
Enterprise Zone Interest Subtraction	35 ILCS 5/203 (b)(2)(M)
River Edge Redevelopment Zone Charitable Contribution Subtraction	35 ILCS 5/203 (b)(2)(N)
River Edge Redevelopment Zone Interest Subtraction	35 ILCS 5/203 (b)(2)(M)
River Edge Redevelopment Zone Dividends Subtraction	35 ILCS 5/203 (b)(2)(K)
Economic Development for a Growing Economy Tax Credit	35 ILCS 5/211

TAX EXPENDITURES LEGAL AUTHORITY

Revenue (Continued)

Revenue Source: Automobile Renting Occupation and Use Tax	35 ILCS 155/1 - 155/4
Expenditure:	
Claims for Loss or Damage Deduction	35 ILCS 155/2
Exempt Organization Rentals	35 ILCS 155/3
Other/Miscellaneous Deduction	35 ILCS 155/2
Timely Filing and Full Payment Discount	35 ILCS 120/3, 155/3
Refueling Deduction	35 ILCS 155/2
Insurance Coverage Deduction	35 ILCS 155/2
Loaner Vehicles on Warranty	35 ILCS 155/2
Revenue Source: Cigarette and Cigarette Use Taxes	35 ILCS 130/1-30, 35 ILCS 135/1-37
Expenditure:	
Prison and Mental Health Facility Exemption	35 ILCS 130/1
Cost of Collection Discount	35 ILCS 130/2, 135/3
Revenue Source: Hotel Operators' Occupation and Use Tax	35 ILCS 145/1 - 145/10
Expenditure:	
Cost of Collection Discount	35 ILCS 145/6
Permanent Residents Exemption	35 ILCS 145/3, 145/9
Revenue Source: Liquor Gallonage Tax	235 ILCS 5/1-1 - 5/11-2
Expenditure:	
Sacramental Wine Exemption	235 ILCS 5/1-3.05
Non-Beverage User Exemption	235 ILCS 5/8-1
Cost of Collection Discount	235 ILCS 5/8-2
Revenue Source: Underground Storage Tank Tax	35 ILCS 505/1 - 505/21
Expenditure:	
Liquefied Propane Gas Exemption	35 ILCS 505/2a
Airport Exemption	35 ILCS 505/2a
Timely Filing and Full Payment Discount	35 ILCS 505/2b; 415 ILCS 125/301
Exemp. for Ships, Barges, & Vessels in Interstate Comm. on Border Rivers	35 ILCS 505/2a
Rail Carrier Exemption	35 ILCS 505/2a
Revenue Source: Motor Fuel Taxes	35 ILCS 505/1 - 505/21
Expenditure:	
Timely Filing and Full Payment Discount	35 ILCS 505/6, 505/6a
Sales for Use Other Than in Motor Vehicles Exemption	35 ILCS 505/6, 505/6a
Privately Owned Transportation Utility Exemption	35 ILCS 505/6, 505/6a
Municipal Corporation Owning Transportation System Exemption	35 ILCS 505/6, 505/6a
Aviation Purposes Exemption	35 ILCS 505/6, 505/6a
Revenue Source: Electricity Excise Tax	35 ILCS 640/15- 640/99
Expenditure:	
Sales to Municipal Transit Systems	35 ILCS 620/2
Purchase of Electricity Generated by Solid Waste Energy Facility Credit	220 ILCS 5/8-403.1
Enterprise Zone and Foreign Trade Zone High Economic Impact Business Exemption	220 ILCS 5/9-222.1
Revenue Source: Gas Revenue Tax	35 ILCS 615/1 -15, 35 ILCS 173/5-1 - 5-999
Expenditure:	
Gas Used in Production of Fertilizer	35 ILCS 173/5-50(6)
Enterprise Zone and Foreign Trade Zone High Economic Impact Business Exemption	35 ILCS 615/1, 35 ILCS 173/5-50(1)
Gas Used in Petroleum Refinery Operation	35 ILCS 173/5-50(4)
Gas Used in Production of Electric Energy	35 ILCS 173/5-50(3)
Cost of Collection Discount (Gas Use Tax)	35 ILCS 173/5-40
Gas Used in Liquefaction Process	35 ILCS 173/5-50(5)
Revenue Source: Telecommunications Excise Tax	35 ILCS 630/1 - 630/21
Expenditure:	
Enterprise Zone and Foreign Trade Zone High Economic Impact Business Exemption	35 ILCS 630/2
State Universities Exemption	35 ILCS 630/2(k)
Cost of Collection Discount	35 ILCS 630/6
Coin-Operated Telecommunications Devices Exemption	35 ILCS 630/2

TAX EXPENDITURES LEGAL AUTHORITY

Revenue (Concluded)

Revenue Source: Vehicle Use Tax	625 ILCS 5/3-1001 - 5/3-1006
Expenditure:	
Farm Implement - Ready Mix Exemption	625 ILCS 5/3-1001
Family Member Preferential Tax Rate	625 ILCS 5/3-1001
Business Reorganization Preferential Tax Rate	625 ILCS 5/3-1001
Estate Gift to Beneficiary Preferential Tax Rate	625 ILCS 5/3-1001
Government, Charitable, Educational, Religious Entities Exemption	625 ILCS 5/3-1001
Surviving Spouse Exemption	625 ILCS 5/3-1001
Out-of-State Resident Exemption	625 ILCS 5/3-1001, 35 ILCS 105/3-55
Rolling Stock Exemption	625 ILCS 5/3-1001, 35 ILCS 105/3-55
Revenue Source: Real Estate Transfer Tax	35 ILCS 200/31
Expenditure:	
Other Exempted Deeds or Trust Documents	35 ILCS 305/31-45
Exempted deeds or trust documents	35 ILCS 200/31-45
Corporate Franchise Tax Exemption	35 ILCS 200/31-46
Homeownership Made Easy Act	35 ILCS 200/31-45(m)
Revenue Source: Aircraft/Watercraft Use Tax	35 ILCS 157, 35 ILCS 158
Expenditure:	
Watercraft Temporarily Used in Illinois Exemption	35 ILCS 158/15-10(v)
Surviving Spouse Exemption	35 ILCS 157/10-15(iv), 35 ILCS 158/15-10(iv)
Rolling Stock Exemption	35 ILCS 157/10-15(iii), 35 ILCS 158/15-10(iii)
Sales to Exempt Organizations	35 ILCS 157/10-15(ii), 35 ILCS 158/15-10(ii)

Commerce Commission

Revenue Source: Gross Receipts Tax (Public Utility Fund)	220 ILCS 5/2-202
Expenditure:	
Enterprise Zone Revenue Exemption	220 ILCS 5/3-121

Environmental Protection Agency

Revenue Source: Sewer Construction Permit Application Fee	415 ILCS 5/12.2
Expenditure:	
State and Local Government Exemption	415 ILCS 5/12.2
Revenue Source: Water Main Construction Permit Application Fee	415 ILCS 5/16.1
Expenditure:	
State and Local Government Exemption	415 ILCS 5/16.1
Revenue Source: NPDES Permit Discharge Fee	415 ILCS 5/12.5
Expenditure:	
State Government and School District Exemption	415 ILCS 5/12.5

Gaming Board

Revenue Source: Riverboat Gambling Admission Tax	230 ILCS 10/12
Expenditure:	
Tax Free Admission Passes	230 ILCS 10/12

Racing Board

Revenue Source: Horse Racing Admission Tax	230 ILCS 5/25
Expenditure:	
Free General Admission	230 ILCS 5/25
Revenue Source: Racing Pari-mutuel (aka:Privilege Tax)	230 ILCS 5/27
Expenditure:	
Real Estate Tax Credit	230 ILCS 5/32.1

TAX EXPENDITURES BY PURPOSE (IN THOUSANDS)

Agricultural Expenditures		
	Fiscal Year 2009 Annual Impact	Fiscal Year 2010 Annual Impact
Tax: Sales Tax		
Farm Chemicals (Includes Feed and Seed) Exemption	\$ 251,000	\$ 191,000
Gasohol Discount	104,000	102,000
Biodiesel Discount and Exemption	81,000	83,000
Farm Machinery and Equipment Exemption	51,000	53,000
Majority Blended Ethanol	1,000	670
Total	\$ 488,000	\$ 429,670
Tax: Other		
Farm Implement - Ready Mix Exemption	\$ 1,200	\$ 1,120
Total	\$ 1,200	\$ 1,120
Total, Agricultural Expenditures	\$ 489,200	\$ 430,790
Business Expenditures		
	Fiscal Year 2009 Annual Impact	Fiscal Year 2010 Annual Impact
Tax: Sales Tax		
Manufacturing and Assembling Machinery and Equipment Exemption*	\$ 183,000	\$ 174,000
Retailer's Discount	112,000	109,000
Newsprint and Ink to Newspapers and Magazines Exemption	37,000	39,000
Manufacturer's Purchase Credit*	29,000	33,000
Rolling Stock Exemption	47,000	27,000
Sales of Vehicles to Automobile Rentors Exemption	13,000	27,000
Designated Tangible Personal Property within Enterprise Zone Exemption*	26,000	21,000
Graphic Arts Machinery and Equipment Exemption*	21,000	8,600
Building Materials within Special Zone Exemption*	4,700	4,400
Interim Use Prior to Sale Exemption	4,000	3,700
Total	\$ 476,700	\$ 446,700
Tax: Individual Income Tax		
Income Tax Credits*	\$ 11,623	\$ 9,858
Total	\$ 11,623	\$ 9,858

TAX EXPENDITURES BY PURPOSE (IN THOUSANDS)

Business Expenditures (Concluded)		
	Fiscal Year 2009	Fiscal Year 2010
	Annual Impact	Annual Impact
Tax: Corporate Income Tax		
Illinois Net Operating Loss Deduction	\$ 259,536	\$ 255,529
Economic Development for a Growing Economy Tax Credit*	25,567	34,766
Research and Development Credit*	23,182	19,135
Film Production Services Credit*	13,117	11,125
Foreign Insurer Rate Reduction	29,088	10,240
Enterprise Zone and River Edge Redevelopment Zone Investment Credit*	11,720	7,169
High Economic Impact Business Dividend Subtraction*	5,537	4,810
Special Zone Dividend, Interest, and Charitable Contribution Subtractions*	1,827	1,505
Job Training Contribution Subtraction*	764	1,149
High Economic Impact Business Investment Credit*	272	96
Total	\$ 370,610	\$ 345,524
Tax: Other¹		
Sales for Use Other Than in Motor Vehicles Exemption	\$ 125,970	\$ 103,025
Enterprise & Foreign Trade Zone High Economic Impact Business Exemption*	37,411	44,835
Timely Filing and Full Payment Discount - MFT	20,092	19,918
Two Million Dollar Cap on Franchise Tax for Corporations	15,238	17,510
Airport Exemption	15,513	15,223
Enterprise & Foreign Trade Zone High Economic Impact Business Exemption*	13,034	12,783
Cost of Collection Discount - Telecommunications	9,356	9,262
Cost of Collection Discount - Cigarettes	8,757	8,604
Gas Used in Petroleum Refinery Operation	8,353	8,020
Gas Used in Production of Electric Energy	8,304	7,968
Real Estate Tax Credit	3,725	3,632
Cost of Collection Discount - Hotel	3,800	3,600
Purchase of Electricity Generated by Solid Waste Energy Facility Credit*	1,762	3,174
Rail Carrier Exemption	4,025	2,967
Gas Used in Production of Fertilizer	2,700	2,700
Enterprise & Foreign Trade Zone High Economic Impact Business Exemption*	2,133	2,196
Cost of Collection Discount - Liquor	1,300	1,253
Timely Filing and Full Payment Discount -UST	1,222	1,220
Cost of Collection Discount (Gas Use Tax)	721	679
Timely Filing and Full Payment Discount - ART	516	500
Exemption for Vessels Conducting Interstate Commerce on Border Rivers	495	485
Business Reorganization Preferential Tax Rate	72	58
Aviation Purposes Exemption	47	45
Enterprise Zone Revenue Exemption*	44	18
Total	\$ 284,590	\$ 269,675
Total, Business Expenditures	\$ 1,143,523	\$ 1,071,757

* Tax expenditures intended to provide an economic incentive for business activities. Several of the 'other individual income tax subtractions' including enterprise zone and foreign trade zone dividends and job training contributions are business incentives.

¹ Refer to Appendix D for specific receipt sources for other tax expenditures.

TAX EXPENDITURES BY PURPOSE (IN THOUSANDS)

Individual Expenditures - Broad Based		
	Fiscal Year 2009 Annual Impact	Fiscal Year 2010 Annual Impact
Tax: Sales Tax		
Food, Drugs, and Medical Appliances Rate Reduction	\$ 1,600,000	\$ 1,530,000
Total	\$ 1,600,000	\$ 1,530,000
Tax: Individual Income Tax		
Standard Exemption: Taxpayers and Dependents	\$ 622,244	\$ 716,487
Tax Credit for Residential Real Property Taxes	521,100	526,021
Earned Income Tax Credit	91,220	105,315
Education Expense Credit	72,282	71,232
Total	\$ 1,306,846	\$ 1,419,055
Total, Individual Expenditures - Broad Based	\$ 2,906,846	\$ 2,949,055
Individual Expenditures - Elderly and Disabled		
	Fiscal Year 2009 Annual Impact	Fiscal Year 2010 Annual Impact
Tax: Individual Income Tax		
Federally Taxed Retirement and Social Security Subtractions	\$ 973,416	\$ 1,088,858
Additional Exemptions: Blind and Elderly	19,719	35,561
Total	\$ 993,135	\$ 1,124,419
Tax: Other		
Senior Citizen Plate Renewal Reduction	\$ 7,544	\$ 10,538
Reduced Renewal Fee for Senior Citizens	1,026	4,648
Duplicated/Corrected ID Senior Citizen/Handicapped	3,259	3,284
Disabled, Under 16, 65 & Over, Fee Fishing Area, Owner/Tenant Discount	8,826	1,272
Disabled Veteran Vehicle Registration Exemption	320	416
Duplication of Stolen Licenses for Senior Citizens	8	8
Total	\$ 20,983	\$ 20,166
Total, Individual Expenditures - Elderly and Disabled	\$ 1,014,118	\$ 1,144,585
Individual Expenditures - Other		
	Fiscal Year 2009 Annual Impact	Fiscal Year 2010 Annual Impact
Tax: Individual Income Tax		
Military Pay Subtraction	\$ 20,954	\$ 27,732
Dependent Care Assistance Program Tax Credit	99	4,837
Total	\$ 21,053	\$ 32,569
Tax: Other		
Pop. With High Incidence of Sexually Transmitted Diseases Exemption	\$ 2,515	\$ 2,356
Dept. Funded HIV Counseling/Testing Site and HIV Seroprevalence Exemption	314	330
X-POW Vehicle Registration Exemption	73	60
Veterans Jobs Credit	16	33
Illinois Adoption Registry and Medical Information Exchange	0	1
Total	\$ 2,918	\$ 2,780
Total, Individual Expenditures - Other	\$ 23,971	\$ 35,349

TAX EXPENDITURES BY PURPOSE (IN THOUSANDS)

Charitable Expenditures		
	Fiscal Year 2009 Annual Impact	Fiscal Year 2010 Annual Impact
Tax: Sales Tax		
Sales to Exempt Organizations ²	\$ 417,000	\$ 405,000
Total	\$ 417,000	\$ 405,000
Tax: Corporate Income Tax		
Affordable Housing Donations	\$ 12,451	\$ 8,938
Employee Child Care Tax Credit	518	27
Total	\$ 12,969	\$ 8,965
Tax: Other		
Government, Charitable, Educational, Religious Entities Exemption	\$ 2,887	\$ 2,900
Charitable Organization Vehicle Exemption	172	2,581
Exempt Organization Rentals	1,396	1,400
Affordable Housing Donations Tax Credit	1,181	330
Low Income Family Waiver	283	232
Other	126	140
Total	\$ 6,045	\$ 7,583
Total, Charitable Expenditures	\$ 436,014	\$ 421,548
Other Expenditures		
	Fiscal Year 2009 Annual Impact	Fiscal Year 2010 Annual Impact
Tax: Sales Tax		
Traded-In Property Exemption	\$ 263,000	\$ 109,000
Sales of Motor Vehicles to Non-Residents Exemption	43,000	36,000
Legal Tender, Medallions, and Bullion Exemption	1,600	2,000
Property Acquired by Non-Resident before Relocating in Illinois Exemption	4,700	900
Total	\$ 312,300	\$ 147,900
Tax: Hospital Provider Assessment		
Hospital Provider Exemption	\$ 173,274	\$ 173,274
Total	\$ 173,274	\$ 173,274
Tax: Individual Income Tax		
Other Subtractions*	\$ 44,274	\$ 130,026
Total	\$ 44,274	\$ 130,026
Tax: Other		
Other	\$ 82,994	\$ 89,881
Total	\$ 82,994	\$ 89,881
Total, Other Expenditures	\$ 612,842	\$ 541,081

² The Department of Revenue estimates that of the \$405 million in sales to exempt organizations, governments account for 80% with qualifying non-profits such as charities, religious organizations, and private schools accounting for the remainder.

TECHNICAL APPENDIX

Tax Expenditures Included in This Report

The Comptroller's Office has decided to limit required agency reporting to those tax expenditures that are:

- 1) state levied taxes accruing to the state (this excludes tax expenditures related to locally levied taxes that are collected by the state and tax expenditures for state levied taxes like the personal property replacement taxes and local share of the state sales taxes that are automatically distributed to local governments);
- 2) authorized directly by state law (tax expenditures arising from the adoption of federal income tax provisions as the starting point for state income tax computations need not be reported); and
- 3) in excess of \$1 million in fiscal year 2010 (however some agencies did report smaller tax expenditures and the receipting agencies were asked to list any tax expenditures for which detailed cost estimates were not provided either because the tax expenditures were less than \$1 million or were not calculable).

Limitations on Using Tax Expenditure Data

Unlike much of the other data released by the Comptroller's Office, the costs of many of the reported tax expenditures are estimates whose accuracy may be affected by the limitations of the data used to construct each estimate. Measurement of a tax expenditure may require assumptions about the tax base that are subjective and might differ if made by another analyst.

The revenue gained from eliminating a tax expenditure can vary from the figures presented in this report as elimination of a tax expenditure may lead taxpayers to change their behavior. For example, the cost savings from a sales tax exemption might be the attraction that causes some shoppers to purchase an item. If the exemption were eliminated, these shoppers might forego purchase of the item, leaving the state with smaller new revenues than would be computed by adding the revenue losses from purchases with the exemption in place. Further, adding the impacts of the various tax expenditures may overstate the total cost of the tax expenditures, as some transactions may be exempt under multiple tax expenditures.

Transactions that are not taxed because they fall outside of the Illinois tax base are not tax expenditures. For example, the Illinois sales tax is a tax on the transfer of tangible personal property for final use. In most cases, services are only taxed to the extent tangible personal property is transferred as part of the service agreement. Thus a purchase of auto repair services is only taxed on the parts used in the repairs. Not fully taxing service purchases is not a tax expenditure as services lie outside the state tax base.

State Versus Federal Law

In some cases, federal tax law serves as the basis for starting state tax computations. For example, computation of the Illinois personal income tax begins with adjusted gross income (AGI) as determined on federal tax returns. Thus some federal tax expenditures are implicitly extended to Illinois personal income taxpayers.

For this report, such indirect tax expenditures are not considered to be authorized by state law. The Illinois statutes may set AGI as the starting point for Illinois personal income tax computations, but the actual authorization of the tax expenditure is determined by federal law and can be modified by amendment of the federal law. The portion of the tax expenditure statute asking for the “citation of the legal authority for the tax expenditure, the year it was enacted, and the fiscal year in which it first took effect” is interpreted to apply only to state statutes.

However, the state can require specific federal tax expenditures to be added back to the state tax base. An example is the municipal bond interest deductions which are added back to taxable income when computing the Illinois personal income tax base.

Tax expenditures based on the federal Constitution are also excluded from this report. An example would be items exempt from state taxation due to the Commerce Clause of the federal Constitution.

Overlapping Taxes

In some cases transactions or income are exempted from one state tax because they are subject to another state tax. For example, transactions subject to the state sales tax are exempt from the state use tax. Exemptions included in the statutes to prevent double taxation are not considered tax expenditures for purposes of this report. Similarly, credits for taxes paid to other states prevent double taxation and are not tax expenditures.

For More Detailed Information

Agency *Tax Expenditure Report* submissions are available on the State Comptroller’s website: To access the detailed submissions:

- ✓ Go to the Comptroller’s website: <http://www.ioc.state.il.us/>.

- ✓ Move the mouse pointer over the Departments button on the top of the page, and then click on the Research and Fiscal Info button.

- ✓ Click on the Detailed Tax Expenditure Data button.

- ✓ Use the drop down box to select the agency of interest. Then select the appropriate fiscal year and click on the Select Agency button.

- ✓ Reports can be created for all receipts for the agency or a selected group of receipts. If select receipts is chosen, use the drop down boxes to choose the first and last of the desired group of receipts.

- ✓ Three standardized reports can be created. The Tax Expenditure Detail report contains the detailed agency submissions. The Tax Expenditure by Fund report provides cost estimates by fund and the Total Tax Expenditure Cost report lists total cost estimates.

- ✓ The above reports can be printed as HTML files.

If you have any additional questions about the *Tax Expenditure Report*, please contact Loren Iglarsh at 217/782-7921. ■