

STATE OF ILLINOIS

Tax Expenditure Report

FALL 1997



State of Illinois

COMPTROLLER

Loleta Didrickson



To the People of Illinois:

This Tax Expenditure Report for fiscal year 1997 will be slightly different from years past. While the report will provide financial estimates of tax expenditures, it will also go one step further and provide "an assessment of the impact of tax expenditures," which is part of the law requiring the Comptroller to issue the annual Tax Expenditure Report.

As promised last year, the fiscal year 1997 Tax Expenditure report contains an analysis of a few selected tax expenditures with the intent to help answer questions concerning the impact of certain tax expenditures currently available in Illinois. We engaged the Institute of Government and Public Affairs at the University of Illinois at Champaign-Urbana to perform the analysis, the tax expenditures they selected for the study include: the \$1,000 personal exemption; the subtraction of federally taxed retirement and social security income; and the partial credit for residential property taxes on owner-occupied homes. The analysis was performed using their tax impact model, the findings are included in the special section of this report.

In all, Illinois issued \$3.9 billion in tax expenditures for fiscal year 1997, compared to \$3.7 billion in fiscal year 1996. The majority of the tax expenditures, 93%, were connected with sales and income taxes with the largest beneficiaries being individuals (\$1.9 billion), businesses (\$972 million), charities (\$515 million) and other (\$498 million).

The number of tax expenditures increased by one, with state agencies identifying 176 tax expenditures for fiscal year 1997. The largest tax expenditure was the food, drug and medical appliance rate reduction, which represented 22% of the total reported impact.

As always, copies of this and all other official Comptroller reports are available on the Comptroller's website located at: <http://www.comptroller.state.il.us>.

Sincerely,

A handwritten signature in black ink that reads "Loleta Didrickson". The signature is written in a cursive, flowing style.

Loleta Didrickson

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A SPECIAL STUDY ON THE INCIDENCE OF SELECTED TAX EXPENDITURES

Agency submissions for the Tax Expenditure Report provide estimates of the fiscal impact of the tax expenditures created within the Illinois Compiled Statutes. The State Comptroller Act states that tax expenditure reports shall also include “an assessment of the impact of the tax expenditure on the incidence of the tax in terms of the relative shares of revenue received under the provisions of the tax expenditure and the revenue that would have been received had the tax expenditure not been in effect” (15 ILCS 405/16). To comply with this requirement, the Comptroller’s Office has worked with the Institute of Government and Public Affairs at the University of Illinois to assess the impact of major tax expenditures.

The Institute’s tax impact model was used to apportion the benefits of each of the tax expenditures studied by income group. In addition, this special study includes estimates of the revenue neutral reduction in existing rates that could occur if the tax expenditures were eliminated.

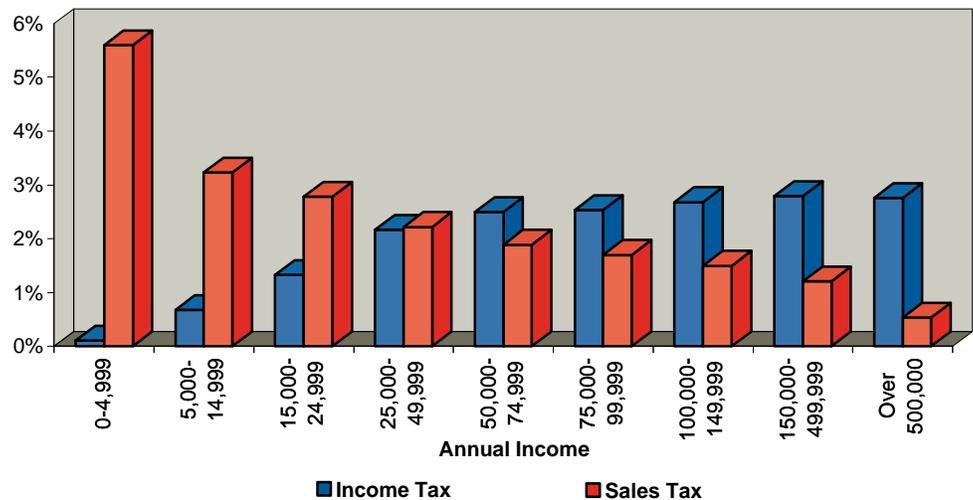
The tax expenditures analyzed include three reductions from individual income tax liability: the \$1,000 personal exemption; the subtraction of federally taxed retirement and social security income; and the partial credit for residential property taxes on owner-occupied homes. These studies follow an assessment of the impact of the food and drug exemption from the state sales tax that was published in the April 1997 edition of Fiscal Focus. (Please contact the Office of the Comptroller, Research and Fiscal Information Department for a copy of this report.) In addition, special studies are includ-

ed of the hypothetical impact of expanding the services subject to the state sales tax. One broad range variant includes entertainment and personal services; while, the narrow variant studies the impact of a sales tax on dry cleaning, auto repair, and home maintenance repair services.

► Effective Sales and Individual Income Tax Rates

The tax impact model uses Census data for Illinois plus data from other sources to develop a profile of Illinoisans by income group and spending habits. The model’s analysis of Illinois’ individual income and sales tax shows that the sales tax is a regressive tax (tax payments as a percentage of income decline as income increases); while, the individual income tax is slightly progressive.

Effective Tax Rates



Effective Tax Rate is average tax payment divided by average income for the income group.

Even though the state sales tax rate is 5%, the lowest income class pays almost 5.6% of their income in sales taxes as members of this income class need to use savings to provide funds for the purchase of necessities. The effective sales tax rate falls for higher level income groups as the portion of income devoted to consumption declines as income increas-

A SPECIAL STUDY ON THE INCIDENCE OF SELECTED TAX EXPENDITURES

es. In contrast the marginal individual income tax rate increases with rising income as the portion of the income that can be shielded by deductions, credits, and exemptions decreases.

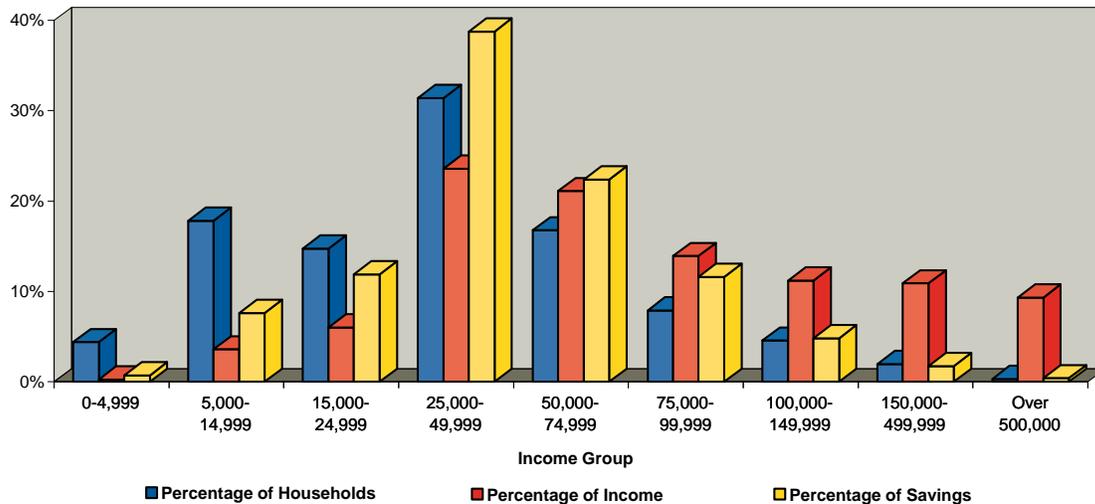
► *The Incidence of the Standard Exemption*

Each resident income tax filer is entitled to a \$1,000 exemption for the filer, spouse, and each dependent. The estimated impact of this exemption for fiscal year 1997 is \$317 million. The standard exemption is the most progressive exemption. Households with incomes below \$25,000 earn 9.9% of Illinois' income and

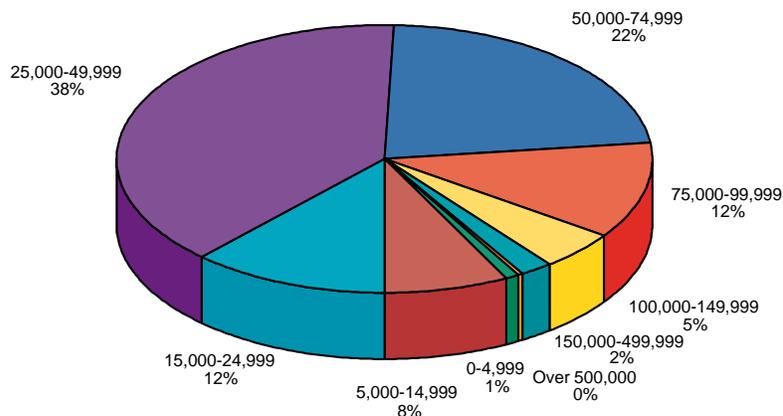
receive 20.2% of the benefits from the exemption. In contrast, households with incomes in excess of \$100,000 earn 31.4% of Illinois' income and receive 7.0% of the benefits from the exemption. Without this exemption, the individual income tax rate could be reduced from 3.0% to 2.86% with no loss in revenues.

The largest portion of the benefits from the exemption is earned by the middle income families that also receive the largest share of Illinois income. Households with incomes between \$25,000 and \$99,999 earn 58.6% of Illinois income and receive 72.8% of the benefits from the exemption.

**Standard Exemption,
Households, Income, and Impact by Income Group**



Savings from Standard Exemption



A SPECIAL STUDY ON THE INCIDENCE OF SELECTED TAX EXPENDITURES

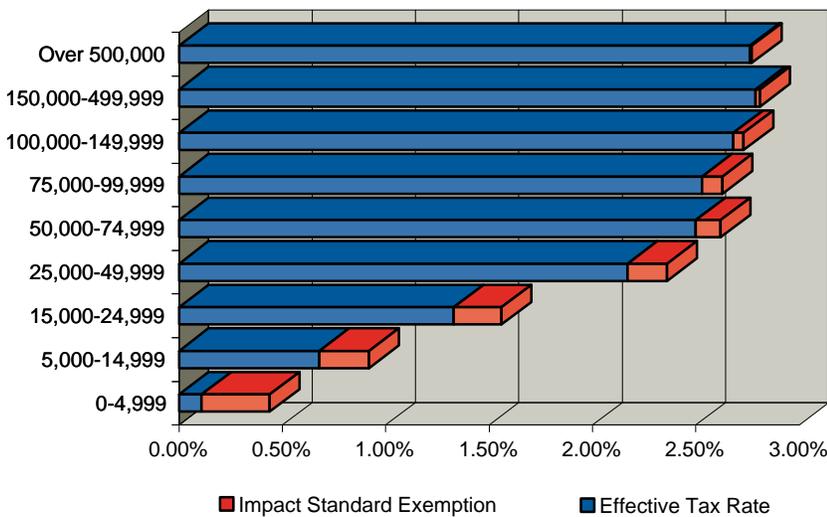
The exemption has a major impact on the effective income tax rate for low income families. Without the standard exemption, the effective tax rate for households with incomes below \$5,000 would increase from .11% of income to .44% of income and the effective tax rate for households with incomes between \$5,000 and \$14,999 would increase from .68% to .92%.

In contrast, the impact of the exemption is minimal on high income households. Without the exemption, the effective individual income tax rate for households with incomes over \$500,000 would only increase from 2.76% of income to 2.77% of income.

Illinois taxpayers can subtract retirement income subject to federal taxation from the state individual income tax base. The estimated impact of this subtraction for fiscal year 1997 is \$450 million. Without this subtraction, the individual income tax rate could be reduced from 3.0% to 2.81% with no loss in revenues.

Lower middle income Illinoisans receive a large share of the benefits of the retirement income subtraction. This reflects the greater dependence of lower middle income retired Illinoisans on pensions and social security income. Higher income retirees normally have greater invested assets to also rely on during retirement.

Impact of Standard Exemption on Effective Income Tax Rate

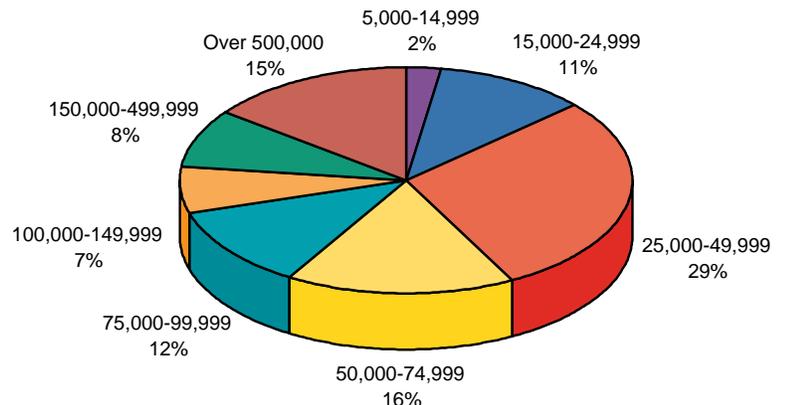


Illinois households with incomes between \$15,000 and \$49,999 earn 29.6% of Illinois income and received 39.7% of the benefits from this subtraction. In contrast, Illinois households with incomes in excess of \$50,000 earn two-thirds (66.4%) of Illinois income and received 57.8% of the benefits from the subtraction.

► *The Incidence of the Retirement Income Subtraction*

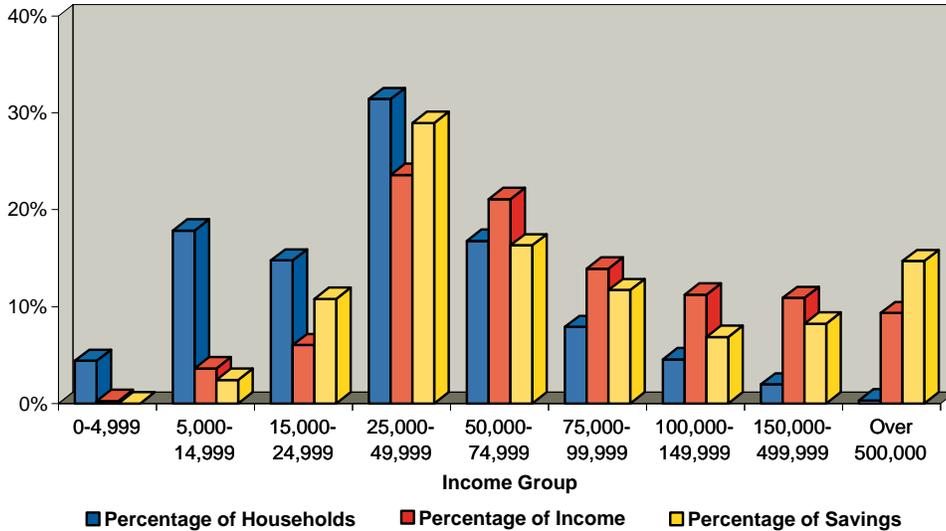
The portion of pension benefits that represents previously taxed employee contributions is exempt from federal taxation. The remainder is subject to taxation. In addition, a portion of social security income is subject to federal taxation depending on the age and total income of the recipient.

Savings from Retirement Subtraction



A SPECIAL STUDY ON THE INCIDENCE OF SELECTED TAX EXPENDITURES

Retirement Subtraction, Households, Income, and Impact by Income Group



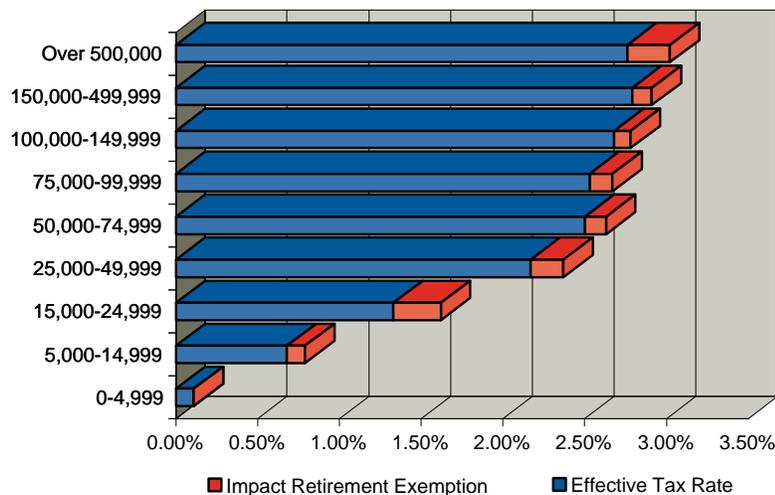
The Incidence of the Property Tax Credit

Illinois taxpayers receive a 5% credit for residential property taxes paid on owner occupied homes. No credit is available for renters. The estimated impact of this credit for fiscal year 1997 is \$253 million. Without this credit, the individual income tax rate could be reduced from 3.0% to 2.89% with no loss in revenues.

The subtraction has the greatest impact on the effective tax rate for middle income households. Without the subtraction, the effective tax rate would increase by at least .2% for households with incomes between \$15,000 and \$49,999 with the effective rate increasing from 1.33% to 1.62% for households with incomes between \$15,000 and \$24,999 and from 2.17% to 2.37% for households with incomes between \$25,000 and \$49,999. In contrast, the effective tax rate would be increased by less than .15% for households in each of the higher income groups.

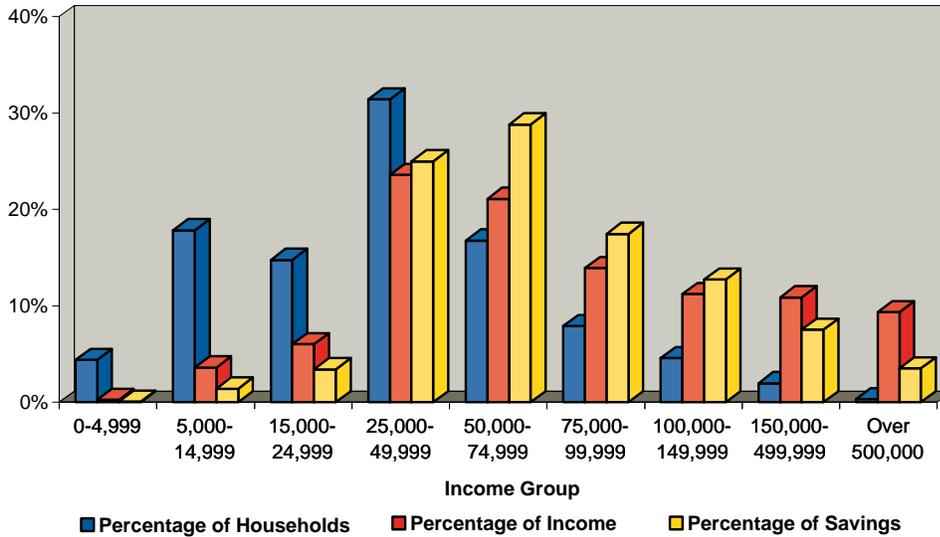
The primary beneficiaries of this credit are middle income Illinoisans. Households with incomes between \$25,000 and \$149,999 earn 69.8% of Illinois income and receive 84.0% of the benefits from the credit. Illinois households with incomes in excess of \$150,000 earn 20.2% of Illinois income and receive 11.0% of the benefits from the credit; while, households with incomes less than \$25,000 earn 9.9% of Illinois income and receive 4.9% of the benefits from the credit.

Impact of Retirement Subtraction on Effective Income Tax Rate



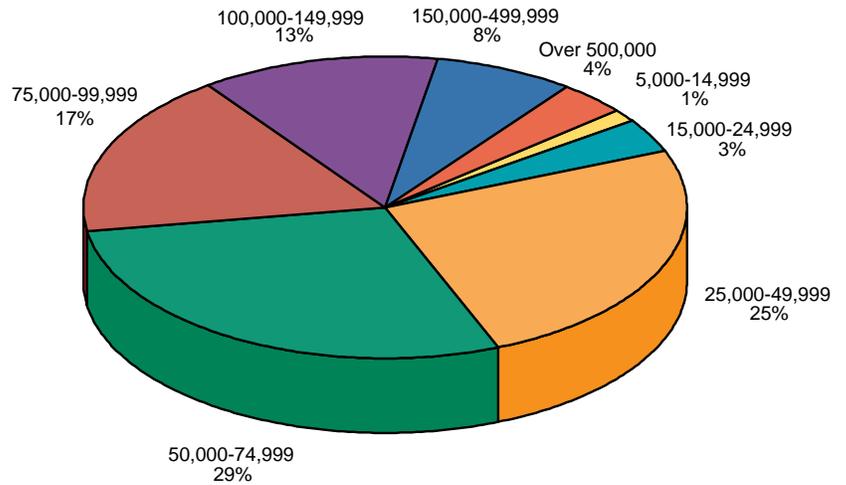
A SPECIAL STUDY ON THE INCIDENCE OF SELECTED TAX EXPENDITURES

Property Tax Credit, Households, Income, and Impact by Income Group

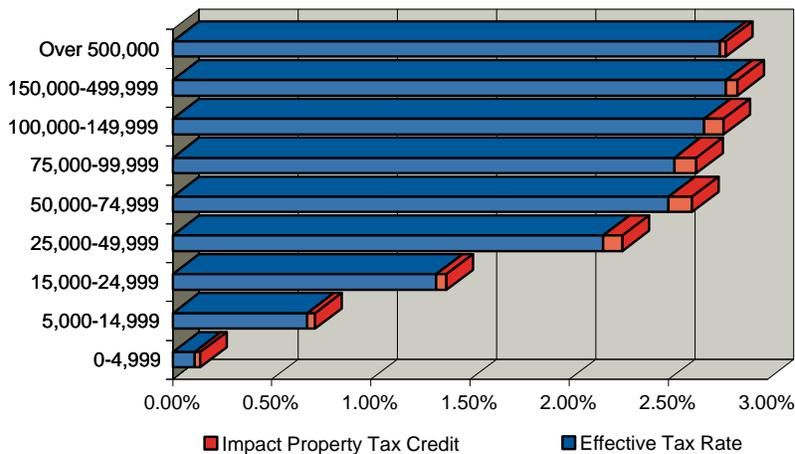


Savings from Property Tax Credit

The credit has the largest impact on the effective tax rate of households with incomes from \$50,000 up to \$99,999. Without the credit, the effective individual income tax rate would increase from 2.50% to 2.62% for households with incomes between \$50,000 to \$74,999 and from 2.53% to 2.64% for households with incomes between \$75,000 and \$99,999.



Impact of Property Tax Credit on Effective Income Tax Rate



A SPECIAL STUDY ON THE INCIDENCE OF SELECTED TAX EXPENDITURES

► *What if Services Were Included in the Illinois Sales Tax Base?*

Illinois trails most other states in applying its sales tax to the purchase of services. According to the most recent Federation of Tax Administrators survey of Sales Taxation of Services, Illinois taxed 17 services out of a possible 164. It should be noted that purchasers of services in Illinois have to pay the use tax on tangible property included with the service purchase. An example is the use tax paid on parts used in the repair of autos.

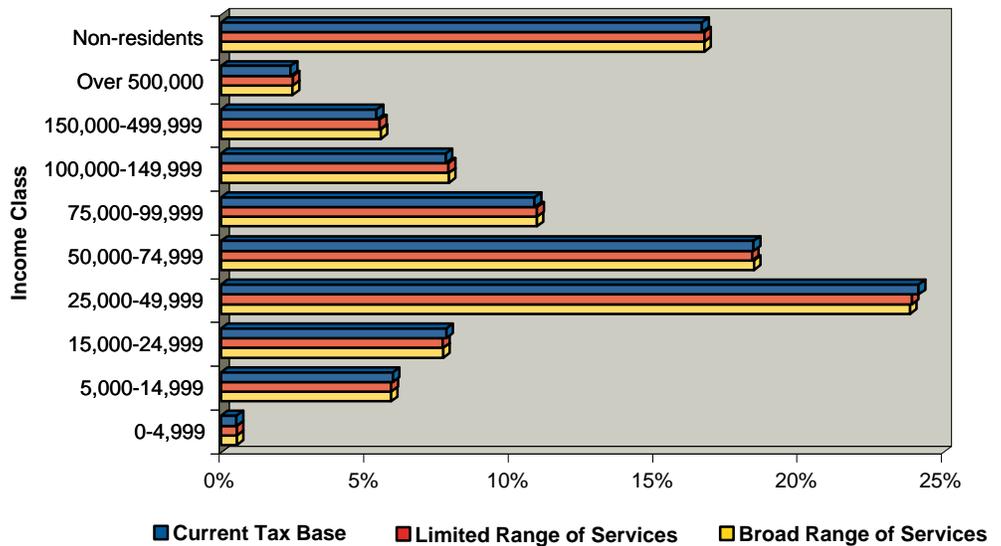
Of the states with sales taxes, only California(13), Colorado (14) and Nevada (11) taxed fewer services. The taxation of services has become an important issue in state tax policy as an increasing share of consumer purchases is services rather than tangible objects.

Expanding the sales tax base to include dry cleaning, auto repair, and home maintenance repair services would have a \$358 million revenue impact and allow a reduction in the state sales tax rate from 5% to 4.68% with no loss in revenues. Expanding the sales tax base to include a broad range of services including entertainment and personal services, but not services purchased by businesses, would have a \$720 million revenue impact and allow a reduction in the

state sales tax rate from 5% to 4.40% with no loss in revenues.

Expanding the range of services subject to the Illinois sales tax would cause a slight shift in the burden of the Illinois sales tax from lower income households to higher income households. Currently, households with incomes less than \$50,000 make 38.4% of state sales tax payments. Expanding the state sales tax base to services would reduce the portion of sales taxes paid by these families to 38.1% under the limited range of services scenario and to 38.0% under the broad range of services scenario. With a revenue neutral increase in the sales tax base to a narrow range of services, the tax burden for households in these income groups would decline \$21 million; while the tax burden would fall \$25 million with an increase to a broad range of services.

**The Incidence of Applying the Sales Tax to Services
Tax Burden by Income Group**

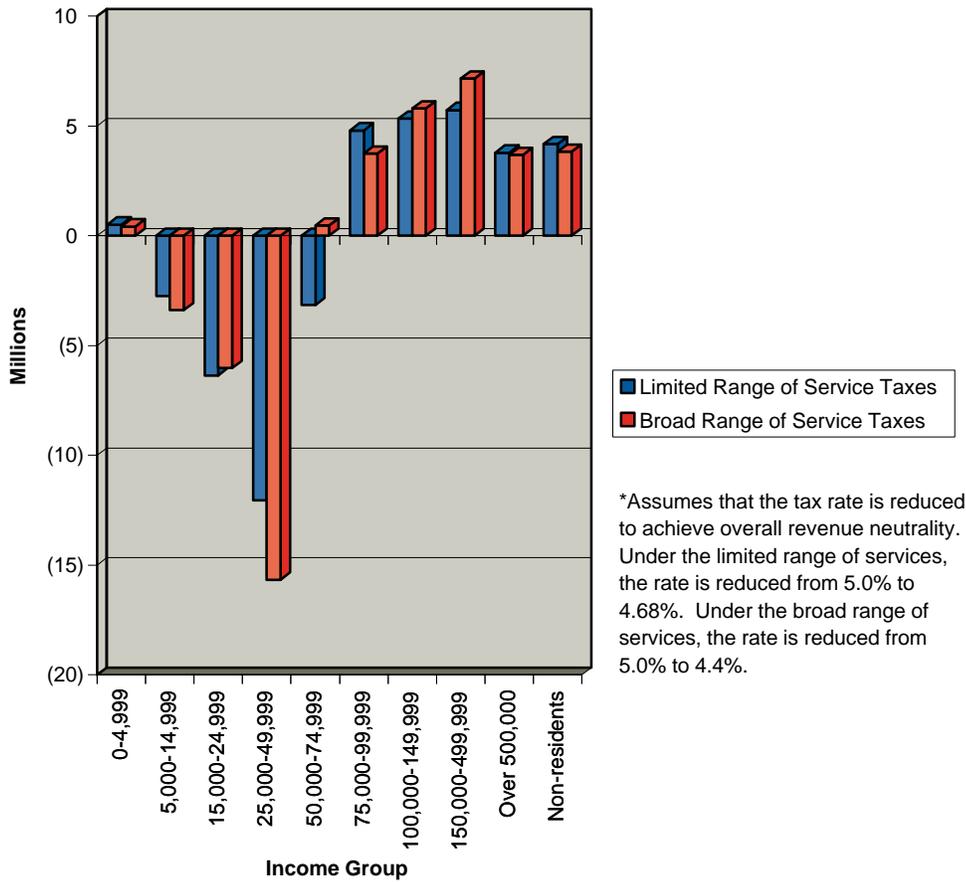


A SPECIAL STUDY ON THE INCIDENCE OF SELECTED TAX EXPENDITURES

In contrast, the portion of sales tax payments made by households with incomes in excess of \$75,000 would increase from 26.5% to 26.9% under the limited range of services scenario and to 26.8% under the broad range of services scenario. With a revenue neutral expansion of the

sales tax base to include a limited number of services, the tax payments of these households would increase by \$20 million. The tax payments of these households would also increase \$20 million if the sales tax were expanded to cover a broad range of services.

Changes in Sales Tax Liability From an Expansion of the Sales Tax to Include a Limited and a Broad Range of Services*



WHAT IS A TAX EXPENDITURE?

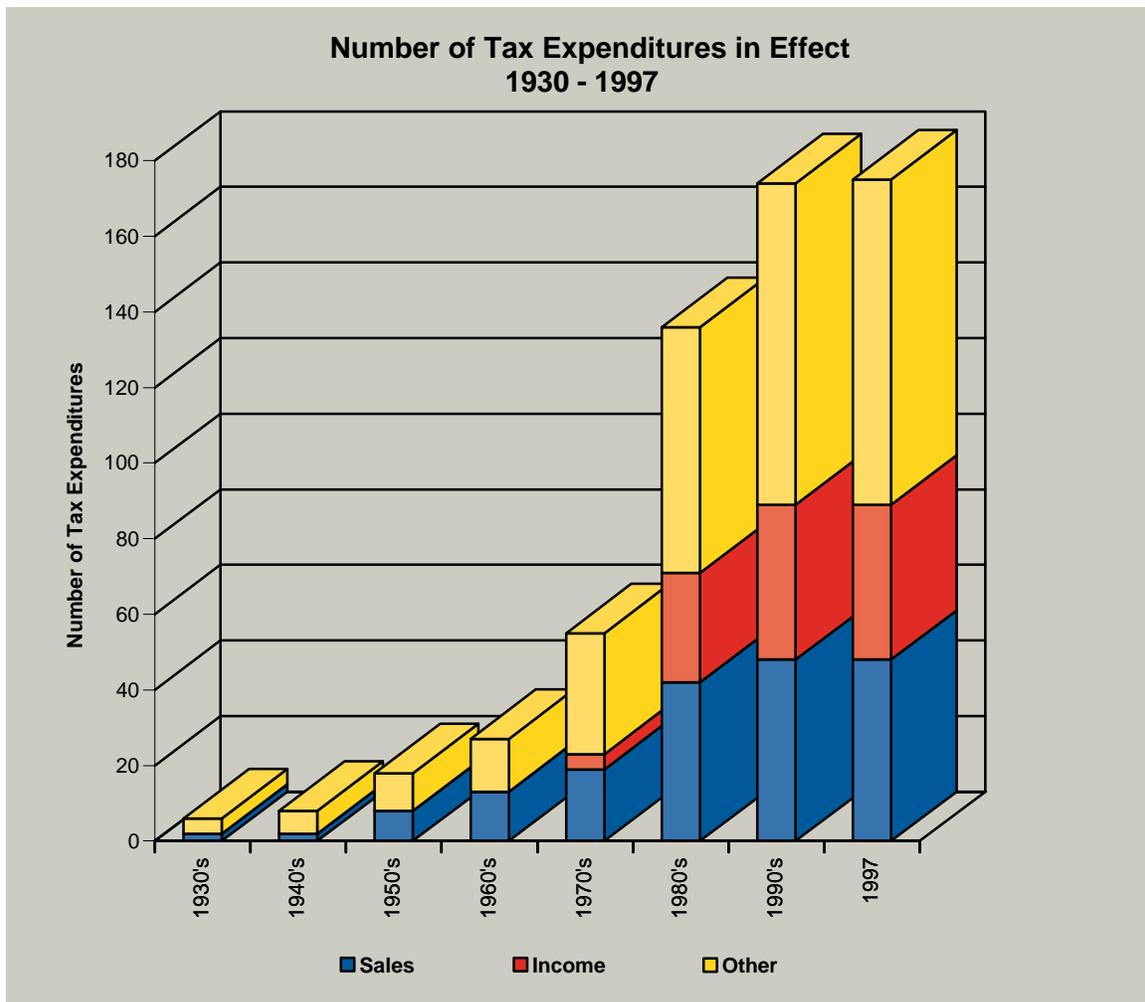
A tax expenditure is any exemption, exclusion, deduction, allowance, credit, preferential tax rate, abatement, or other device that reduces the amount of tax revenue that would otherwise accrue to the State. Tax expenditures are used to provide a means of benefiting “selected” groups or providing an 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

\$3.9 billion in fiscal 1997, with the major portion derived from income and sales tax expenditures.

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, 81 tax expenditures were enacted. Of these, at least 34 were related to economic development efforts.

For fiscal 1997, agencies identified 176 tax expenditures, 138 were associated with taxes and 38 with licenses or fees.

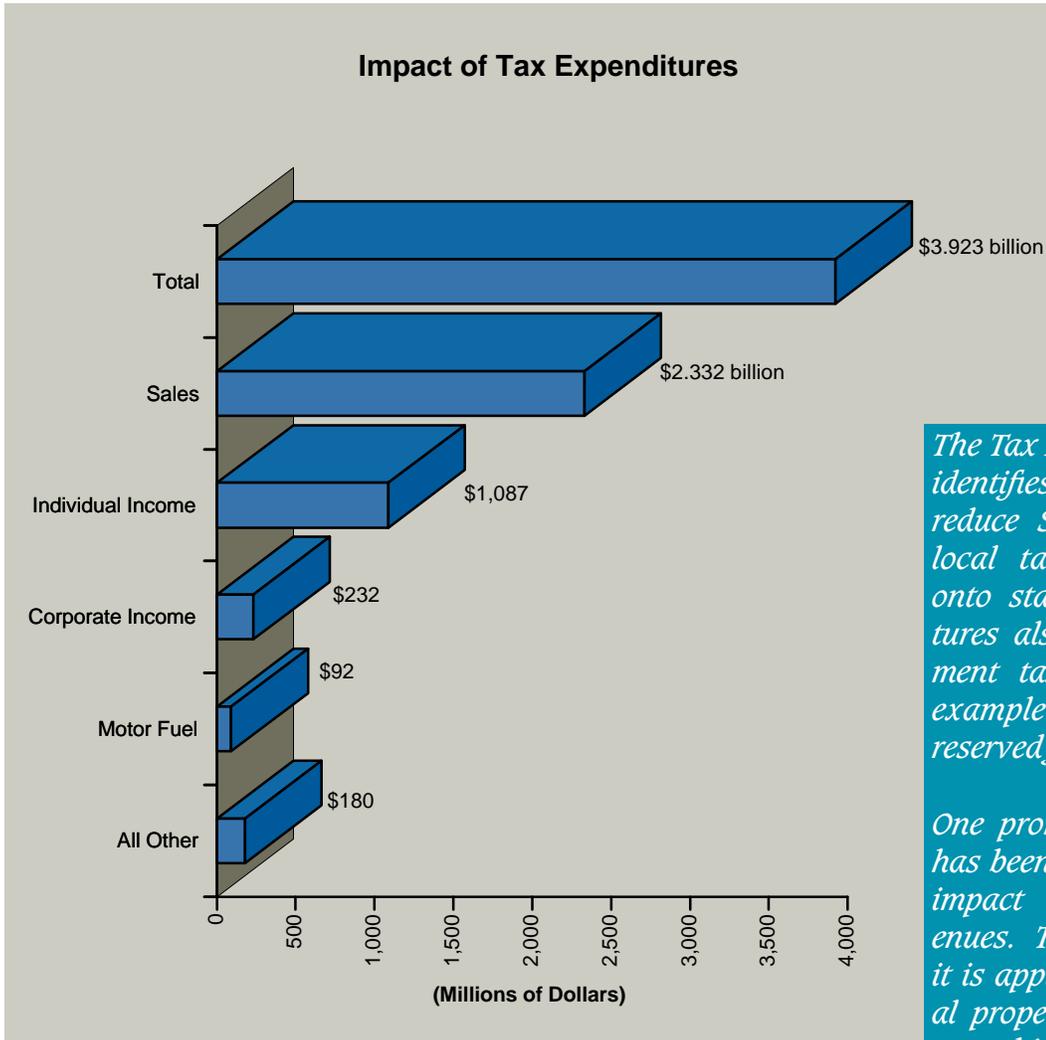


THE IMPACT OF TAX EXPENDITURES IN FISCAL YEAR 1997

The \$3.923 billion impact of tax expenditures in fiscal 1997 consisted almost entirely of sales and income tax expenditures. These expendi-

tures totaled \$3.651 billion or 93% of the total reported impact.

All other tax expenditures had a reported impact of \$272 million or 7% of the total.



The Tax Expenditure Report only identifies tax expenditures that reduce State revenues. When local taxes are piggy-backed onto state taxes, tax expenditures also reduce local government tax revenues. A prime example is sales tax monies reserved for 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 distributed to local governments. This tax expenditure includes a base 0.5% credit for buying equipment used in retailing, manufacturing, and mining. An additional 0.5% credit is allowed if the company's Illinois employment has increased by 1%. The cost to local governments for this tax expenditure for the 1995 tax year was \$49.0 million.

THE TEN LARGEST TAX EXPENDITURES FISCAL YEAR 1997

Amount	Expenditure	Applied Against
\$864	Food, Drugs, Medical Appliances	Sales Tax
512	Sales to Exempt Organizations	Sales Tax
450	Retirement and Social Security Deductions	Individual Income Tax
317	Standard Deduction	Individual Income Tax
300	Exemption for Trade-Ins	Sales Tax
253	Property Tax Credit	Individual Income Tax
153	Net Operating Loss Deduction	Corporate Income Tax
151	Farm Chemical Exemption	Sales Tax
117	Manufacturing Machinery Exemption	Sales Tax
86	Retailers' Discount	Sales Tax
<u>\$3.203 Billion</u>	Total Impact of Largest Ten Expenditures	
<u>\$3.923 Billion</u>	Total Impact of All Tax Expenditures	
82%	Percent of Total Impact	

Six of the ten largest tax expenditures were from the sales tax, with three from the individual income tax and one from the corporate tax. The food, drug, and medical appliance rate

reduction was the largest single tax expenditure and represented 22% of the total reported impact. The impact of the ten largest tax expenditures totaled \$3.2 billion or 82% of the total impact of all tax expenditures.

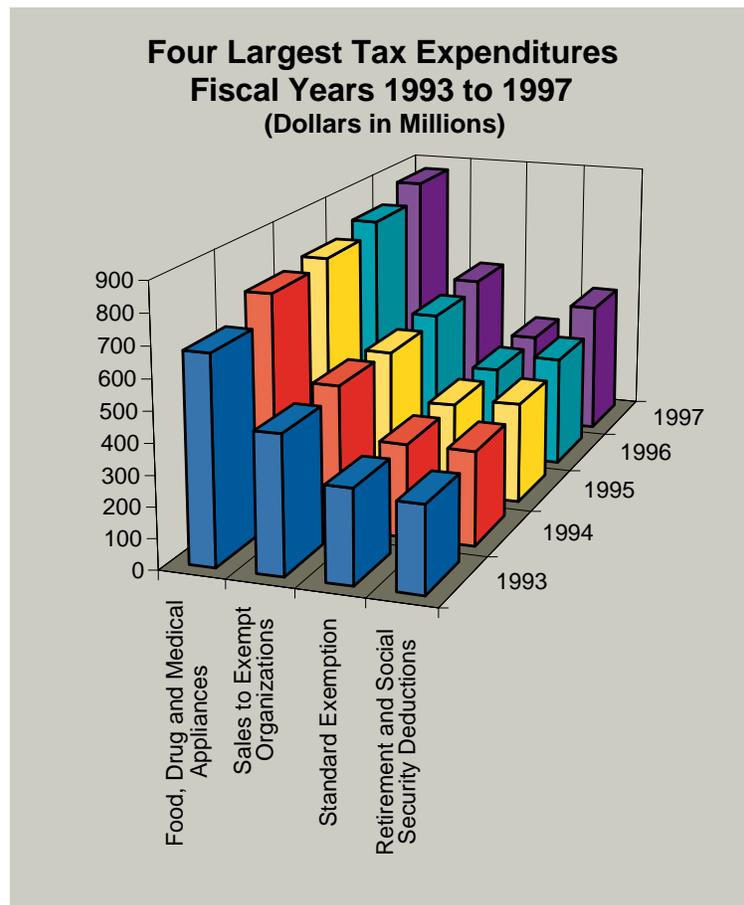
FOUR LARGEST TAX EXPENDITURES FISCAL YEARS 1993 TO 1997

Reported tax expenditures of \$3.9 billion for fiscal year 1997 were \$861 million or 28.1% greater than the \$3.1 billion reported for fiscal year 1993, the first year the Tax Expenditure Report was issued. The change in the value of reported tax expenditures reflects improved reporting, new expenditures, as well as the impact of inflation and economic growth. Of particular interest are the trends in growth for the four largest expenditures which have accounted for over half of the total reported.

Retirement subtractions from the Illinois individual income tax apply to all retirement income including disability, social security, and railroad retirement income that is subject to the federal income tax. The estimated cost of this tax expenditure increased \$166 million or 58.5% from \$284 million in fiscal year 1993 to \$450 million for 1997. The growth in this expenditure 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. A recently pub-

lished fifty year population forecast by the U.S. Bureau of Economic Analysis estimates that there will be 3.2 million senior citizens in Illinois in 2045, almost 2.3 times the number of seniors (1.4 million) in 1990. Over that same period, the total Illinois population is projected to increase 41.0%. The result should be a continued rapid increase in the cost of the retirement income tax expenditure.



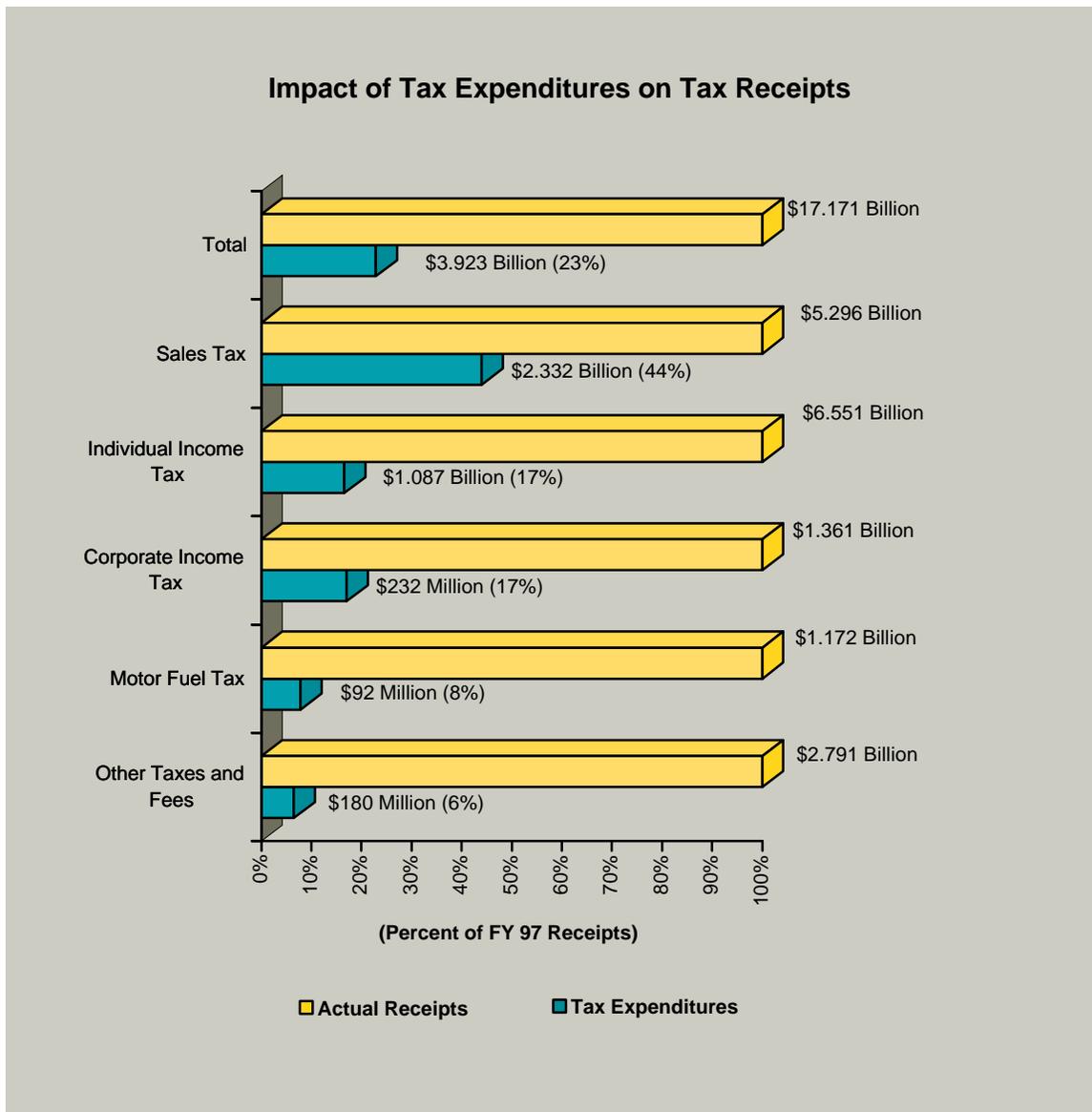
In contrast, the \$1,000 standard deduction from the state individual income tax has increased only \$11 million or 3.6% from \$306 million to \$317 million. Since the cost of this tax expenditure is a flat \$30 per taxpayer and dependent, its growth will approximate the modest growth of the Illinois population.

The largest tax expenditure, the reduced sales tax rate for food, drugs, and medical appliances, increased \$189 million or 28.0% from \$675 million to \$864 million reflecting inflation and increased consumer purchases of exempted items. The other major tax expenditure from the sales tax, the exemption for sales to exempt organizations such as local governments and charities, increased \$62 million or 13.8%.

A \$3.9 BILLION IMPACT (23%) ON REPORTED TAX RECEIPTS IN FISCAL YEAR 1997

The \$3.9 billion in tax expenditures were applied against revenue sources that brought in a reported \$17.2 billion in fiscal 1997. This amounts to 23% 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 \$180 million, or 6% of other receipts of \$2.8 billion. Within these sources, there were several for which tax expenditures had a substantial impact. These include - insurance privilege tax (\$58 million impact, receipts of \$134 million); fishing licenses (\$5 million impact, total receipts of \$8 million); and the public utility tax on electricity (\$31 million in tax expenditures, total receipts of \$312 million).

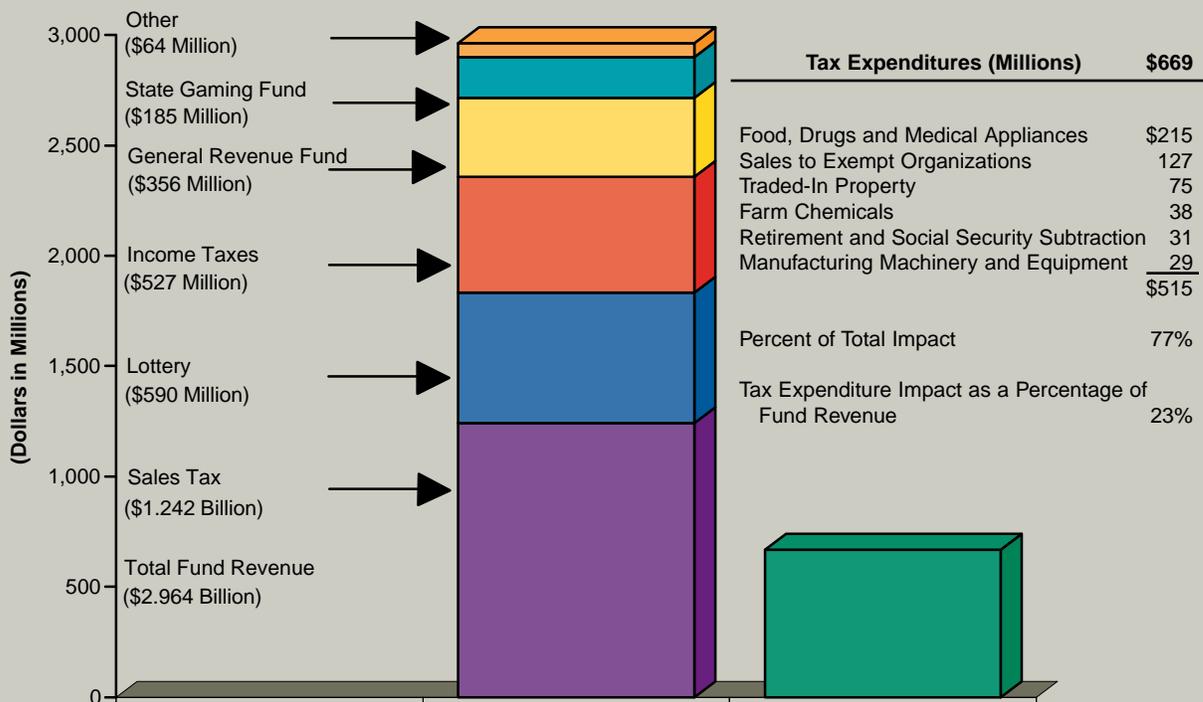


\$669 MILLION IMPACT ON EDUCATION FUNDS IN FISCAL YEAR 1997

Tax expenditures of \$669 million from monies that would have been deposited into the Education Funds were the equivalent of 23% 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 1997, the Education Funds received \$2.6 billion from dedicated sources — \$1.2 billion from the sales tax, \$590 million in lottery transfers, \$527 million from income taxes, \$185 million from the State Gaming Fund, and \$64 million from other sources plus \$356 million in General Revenue Fund transfers.

Education Funds Receipts and Tax Expenditures*



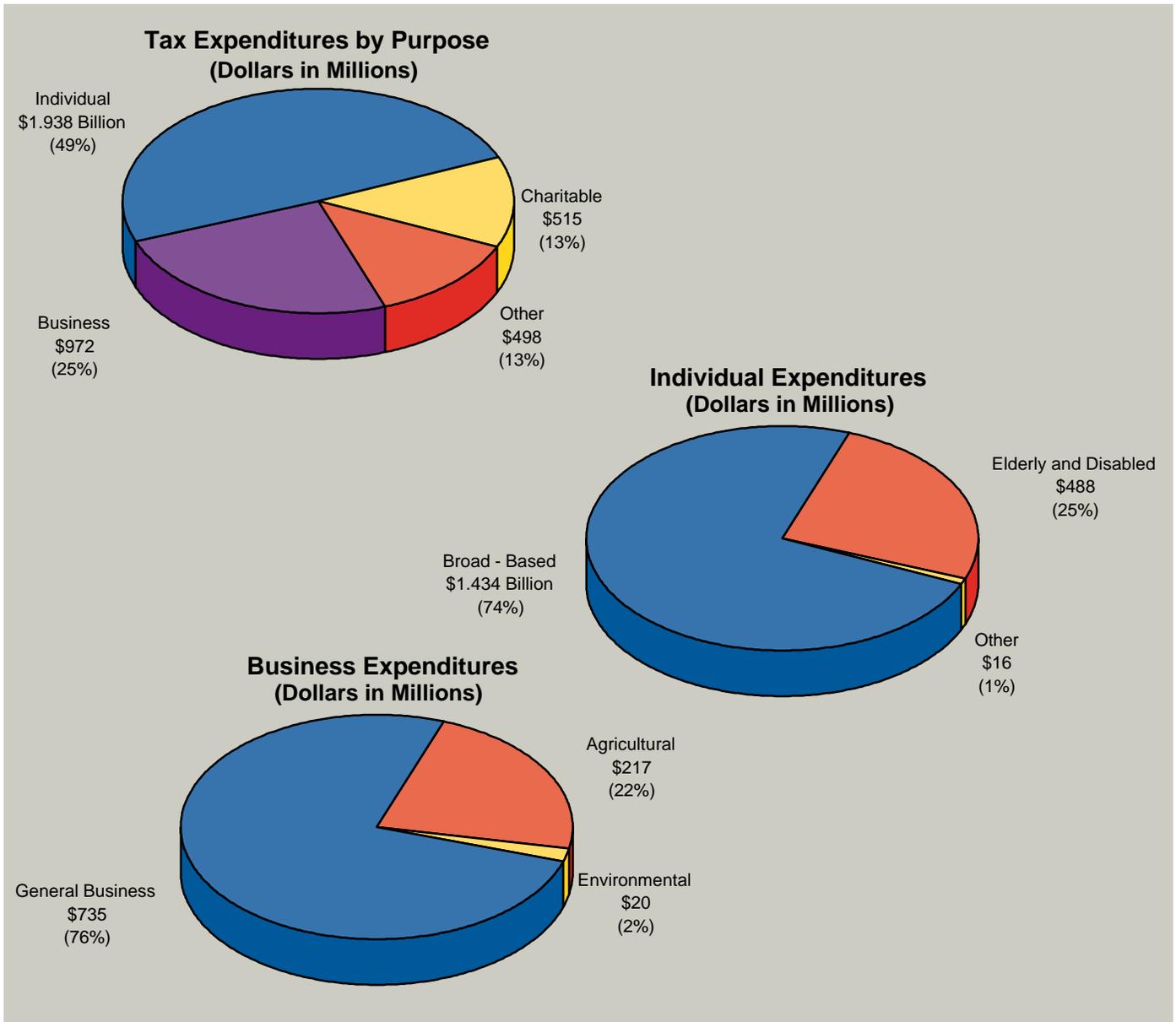
* Includes Common School, General Revenue - Common School Special Account and Education Assistance Funds

WHO RECEIVED TAX EXPENDITURES IN FISCAL YEAR 1997

Tax expenditures for individuals totalled \$1.9 billion while business received \$972 million, charities \$515 million and other \$498 million.

Individuals received \$1.4 billion in broad-based tax expenditures, the two largest being the food and drug rate reduction and the standard exemption from the individual income tax. Expenditures for the elderly and disabled totalled \$488 million, including \$450 million for federally taxed retirement and social security subtractions.

The impact of general business expenditures was \$735 million, while agricultural expenditures were \$217 million and environmental expenditures totalled \$20 million. The manufacturing machinery exemption, net operating loss deduction, and retailers sales tax discount were the largest general business expenditures. Sales to exempt organizations were \$512 million of the \$515 million worth of expenditures for charities (99.4%). The largest of the \$498 million in other expenditures was the \$300 million impact of the traded-in property exemption.



COMPARISON OF TAX EXPENDITURES FOR SELECTED STATES

	Tax Expenditures						
	Food	Non-Prescription Drugs	Social Security	Private Pensions	Manufacturing Machinery	R & D Credit	Enterprise Zones
Illinois	P	P	Y	Y	Y	Y	Y
California	Y	N	Y	N	P	Y	Y
Florida	Y	Y	X	X	P	N	Y
Indiana	Y	N	Y	N	Y	Y	Y
Iowa	Y	N	N	N	Y	Y	Y
Kentucky	Y	N	Y	N	Y	N	Y
Michigan	Y	N	Y	P	Y	N	Y
Missouri	N	N	N	N	P	Y	Y
New York	Y	Y	Y	P	Y	Y	Y
Ohio	Y	N	Y	N	Y	N	Y
Pennsylvania	Y	Y	Y	Y	Y	N	Y
Texas	Y	N	X	X	Y	X	Y
Wisconsin	Y	N	N	N	Y	Y	Y

Y	Exemption Applies
N	Not Exempt
P	Partial Exemption
X	No Tax

Source: Commerce Clearing House, State Tax Guide; Advisory Commission on Intergovernmental Relations, Significant Features of Fiscal Federalism; American Association of Enterprise Zones.

The food exemption from the sales tax is quite popular, applying in all neighboring states and large states examined in the table other than Missouri. The exemption of non-prescription drugs from the sales tax is less widely available, applying in Florida, New York, and Pennsylvania as well as Illinois.

Illinois and Pennsylvania were the only states that exempt both social security and private pension income from the individual income tax. Among the other states with individual income taxes, California, Indiana, Kentucky, Michigan, New York, and Ohio, exempt social security; while, Iowa, Missouri, and Wisconsin do not exempt any retirement income.

All States examined exempt manufacturing machinery from the sales tax to some extent. The exemptions are partial for California,

Florida, and Missouri and total for the remaining states. California, Indiana, Iowa, Missouri, New York, and Wisconsin joined Illinois in providing a tax credit for research and development spending.

Illinois is one of 42 states that offer a variety of tax benefits to investors in enterprise zones. With Iowa's enactment of enterprise zone legislation in May 1997, each of the listed states offered enterprise zone benefits.

THE IMPACT OF TAX EXPENDITURES ON REVENUE SHARING

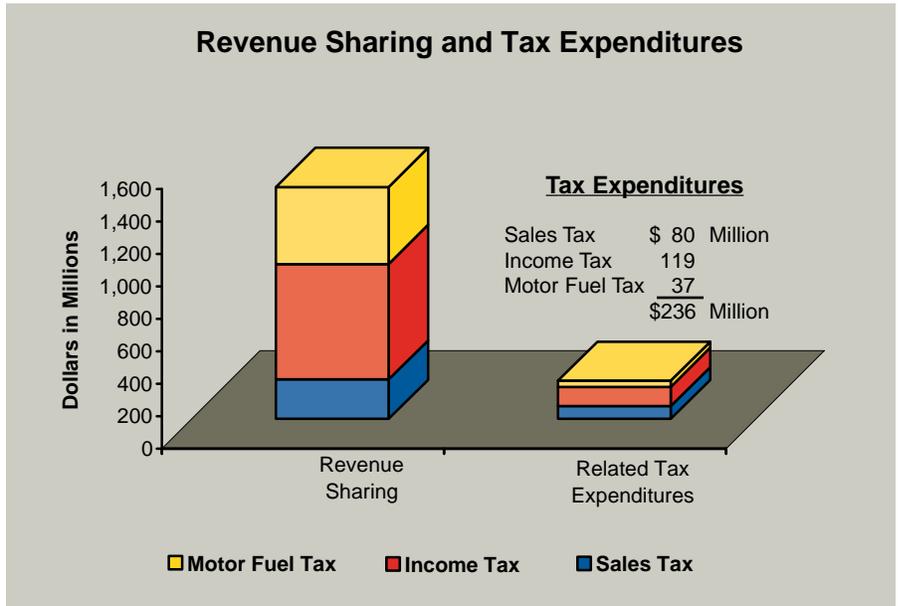
Normally it is difficult to measure the impact of tax expenditures on spending. One case where such a relation can be made occurs when a portion of tax revenues is automatically granted by formula to local governments.

During fiscal 1997, over \$1.4 billion was distributed in income, sales, and motor fuel tax revenue sharing. Tax expenditures had an estimated \$236 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 is currently 1/10 of net revenues. In fiscal 1997, the Local Government Distributive Fund received \$713 million in transfers from the General Revenue Fund related to income tax receipts. Based on a 17% ratio of tax expenditures to combined income tax receipts, distributions were \$119 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 25% of net revenue collected from the local RTA sales tax. The Downstate Public and Metro-East Public Transportation Funds receive a General Revenue Fund transfer based on a percentage of state sales taxes paid in their districts. Finally,

the Illinois Tax Increment Fund receives 0.27% of state sales taxes and the Local Government Distributive Fund receives 0.4%. In fiscal 1997, these programs received \$244 million in direct receipts and General Revenue Fund transfers.



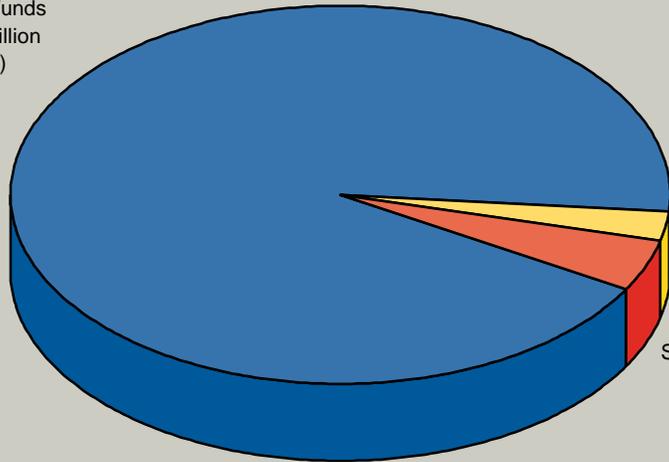
Distributions were \$80 million less than they would have been without tax expenditures.

State motor fuel taxes are used for state purposes and shared with counties, municipalities, townships, and road districts. During fiscal 1997, local government funds received \$476 million in motor fuel tax revenues. Based on 7.9% ratio of tax expenditures to motor fuel tax receipts, distributions were \$37 million less than they would have been without tax expenditures.

APPENDIX A

\$3.9 Billion in Tax Expenditures by Fund Group

General Funds
\$3.651 Billion
(93%)



Highway Funds
\$97 Million
(2%)

Special State Funds
\$175 Million
(5%)

TAX EXPENDITURES BY FUND GROUP AND FUND

(IN THOUSANDS)

Fund Group: General

Fund Name and Code:	FY 96	FY 97
General Revenue Fund	0001 \$ 2,770,368	\$ 2,982,474
General Revenue - Common School Special Account Fund	0005 552,952	580,678
Education Assistance Fund	0007 78,500	87,831
Total Impact, General	\$ 3,401,820	\$ 3,650,983

Fund Group: Highway

Fund Name and Code:	FY 96	FY 97
Motor Fuel Tax - State Fund	0012 \$ 97,812	\$ 92,285
Road Fund	0011 3,723	3,100
State Construction Account Fund	0902 1,730	1,358
Total Impact, Highway	\$ 103,265	\$ 96,743

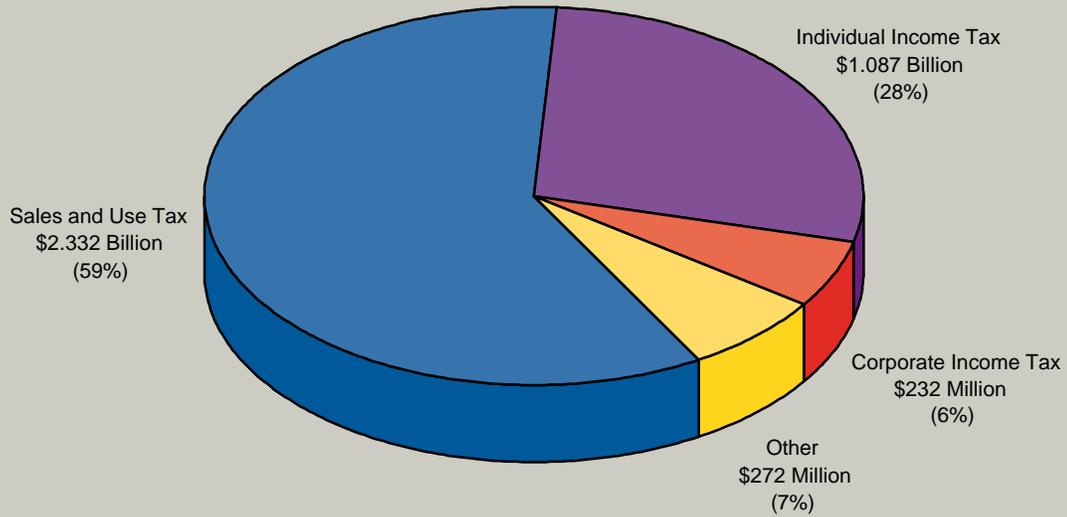
Fund Group: Special State

Fund Name and Code:	FY 96	FY 97
Income Tax Refund Fund	0278 \$ 102,900	\$ 115,587
Hospital Provider Fund	0346 21,455	17,099
Underground Storage Tank Fund	0072 3,192	12,959
Local Government Distributive Fund	0515 8,881	9,328
Long Term Care Provider Fund	0345 6,600	6,487
Wildlife And Fish Fund	0041 6,020	5,025
Build Illinois Fund	0960 4,025	4,599
Lead Poisoning, Screening, Prevention and Abatement Fund	0360 1,464	1,464
Clean Air Act (CAA) Permit Fund	0091 2,000	1,000
Metabolic Screening and Treatment Fund	0920 1,000	1,000
Drivers Education Fund	0031 492	437
Public Utility Fund	0059 433	437
Long Term Care Monitor/Receiver Fund	0285 48	48
Illinois Health Facilities Planning Fund	0238 30	30
Pesticide Control Fund	0576 3	3
Total Impact, Special State	\$ 158,543	\$ 175,503

GRAND TOTAL, IMPACT	\$ 3,663,628	\$ 3,923,229
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APPENDIX B

\$3.9 Billion in Tax Expenditures by Revenue Source



TAX EXPENDITURES BY REVENUE SOURCE

(IN THOUSANDS)

Revenue Source: Sales and Use Tax

Expenditure:	FY 96	FY 97
Food, Drugs, and Medical Appliances Rate Reduction	\$ 808,000	\$ 864,000
Sales to Exempt Organizations	488,000	512,000
Traded-In Property Exemption	300,000	300,000
Farm Chemicals (Includes Feed and Seed) Exemption	144,000	151,000
Manufacturing and Assembling Machinery and Equipment Exemption	111,500	117,000
Retailer's Discount	82,100	85,600
Sales of Motor Vehicles to Non-Residents Exemption	59,500	62,100
Rolling Stock Exemption	55,800	50,000
All Other	171,803	190,555
Total Impact	\$ 2,220,703	\$ 2,332,255

Revenue Source: Individual Income Tax

Expenditure:	FY 96	FY 97
Federally Taxed Retirement and Social Security Subtractions	\$ 370,000	\$ 450,000
Standard Exemption: Taxpayers and Dependents	311,500	317,000
Tax Credit for Residential Real Property Taxes	235,000	253,000
Additional Exemptions: Blind and Elderly	29,800	30,000
Other Subtractions	13,000	18,000
Military Pay Subtraction	17,000	16,000
Income Tax Credits	2,000	2,600
Total Impact	\$ 978,300	\$ 1,086,600

Revenue Source: Corporate Income Tax

Expenditure:	FY 96	FY 97
Illinois Net Operating Loss Deduction	\$ 142,100	\$ 152,500
Research and Development Credit	24,000	27,800
Training Expense Credit	9,700	17,400
Enterprise Zone Investment Credit	7,000	10,000
Replacement Taxes Paid Credit	8,200	9,300
Standard Exemption	5,500	5,500
Coal Research and Coal Utilization Investment Credits	3,100	3,900
Life and Health Insurance Guarantee Association Tax Offset	0 ¹	2,700
All Other	2,300	3,087
Total Impact	\$ 201,900	\$ 232,187

Revenue Source: Motor Fuel Taxes

Expenditure:	FY 96	FY 97
Sales for Use Other Than in Motor Vehicles Exemption	\$ 65,187	\$ 58,607
Timely Filing and Full Payment Discount	20,967	21,481
Municipal Corporation or Private Utility Local Transportation System Exemption	11,584	12,120
Aviation Purposes Exemption	74	77
Total Impact	\$ 97,812	\$ 92,285

¹ Not reported for fiscal year 1996.

TAX EXPENDITURES BY REVENUE SOURCE

(IN THOUSANDS)

Revenue Source: Insurance Privilege Tax

Expenditure:	FY 96	FY 97
Replacement Tax Credit	\$ 24,078	\$ 28,604
Life and Health Guaranty Assessments Credit	19,434	21,937
Fire Department Tax Credit	7,284	7,424
Total Impact	\$ 50,796	\$ 57,965

Revenue Source: Public Utilities Revenue Tax (Electricity)

Expenditure:	FY 96	FY 97
Enterprise Zone and Foreign Trade Zone High Economic Impact Business Exemption	\$ 19,840	\$ 19,049
Purchase of Electricity Generated by Solid Waste Energy Facility Credit	10,082	12,171
Total Impact	\$ 29,922	\$ 31,220

Revenue Source: Hospital Provider Assessment

Expenditure:	FY 96	FY 97
Rural Hospital Exemption	\$ 21,455	\$ 17,099
Total Impact	\$ 21,455	\$ 17,099

Revenue Source: Vehicle Use Tax

Expenditure:	FY 96	FY 97
Rolling Stock Exemption	\$ 1,500	\$ 6,300
Family Member Preferential Tax Rate	4,500	4,800
Out-of-State Resident Exemption	1,400	1,500
Surviving Spouse Exemption	218	245
Estate Gift to Beneficiary Preferential Tax Rate	163	169
Government, Charitable, Educational, Religious Entities Exemption	129	159
Business Reorganization Preferential Tax Rate	84	116
Total Impact	\$ 7,994	\$ 13,289

Revenue Source: Underground Storage Tank Tax

Expenditure:	FY 96	FY 97
Airport Exemption	\$ 2,367	\$ 9,062
Rail Carrier Exemption	444	2,280
Timely Filing and Full Payment Discount	363	1,328
Exemption for Ships, Barges, and Vessels Conducting Interstate Commerce on Border Rivers	0	219
Liquefied Propane Gas Exemption	18	70
Total Impact	\$ 3,192	\$ 12,959

Revenue Source: Hotel Operators' Occupation and Use Tax

Expenditure:	FY 96	FY 97
Permanent Residents Exemption	\$ 4,840	\$ 5,450
Cost of Collection Discount	3,210	3,748
Total Impact	\$ 8,050	\$ 9,198

TAX EXPENDITURES BY REVENUE SOURCE

(IN THOUSANDS)

Revenue Source: Gas Revenue Tax

Expenditure:	FY 96	FY 97
Purchase From Out-of-State Supplier Exemption	\$ 2,764	\$ 5,199
Enterprise Zone and Foreign Trade Zone High Economic Impact Business Exemption	2,435	1,562
Total Impact	\$ 5,199	\$ 6,761

Revenue Source: Cigarette and Cigarette Use Taxes

Expenditure:	FY 96	FY 97
Cost of Collection Discount	\$ 6,600	\$ 6,487
Total Impact	\$ 6,600	\$ 6,487

Revenue Source: Fishing Licenses

Expenditure:	FY 96	FY 97
Disabled, Under 16, 65 or Over, Fee Fishing Areas, Owners/Tenants Discount	\$ 6,020	\$ 5,025
Total Impact	\$ 6,020	\$ 5,025

Revenue Source: Valuation of Reserve Fee

Expenditure:	FY 96	FY 97
Life and Health Guaranty Assessments Credit	\$ 3,675	\$ 3,951
Total Impact	\$ 3,675	\$ 3,951

Revenue Source: Motor Vehicle Registration (1st Division)

Expenditure:	FY 96	FY 97
Senior Citizen Plate Renewal Reduction	\$ 2,133	\$ 1,833
Municipality Owned Passenger Vehicle Exemption	1,699	1,530
X-POW Vehicle Registration Exemption	94	106
Disabled Veteran Vehicle Registration Exemption	94	96
Charitable Organization Vehicle Exemption	490	68
Sheriff Plates	47	35
Drivers Education Vehicles	119	2
Total Impact	\$ 4,676	\$ 3,670

Revenue Source: Annual Reports of Corporations

Expenditure:	FY 96	FY 97
One Million Dollar Cap on Franchise Tax for Corporations	\$ 7,250	\$ 3,000
Total Impact	\$ 7,250	\$ 3,000

Revenue Source: Automobile Renting Occupation and Use Tax

Expenditure:	FY 96	FY 97
Insurance Coverage Deduction	\$ 977	\$ 1,050
Other/Miscellaneous Deductions	670	720
Timely Filing and Full Payment Discount	429	455
Refueling Deduction	381	410
Exempt Organization Rentals	186	200
Claims for Loss or Damage Deduction	107	115
Total Impact	\$ 2,750	\$ 2,950

TAX EXPENDITURES BY REVENUE SOURCE

(IN THOUSANDS)

Revenue Source: Childhood Lead Screening Fee

Expenditure:	FY 96	FY 97
Low Income Family Waiver	\$ <u>1,464</u>	\$ <u>1,464</u>
Total Impact	\$ 1,464	\$ 1,464

Revenue Source: Metabolic Screening and Treatment Fee

Expenditure:	FY 96	FY 97
Public Aid Client and Other Agency Lab Exemption	\$ <u>1,000</u>	\$ <u>1,000</u>
Total Impact	\$ 1,000	\$ 1,000

Revenue Source: Title V Permit Fee

Expenditure:	FY 96	FY 97
Phase I Acid Rain Sources Exemption	\$ <u>2,000</u>	\$ <u>1,000</u>
Total Impact	\$ 2,000	\$ 1,000

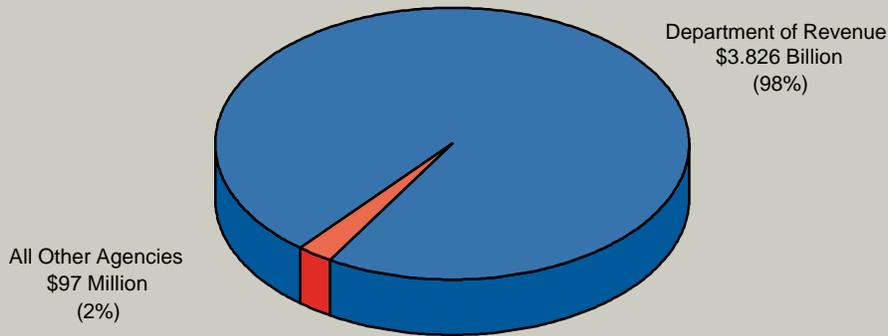
Revenue Source: All Other

Expenditure:	FY 96	FY 97
All Other	\$ <u>2,870</u>	\$ <u>2,864</u>
Total Impact	\$ 2,870	\$ 2,864

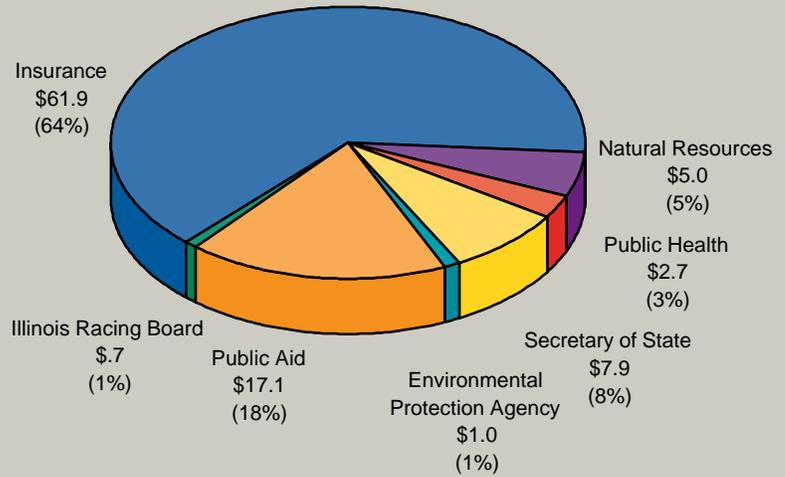
GRAND TOTAL, IMPACT	\$ 3,663,628	\$ 3,923,229
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APPENDIX C

\$3.9 Billion in Tax Expenditures by Administering Agencies



Tax Expenditures Administered by All Other Agencies (Dollars in Millions)



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

Secretary of State

Revenue Source: Motor Vehicle Registration (1st Division)

Fund Name and Code:		<u>FY 96</u>		<u>FY 97</u>
Road Fund	0011	\$ 2,946	\$	2,312
State Construction Account Fund	0902	1,730		1,358

Revenue Source: Standard Identification Card Fee

Fund Name and Code:		<u>FY 96</u>		<u>FY 97</u>
Road Fund	0011	\$ 285	\$	351

Revenue Source: Duplicated/Corrected Driver's License

Fund Name and Code:		<u>FY 96</u>		<u>FY 97</u>
Road Fund	0011	\$ 2	\$	2
Drivers Education Fund	0031	2		2

Revenue Source: Driver's License Four Year Renewal Fee

Fund Name and Code:		<u>FY 96</u>		<u>FY 97</u>
Road Fund	0011	\$ 490	\$	435
Drivers Education Fund	0031	490		435

Revenue Source: Annual Reports of Corporations

Fund Name and Code:		<u>FY 96</u>		<u>FY 97</u>
General Revenue Fund	0001	\$ 7,250	\$	3,000

Natural Resources

Revenue Source: Fishing Licenses

Fund Name and Code:		<u>FY 96</u>		<u>FY 97</u>
Wildlife And Fish Fund	0041	\$ 6,020	\$	5,025

Insurance

Revenue Source: Insurance Privilege Tax

Fund Name and Code:		<u>FY 96</u>		<u>FY 97</u>
General Revenue Fund	0001	\$ 50,796	\$	57,965

Revenue Source: Valuation of Reserve Fee

Fund Name and Code:		<u>FY 96</u>		<u>FY 97</u>
General Revenue Fund	0001	\$ 3,675	\$	3,951

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

Professional Regulation

Revenue Source: Boxing/Wrestling Athletic Events Tax

Fund Name and Code:	FY 96	FY 97
General Revenue Fund	0001 \$ 125	\$ 125

Public Aid

Revenue Source: Hospital Provider Assessment

Fund Name and Code:	FY 96	FY 97
Hospital Provider Fund	0346 \$ 21,455	\$ 17,099

Public Health

Revenue Source: Health Care Facility Permit Application Fee

Fund Name and Code:	FY 96	FY 97
Illinois Health Facilities Planning Fund	0238 \$ 30	\$ 30

Revenue Source: Vital Records Fees

Fund Name and Code:	FY 96	FY 97
General Revenue Fund	0001 \$ 3	\$ 3

Revenue Source: Metabolic Screening and Treatment Fee

Fund Name and Code:	FY 96	FY 97
Metabolic Screening and Treatment Fund	0920 \$ 1,000	\$ 1,000

Revenue Source: Private Sewage Fee

Fund Name and Code:	FY 96	FY 97
General Revenue Fund	0001 \$ 18	\$ 18

Revenue Source: Pesticide Control Fee

Fund Name and Code:	FY 96	FY 97
Pesticide Control Fund	0576 \$ 3	\$ 3

Revenue Source: Recreational Area Fee

Fund Name and Code:	FY 96	FY 97
General Revenue Fund	0001 \$ 35	\$ 35

Revenue Source: Swimming Pool and Bathing Beach Fee

Fund Name and Code:	FY 96	FY 97
General Revenue Fund	0001 \$ 91	\$ 91

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

Public Health (Concluded)

Revenue Source: Long Term Care Facility Fee

Fund Name and Code:		<u>FY 96</u>	<u>FY 97</u>
Long Term Care Monitor/Receiver Fund	0285	\$ 48	\$ 48

Revenue Source: Childhood Lead Screening Fee

Fund Name and Code:		<u>FY 96</u>	<u>FY 97</u>
Lead Poisoning, Screening, Prevention and Abatement Fund	0360	\$ 1,464	\$ 1,464

Revenue

Revenue Source: Sales and Use Tax

Fund Name and Code:		<u>FY 96</u>	<u>FY 97</u>
General Revenue Fund	0001	\$ 1,658,870	\$ 1,742,249
General Revenue - Common School Special Account Fund	0005	552,952	580,678
Local Government Distributive Fund	0515	8,881	9,328

Revenue Source: Individual Income Tax

Fund Name and Code:		<u>FY 96</u>	<u>FY 97</u>
General Revenue Fund	0001	\$ 847,200	\$ 943,821
Education Assistance Fund	0007	66,600	74,323
Income Tax Refund Fund	0278	64,500	68,456

Revenue Source: Corporate Income Tax

Fund Name and Code:		<u>FY 96</u>	<u>FY 97</u>
General Revenue Fund	0001	\$ 151,600	\$ 171,548
Education Assistance Fund	0007	11,900	13,508
Income Tax Refund Fund	0278	38,400	47,131

Revenue Source: Automobile Renting Occupation and Use Tax

Fund Name and Code:		<u>FY 96</u>	<u>FY 97</u>
General Revenue Fund	0001	\$ 2,750	\$ 2,950

Revenue Source: Cigarette and Cigarette Use Taxes

Fund Name and Code:		<u>FY 96</u>	<u>FY 97</u>
Long Term Care Provider Fund	0345	\$ 6,600	\$ 6,487

Revenue Source: Hotel Operators' Occupation and Use Tax

Fund Name and Code:		<u>FY 96</u>	<u>FY 97</u>
General Revenue Fund	0001	\$ 4,025	\$ 4,599
Build Illinois Fund	0960	4,025	4,599

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

Revenue (Concluded)

Revenue Source: Liquor Gallonage Tax

Fund Name and Code:	FY 96	FY 97
General Revenue Fund	0001 \$ 116	\$ 79

Revenue Source: Underground Storage Tank Tax

Fund Name and Code:	FY 96	FY 97
Underground Storage Tank Fund	0072 \$ 3,192	\$ 12,959

Revenue Source: Motor Fuel Taxes

Fund Name and Code:	FY 96	FY 97
Motor Fuel Tax - State Fund	0012 \$ 97,812	\$ 92,285

Revenue Source: Public Utilities Revenue Tax (Electricity)

Fund Name and Code:	FY 96	FY 97
General Revenue Fund	0001 \$ 29,922	\$ 31,220

Revenue Source: Gas Revenue Tax

Fund Name and Code:	FY 96	FY 97
General Revenue Fund	0001 \$ 5,199	\$ 6,761

Revenue Source: Telecommunications Excise Tax

Fund Name and Code:	FY 96	FY 97
General Revenue Fund	0001 \$ 9	\$ 110

Revenue Source: Vehicle Use Tax

Fund Name and Code:	FY 96	FY 97
General Revenue Fund	0001 \$ 7,994	\$ 13,289

Commerce Commission

Revenue Source: Gross Receipts Tax (Public Utility Fund)

Fund Name and Code:	FY 96	FY 97
Public Utility Fund	0059 \$ 433	\$ 437

Environmental Protection Agency

Revenue Source: Title V Permit Fee

Fund Name and Code:	FY 96	FY 97
Clean Air Act (CAA) Permit Fund	0091 \$ 2,000	\$ 1,000

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

Racing Board

Revenue Source: Admission Tax

Fund Name and Code:	FY 96	FY 97
General Revenue Fund	0001 \$ 690	\$ 660
GRAND TOTAL, IMPACT	\$ 3,663,628	\$ 3,923,229

APPENDIX D

Impact of Tax Expenditures on Tax Receipts

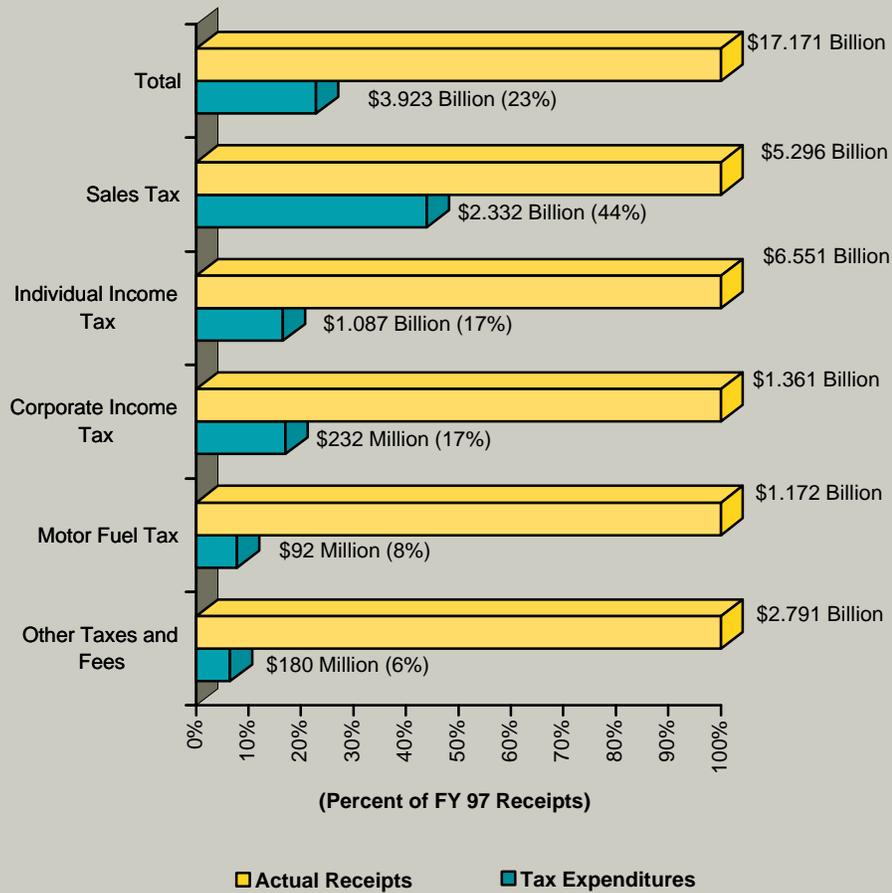


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**DETAIL OF TAX EXPENDITURES BY AGENCY,
REVENUE SOURCE AND FUND
(IN THOUSANDS)**

Secretary of State

	FY 96	FY 97
Revenue Source and Annual Receipts: Motor Vehicle Registration (1st Division)	\$ 350,598	\$ 319,877
Expenditure: Charitable Organization Vehicle Exemption		
Fund Name and Code:	FY 96	FY 97
Road Fund	0011 \$ 309	\$ 43
State Construction Account Fund	0902 181	25
Total	\$ 490	\$ 68
Expenditure: Disabled Veteran Vehicle Registration Exemption		
Fund Name and Code:	FY 96	FY 97
Road Fund	0011 \$ 59	\$ 60
State Construction Account Fund	0902 35	36
Total	\$ 94	\$ 96
Expenditure: Drivers Education Vehicles		
Fund Name and Code:	FY 96	FY 97
Road Fund	0011 \$ 75	\$ 1
State Construction Account Fund	0902 44	1
Total	\$ 119	\$ 2
Expenditure: Municipality Owned Passenger Vehicle Exemption		
Fund Name and Code:	FY 96	FY 97
Road Fund	0011 \$ 1,070	\$ 964
State Construction Account Fund	0902 629	566
Total	\$ 1,699	\$ 1,530
Expenditure: Senior Citizen Plate Renewal Reduction		
Fund Name and Code:	FY 96	FY 97
Road Fund	0011 \$ 1,344	\$ 1,155
State Construction Account Fund	0902 789	678
Total	\$ 2,133	\$ 1,833
Expenditure: Sheriff Plates		
Fund Name and Code:	FY 96	FY 97
Road Fund	0011 \$ 30	\$ 22
State Construction Account Fund	0902 17	13
Total	\$ 47	\$ 35
Expenditure: X-POW Vehicle Registration Exemption		
Fund Name and Code:	FY 96	FY 97
Road Fund	0011 \$ 59	\$ 67
State Construction Account Fund	0902 35	39
Total	\$ 94	\$ 106
Total Tax Impact per Revenue Source	\$ 4,676	\$ 3,670

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

Secretary of State (Concluded)

	FY 96	FY 97
Revenue Source and Annual Receipts: Standard Identification Card Fee	\$ 1,867	\$ 2,090
Expenditure: Duplicated/Corrected ID Senior Citizen/Handicapped		
Fund Name and Code:	FY 96	FY 97
Road Fund	0011 \$ 285	\$ 351
Total	\$ 285	\$ 351
Total Tax Impact per Revenue Source	\$ 285	\$ 351
	FY 96	FY 97
Revenue Source and Annual Receipts: Duplicated/Corrected Driver's License	\$ 2,967	\$ 3,058
Expenditure: Duplication of Stolen Licenses for Senior Citizens		
Fund Name and Code:	FY 96	FY 97
Road Fund	0011 \$ 2	\$ 2
Drivers Education Fund	0031 2	2
Total	\$ 4	\$ 4
Total Tax Impact per Revenue Source	\$ 4	\$ 4
	FY 96	FY 97
Revenue Source and Annual Receipts: Driver's License Four Year Renewal Fee	\$ 16,992	\$ 16,812
Expenditure: Reduced Renewal Fee for Senior Citizens		
Fund Name and Code:	FY 96	FY 97
Road Fund	0011 \$ 490	\$ 435
Drivers Education Fund	0031 490	435
Total	\$ 980	\$ 870
Total Tax Impact per Revenue Source	\$ 980	\$ 870
	FY 96	FY 97
Revenue Source and Annual Receipts: Annual Reports of Corporations	\$ 74,340	\$ 80,191
Expenditure: One Million Dollar Cap on Franchise Tax for Corporations		
Fund Name and Code:	FY 96	FY 97
General Revenue Fund	0001 \$ 7,250	\$ 3,000
Total	\$ 7,250	\$ 3,000
Total Tax Impact per Revenue Source	\$ 7,250	\$ 3,000
Total Tax Impact, Secretary of State	\$ 13,195	\$ 7,895

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

Natural Resources

	FY 96	FY 97
Revenue Source and Annual Receipts: Fishing Licenses	\$ 7,341	\$ 8,310
Expenditure: Disabled, Under 16, 65 or Over, Fee Fishing Areas, Owners/Tenants Discount		
Fund Name and Code:	FY 96	FY 97
Wildlife And Fish Fund 0041	\$ 6,020	\$ 5,025
Total	\$ 6,020	\$ 5,025
Total Tax Impact per Revenue Source	\$ 6,020	\$ 5,025
Total Tax Impact, Natural Resources	\$ 6,020	\$ 5,025

Insurance

	FY 96	FY 97
Revenue Source and Annual Receipts: Insurance Privilege Tax	\$ 139,628	\$ 134,491
Expenditure: Fire Department Tax Credit		
Fund Name and Code:	FY 96	FY 97
General Revenue Fund 0001	\$ 7,284	\$ 7,424
Total	\$ 7,284	\$ 7,424
Expenditure: Life and Health Guaranty Assessments Credit		
Fund Name and Code:	FY 96	FY 97
General Revenue Fund 0001	\$ 19,434	\$ 21,937
Total	\$ 19,434	\$ 21,937
Expenditure: Replacement Tax Credit		
Fund Name and Code:	FY 96	FY 97
General Revenue Fund 0001	\$ 24,078	\$ 28,604
Total	\$ 24,078	\$ 28,604
Total Tax Impact per Revenue Source	\$ 50,796	\$ 57,965
	FY 96	FY 97
Revenue Source and Annual Receipts: Valuation of Reserve Fee	\$ 25,005	\$ 26,582
Expenditure: Life and Health Guaranty Assessments Credit		
Fund Name and Code:	FY 96	FY 97
General Revenue Fund 0001	\$ 3,675	\$ 3,951
Total	\$ 3,675	\$ 3,951
Total Tax Impact per Revenue Source	\$ 3,675	\$ 3,951
Total Tax Impact, Insurance	\$ 54,471	\$ 61,916

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

Professional Regulation

	FY 96	FY 97
Revenue Source and Annual Receipts: Boxing/Wrestling Athletic Events Tax	\$ 55	\$ 69
Expenditure: Premises with Indoor Capacity of More Than 17,000 Exemption		
Fund Name and Code:	FY 96	FY 97
General Revenue Fund 0001	\$ 125	\$ 125
Total	\$ 125	\$ 125
Total Tax Impact per Revenue Source	\$ 125	\$ 125
Total Tax Impact, Professional Regulation	\$ 125	\$ 125

Public Aid

	FY 96	FY 97
Revenue Source and Annual Receipts: Hospital Provider Assessment	\$ 203,727	\$ 161,923
Expenditure: Rural Hospital Exemption		
Fund Name and Code:	FY 96	FY 97
Hospital Provider Fund 0346	\$ 21,455	\$ 17,099
Total	\$ 21,455	\$ 17,099
Total Tax Impact per Revenue Source	\$ 21,455	\$ 17,099
Total Tax Impact, Public Aid	\$ 21,455	\$ 17,099

Public Health

	FY 96	FY 97
Revenue Source and Annual Receipts: Health Care Facility Permit Application Fee	\$ 883	\$ 1,353
Expenditure: Natural Disaster and Other Emergency Waiver		
Fund Name and Code:	FY 96	FY 97
Illinois Health Facilities Planning Fund 0238	\$ 30	\$ 30
Total	\$ 30	\$ 30
Total Tax Impact per Revenue Source	\$ 30	\$ 30
	FY 96	FY 97
Revenue Source and Annual Receipts: Vital Records Fees	\$ 1,028	\$ 1,128
Expenditure: State Agency and Veterans Administration Exemption		
Fund Name and Code:	FY 96	FY 97
General Revenue Fund 0001	\$ 3	\$ 3
Total	\$ 3	\$ 3
Total Tax Impact per Revenue Source	\$ 3	\$ 3

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

Public Health (Continued)

		FY 96	FY 97
Revenue Source and Annual Receipts: Metabolic Screening and Treatment Fee			
		\$ 4,285	\$ 4,589
Expenditure: Public Aid Client and Other Agency Lab Exemption			
Fund Name and Code:			
Metabolic Screening and Treatment Fund	0920	\$ <u>1,000</u>	\$ <u>1,000</u>
Total		\$ 1,000	\$ 1,000
Total Tax Impact per Revenue Source		\$ 1,000	\$ 1,000
<hr/>			
		FY 96	FY 97
Revenue Source and Annual Receipts: Private Sewage Fee			
		\$ 130	\$ 130
Expenditure: Plumbing License Exemption			
Fund Name and Code:			
General Revenue Fund	0001	\$ <u>18</u>	\$ <u>18</u>
Total		\$ 18	\$ 18
Total Tax Impact per Revenue Source		\$ 18	\$ 18
<hr/>			
		FY 96	FY 97
Revenue Source and Annual Receipts: Pesticide Control Fee			
		\$ 126	\$ 134
Expenditure: State Agency Employee Exemption			
Fund Name and Code:			
Pesticide Control Fund	0576	\$ <u>3</u>	\$ <u>3</u>
Total		\$ 3	\$ 3
Total Tax Impact per Revenue Source		\$ 3	\$ 3
<hr/>			
		FY 96	FY 97
Revenue Source and Annual Receipts: Recreational Area Fee			
		\$ 35	\$ 35
Expenditure: Not-for-Profit Organization Waiver			
Fund Name and Code:			
General Revenue Fund	0001	\$ <u>35</u>	\$ <u>35</u>
Total		\$ 35	\$ 35
Total Tax Impact per Revenue Source		\$ 35	\$ 35
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		FY 96	FY 97
Revenue Source and Annual Receipts: Swimming Pool and Bathing Beach Fee			
		\$ 84	\$ 86
Expenditure: Not-for-Profit Organization and Municipal or Governmental Facility Waiver			
Fund Name and Code:			
General Revenue Fund	0001	\$ <u>91</u>	\$ <u>91</u>
Total		\$ 91	\$ 91
Total Tax Impact per Revenue Source		\$ 91	\$ 91

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

Public Health (Concluded)

	FY 96	FY 97
Revenue Source and Annual Receipts: Long Term Care Facility Fee	\$ 164	\$ 247
Expenditure: Homes Serving a Specified Percentage of Medicaid Patient Exemption		
Fund Name and Code:		
Long Term Care Monitor/Receiver Fund	0285 \$ 48	\$ 48
Total	\$ 48	\$ 48
Total Tax Impact per Revenue Source	\$ 48	\$ 48
<hr/>		
	FY 96	FY 97
Revenue Source and Annual Receipts: Childhood Lead Screening Fee	\$ 2,913	\$ 2,279
Expenditure: Low Income Family Waiver		
Fund Name and Code:		
Lead Poisoning, Screening, Prevention and Abatement Fund	0360 \$ 1,464	\$ 1,464
Total	\$ 1,464	\$ 1,464
Total Tax Impact per Revenue Source	\$ 1,464	\$ 1,464
Total Tax Impact, Public Health	\$ 2,692	\$ 2,692

Revenue

	FY 96	FY 97
Revenue Source and Annual Receipts: Sales and Use Tax ¹	\$ 5,091,571	\$ 5,295,943
Expenditure: Building Materials within Enterprise Zone Exemption		
Fund Name and Code:		
General Revenue Fund	0001 \$ 7,433	\$ 7,806
General Revenue - Common School Special Account Fund	0005 2,477	2,602
Local Government Distributive Fund	0515 40	42
Total	\$ 9,950	\$ 10,450
Expenditure: Coal, Oil, and Distillation Machinery and Equipment Exemption ²		
Fund Name and Code:		
General Revenue Fund	0001 \$ 2,477	\$ 2,738
General Revenue - Common School Special Account Fund	0005 825	892
Local Government Distributive Fund	0515 13	15
Total	\$ 3,315	\$ 3,645
Expenditure: Designated Tangible Personal Property within Enterprise Zone Exemption ³		
Fund Name and Code:		
General Revenue Fund	0001 \$ 21,663	\$ 20,094
General Revenue - Common School Special Account Fund	0005 7,221	6,698
Local Government Distributive Fund	0515 116	108
Total	\$ 29,000	\$ 26,900

¹ Sales tax expenditure data is largely computed from calendar 1996 returns.

² May also include tax expenditures from the Low Sulfur Dioxide Coal Fueled Device exemption.

³ 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 to a High Impact Business.

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

Revenue (Continued)

Expenditure: Farm Chemicals (Includes Feed and Seed) Exemption

Fund Name and Code:		FY 96	FY 97
General Revenue Fund	0001	\$ 107,568	\$ 112,797
General Revenue - Common School Special Account Fund	0005	35,856	37,599
Local Government Distributive Fund	0515	576	604
Total		\$ 144,000	\$ 151,000

Expenditure: Farm Machinery and Equipment Exemption

Fund Name and Code:		FY 96	FY 97
General Revenue Fund	0001	\$ 25,622	\$ 26,892
General Revenue - Common School Special Account Fund	0005	8,541	8,946
Local Government Distributive Fund	0515	137	144
Total		\$ 34,300	\$ 35,982

Expenditure: Food, Drugs, and Medical Appliances Rate Reduction

Fund Name and Code:		FY 96	FY 97
General Revenue Fund	0001	\$ 603,576	\$ 645,408
General Revenue - Common School Special Account Fund	0005	201,192	215,136
Local Government Distributive Fund	0515	3,232	3,456
Total		\$ 808,000	\$ 864,000

Expenditure: Gasohol Discount

Fund Name and Code:		FY 96	FY 97
General Revenue Fund	0001	\$ 17,032	\$ 22,780
General Revenue - Common School Special Account Fund	0005	5,677	7,593
Local Government Distributive Fund	0515	91	122
Total		\$ 22,800	\$ 30,495

Expenditure: Graphic Arts Machinery and Equipment Exemption

Fund Name and Code:		FY 96	FY 97
General Revenue Fund	0001	\$ 4,146	\$ 4,370
General Revenue - Common School Special Account Fund	0005	1,382	1,457
Local Government Distributive Fund	0515	22	23
Total		\$ 5,550	\$ 5,850

Expenditure: Interim Use Prior to Sale Exemption

Fund Name and Code:		FY 96	FY 97
General Revenue Fund	0001	\$ 7,246	\$ 6,125
General Revenue - Common School Special Account Fund	0005	2,415	2,042
Local Government Distributive Fund	0515	39	33
Total		\$ 9,700	\$ 8,200

Expenditure: Legal Tender, Medallions, and Bullion Exemption

Fund Name and Code:		FY 96	FY 97
General Revenue Fund	0001	\$ 934	\$ 971
General Revenue - Common School Special Account Fund	0005	311	324
Local Government Distributive Fund	0515	5	5
Total		\$ 1,250	\$ 1,300

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

Revenue (Continued)

Expenditure: Manufacturer's Purchase Credit

Fund Name and Code:		FY 96	FY 97
General Revenue Fund	0001	\$ 1,315	\$ 6,000
General Revenue - Common School Special Account Fund	0005	438	1,968
Local Government Distributive Fund	0515	7	32
Total		\$ 1,760	\$ 8,000

Expenditure: Manufacturing and Assembling Machinery and Equipment Exemption ⁴

Fund Name and Code:		FY 96	FY 97
General Revenue Fund	0001	\$ 83,291	\$ 87,399
General Revenue - Common School Special Account Fund	0005	27,763	29,133
Local Government Distributive Fund	0515	446	468
Total		\$ 111,500	\$ 117,000

Expenditure: Newsprint and Ink to Newspapers and Magazines Exemption

Fund Name and Code:		FY 96	FY 97
General Revenue Fund	0001	\$ 24,875	\$ 29,880
General Revenue - Common School Special Account Fund	0005	8,292	9,960
Local Government Distributive Fund	0515	133	160
Total		\$ 33,300	\$ 40,000

Expenditure: Pollution Control Facilities Exemption ⁵

Fund Name and Code:		FY 96	FY 97
General Revenue Fund	0001	\$ 1,860	\$ 1,954
General Revenue - Common School Special Account Fund	0005	620	651
Local Government Distributive Fund	0515	10	10
Total		\$ 2,490	\$ 2,615

Expenditure: Property Acquired by Non-Resident before Relocating in Illinois Exemption ⁶

Fund Name and Code:		FY 96	FY 97
General Revenue Fund	0001	\$ 8,068	\$ 7,844
General Revenue - Common School Special Account Fund	0005	2,689	2,614
Local Government Distributive Fund	0515	43	42
Total		\$ 10,800	\$ 10,500

Expenditure: Replacement Vehicles Exemption ⁷

Fund Name and Code:		FY 96	FY 97
General Revenue Fund	0001	\$ 664	\$ 1,209
General Revenue - Common School Special Account Fund	0005	221	403
Local Government Distributive Fund	0515	3	6
Total		\$ 888	\$ 1,618

Expenditure: Retailer's Discount

Fund Name and Code:		FY 96	FY 97
General Revenue Fund	0001	\$ 61,329	\$ 63,944
General Revenue - Common School Special Account Fund	0005	20,443	21,314
Local Government Distributive Fund	0515	328	342
Total		\$ 82,100	\$ 85,600

⁴ Includes the Photoprocessing Machinery and Equipment exemption.

⁵ May include the Low Sulfur Dioxide Emission Coal Fueled Device exemption.

⁶ Applies to property acquired outside Illinois by a non-resident and brought to Illinois after being used at least 3 months outside of Illinois.

⁷ Tax expenditure is net of replacement vehicle tax receipts.

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

Revenue (Continued)

Expenditure: Rolling Stock Exemption			
Fund Name and Code:		FY 96	FY 97
General Revenue Fund	0001	\$ 41,683	\$ 37,350
General Revenue - Common School Special Account Fund	0005	13,894	12,450
Local Government Distributive Fund	0515	223	200
Total		\$ 55,800	\$ 50,000
Expenditure: Sales of Motor Vehicles to Non-Residents Exemption			
Fund Name and Code:		FY 96	FY 97
General Revenue Fund	0001	\$ 44,447	\$ 46,389
General Revenue - Common School Special Account Fund	0005	14,815	15,463
Local Government Distributive Fund	0515	238	248
Total		\$ 59,500	\$ 62,100
Expenditure: Sales of Vehicles to Automobile Rentors Exemption ⁸			
Fund Name and Code:		FY 96	FY 97
General Revenue Fund	0001	\$ 5,005	\$ 3,735
General Revenue - Common School Special Account Fund	0005	1,668	1,245
Local Government Distributive Fund	0515	27	20
Total		\$ 6,700	\$ 5,000
Expenditure: Sales to Exempt Organizations ⁹			
Fund Name and Code:		FY 96	FY 97
General Revenue Fund	0001	\$ 364,536	\$ 382,464
General Revenue - Common School Special Account Fund	0005	121,512	127,488
Local Government Distributive Fund	0515	1,952	2,048
Total		\$ 488,000	\$ 512,000
Expenditure: Traded-In Property Exemption			
Fund Name and Code:		FY 96	FY 97
General Revenue Fund	0001	\$ 224,100	\$ 224,100
General Revenue - Common School Special Account Fund	0005	74,700	74,700
Local Government Distributive Fund	0515	1,200	1,200
Total		\$ 300,000	\$ 300,000
Total Tax Impact per Revenue Source		\$ 2,220,703	\$ 2,332,255

	FY 96	FY 97
Revenue Source and Annual Receipts: Individual Income Tax ¹⁰	\$ 6,069,800	\$ 6,551,468

Expenditure: Additional Exemptions: Blind and Elderly			
Fund Name and Code:		FY 96	FY 97
General Revenue Fund	0001	\$ 25,800	\$ 26,058
Education Assistance Fund	0007	2,000	2,052
Income Tax Refund Fund	0278	2,000	1,890
Total		\$ 29,800	\$ 30,000

⁸ Tax expenditure is net of automobile rental tax receipts.

⁹ 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, and certain licensed day care centers.

¹⁰ Derived from 1995 tax year returns.

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

Revenue (Continued)

Expenditure: Federally Taxed Retirement and Social Security Subtractions

Fund Name and Code:		FY 96	FY 97
General Revenue Fund	0001	\$ 320,400	\$ 390,870
Education Assistance Fund	0007	25,200	30,780
Income Tax Refund Fund	0278	24,400	28,350
Total		\$ 370,000	\$ 450,000

Expenditure: Income Tax Credits ¹¹

Fund Name and Code:		FY 96	FY 97
General Revenue Fund	0001	\$ 1,800	\$ 2,258
Education Assistance Fund	0007	100	178
Income Tax Refund Fund	0278	100	164
Total		\$ 2,000	\$ 2,600

Expenditure: Military Pay Subtraction

Fund Name and Code:		FY 96	FY 97
General Revenue Fund	0001	\$ 14,700	\$ 13,898
Education Assistance Fund	0007	1,200	1,094
Income Tax Refund Fund	0278	1,100	1,008
Total		\$ 17,000	\$ 16,000

Expenditure: Other Subtractions ¹²

Fund Name and Code:		FY 96	FY 97
General Revenue Fund	0001	\$ 11,300	\$ 15,635
Education Assistance Fund	0007	900	1,231
Income Tax Refund Fund	0278	800	1,134
Total		\$ 13,000	\$ 18,000

Expenditure: Standard Exemption: Taxpayers and Dependents

Fund Name and Code:		FY 96	FY 97
General Revenue Fund	0001	\$ 269,700	\$ 275,346
Education Assistance Fund	0007	21,200	21,683
Income Tax Refund Fund	0278	20,600	19,971
Total		\$ 311,500	\$ 317,000

Expenditure: Tax Credit for Residential Real Property Taxes

Fund Name and Code:		FY 96	FY 97
General Revenue Fund	0001	\$ 203,500	\$ 219,756
Education Assistance Fund	0007	16,000	17,305
Income Tax Refund Fund	0278	15,500	15,939
Total		\$ 235,000	\$ 253,000

Total Tax Impact per Revenue Source		\$ 978,300	\$ 1,086,600
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¹¹ Enterprise zone, high impact business investment, jobs and training, research and development, and dependent care credits.

¹² Includes subtractions for a variety of items, some of which (enterprise 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, and self-employed health insurance) are tax expenditures.

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

Revenue (Continued)

	FY 96	FY 97
Revenue Source and Annual Receipts: Corporate Income Tax ¹⁰	\$ 1,208,400	\$ 1,361,387
Expenditure: Coal Research and Coal Utilization Investment Credits		
Fund Name and Code:	FY 96	FY 97
General Revenue Fund	0001 \$ 2,300	\$ 2,881
Education Assistance Fund	0007 200	227
Income Tax Refund Fund	0278 600	792
Total	\$ 3,100	\$ 3,900
Expenditure: Dependent Care Assistance Credit		
Fund Name and Code:	FY 96	FY 97
General Revenue Fund	0001 \$ 0	\$ 24
Education Assistance Fund	0007 0	2
Income Tax Refund Fund	0278 0	6
Total	\$ 0	\$ 32
Expenditure: Enterprise and Foreign Trade Zone Dividend Subtractions		
Fund Name and Code:	FY 96	FY 97
General Revenue Fund	0001 \$ 0	\$ 89
Education Assistance Fund	0007 0	7
Income Tax Refund Fund	0278 0	24
Total	\$ 0	\$ 120
Expenditure: Enterprise Zone and High Economic Impact Interest Subtractions		
Fund Name and Code:	FY 96	FY 97
General Revenue Fund	0001 \$ 800	\$ 1,182
Education Assistance Fund	0007 100	93
Income Tax Refund Fund	0278 200	325
Total	\$ 1,100	\$ 1,600
Expenditure: Enterprise Zone Charitable Contribution Subtraction		
Fund Name and Code:	FY 96	FY 97
General Revenue Fund	0001 \$ 600	\$ 592
Education Assistance Fund	0007 0	46
Income Tax Refund Fund	0278 100	162
Total	\$ 700	\$ 800
Expenditure: Enterprise Zone Investment Credit		
Fund Name and Code:	FY 96	FY 97
General Revenue Fund	0001 \$ 5,300	\$ 7,388
Education Assistance Fund	0007 400	582
Income Tax Refund Fund	0278 1,300	2,030
Total	\$ 7,000	\$ 10,000
Expenditure: High Economic Impact Business Investment Credit		
Fund Name and Code:	FY 96	FY 97
General Revenue Fund	0001 \$ 200	\$ 296
Education Assistance Fund	0007 0	23
Income Tax Refund Fund	0278 0	81
Total	\$ 200	\$ 400

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

Revenue (Continued)

Expenditure: Illinois Net Operating Loss Deduction

Fund Name and Code:		FY 96	FY 97
General Revenue Fund	0001	\$ 106,600	\$ 112,670
Education Assistance Fund	0007	8,400	8,873
Income Tax Refund Fund	0278	27,100	30,957
Total		\$ 142,100	\$ 152,500

Expenditure: Job Training Contribution Subtraction

Fund Name and Code:		FY 96	FY 97
General Revenue Fund	0001	\$ 0	\$ 89
Education Assistance Fund	0007	0	7
Income Tax Refund Fund	0278	0	24
Total		\$ 0	\$ 120

Expenditure: Jobs Tax Credit

Fund Name and Code:		FY 96	FY 97
General Revenue Fund	0001	\$ 200	\$ 10
Education Assistance Fund	0007	0	1
Income Tax Refund Fund	0278	100	3
Total		\$ 300	\$ 14

Expenditure: Life and Health Insurance Guarantee Association Tax Offset

Fund Name and Code:		FY 96¹³	FY 97
General Revenue Fund	0001		\$ 1,995
Education Assistance Fund	0007		157
Income Tax Refund Fund	0278		548
Total			\$ 2,700

Expenditure: Replacement Taxes Paid Credit

Fund Name and Code:		FY 96	FY 97
General Revenue Fund	0001	\$ 6,100	\$ 6,871
Education Assistance Fund	0007	500	541
Income Tax Refund Fund	0278	1,600	1,888
Total		\$ 8,200	\$ 9,300

Expenditure: Research and Development Credit

Fund Name and Code:		FY 96	FY 97
General Revenue Fund	0001	\$ 18,000	\$ 20,540
Education Assistance Fund	0007	1,400	1,617
Income Tax Refund Fund	0278	4,600	5,643
Total		\$ 24,000	\$ 27,800

Expenditure: Standard Exemption

Fund Name and Code:		FY 96	FY 97
General Revenue Fund	0001	\$ 4,200	\$ 4,064
Education Assistance Fund	0007	300	320
Income Tax Refund Fund	0278	1,000	1,116
Total		\$ 5,500	\$ 5,500

¹³ Not reported for fiscal year 1996.

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

Revenue (Continued)

Expenditure: TECH-PREP Youth Vocational Program Credit			
Fund Name and Code:		FY 96	FY 97
General Revenue Fund	0001	\$ 0	\$ 1
Education Assistance Fund	0007	0	0
Income Tax Refund Fund	0278	0	0
Total		\$ 0	\$ 1
Expenditure: Training Expense Credit			
Fund Name and Code:		FY 96	FY 97
General Revenue Fund	0001	\$ 7,300	\$ 12,856
Education Assistance Fund	0007	600	1,012
Income Tax Refund Fund	0278	1,800	3,532
Total		\$ 9,700	\$ 17,400
Total Tax Impact per Revenue Source		\$ 201,900	\$ 232,187
		FY 96	FY 97
Revenue Source and Annual Receipts: Automobile Renting Occupation and Use Tax		\$ 23,540	\$ 25,309
Expenditure: Claims for Loss or Damage Deduction			
Fund Name and Code:		FY 96	FY 97
General Revenue Fund	0001	\$ 107	\$ 115
Total		\$ 107	\$ 115
Expenditure: Exempt Organization Rentals ¹⁴			
Fund Name and Code:		FY 96	FY 97
General Revenue Fund	0001	\$ 186	\$ 200
Total		\$ 186	\$ 200
Expenditure: Insurance Coverage Deduction			
Fund Name and Code:		FY 96	FY 97
General Revenue Fund	0001	\$ 977	\$ 1,050
Total		\$ 977	\$ 1,050
Expenditure: Other/Miscellaneous Deductions			
Fund Name and Code:		FY 96	FY 97
General Revenue Fund	0001	\$ 670	\$ 720
Total		\$ 670	\$ 720
Expenditure: Refueling Deduction			
Fund Name and Code:		FY 96	FY 97
General Revenue Fund	0001	\$ 381	\$ 410
Total		\$ 381	\$ 410
Expenditure: Timely Filing and Full Payment Discount			
Fund Name and Code:		FY 96	FY 97
General Revenue Fund	0001	\$ 429	\$ 455
Total		\$ 429	\$ 455
Total Tax Impact per Revenue Source		\$ 2,750	\$ 2,950

¹⁴ 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)

		FY 96	FY 97
Revenue Source and Annual Receipts: Cigarette and Cigarette Use Taxes		\$ 411,742	\$ 412,674
Expenditure: Cost of Collection Discount			
Fund Name and Code:			
Long Term Care Provider Fund	0345	\$ <u>6,600</u>	\$ <u>6,487</u>
Total		\$ 6,600	\$ 6,487
Total Tax Impact per Revenue Source		\$ 6,600	\$ 6,487
<hr/>			
		FY 96	FY 97
Revenue Source and Annual Receipts: Hotel Operators' Occupation and Use Tax		\$ 104,354	\$ 117,495
Expenditure: Cost of Collection Discount			
Fund Name and Code:			
General Revenue Fund	0001	\$ <u>1,605</u>	\$ <u>1,874</u>
Build Illinois Fund	0960	<u>1,605</u>	<u>1,874</u>
Total		\$ 3,210	\$ 3,748
Expenditure: Permanent Residents Exemption			
Fund Name and Code:			
General Revenue Fund	0001	\$ <u>2,420</u>	\$ <u>2,725</u>
Build Illinois Fund	0960	<u>2,420</u>	<u>2,725</u>
Total		\$ 4,840	\$ 5,450
Total Tax Impact per Revenue Source		\$ 8,050	\$ 9,198
<hr/>			
		FY 96	FY 97
Revenue Source and Annual Receipts: Liquor Gallonage Tax		\$ 58,304	\$ 56,650
Expenditure: Non-Beverage User Exemption			
Fund Name and Code:			
General Revenue Fund	0001	\$ <u>14</u>	\$ <u>75</u>
Total		\$ 14	\$ 75
Expenditure: Sacramental Wine Exemption			
Fund Name and Code:			
General Revenue Fund	0001	\$ <u>102</u> ¹⁵	\$ <u>4</u>
Total		\$ 102	\$ 4
Total Tax Impact per Revenue Source		\$ 116	\$ 79
<hr/>			
		FY 96	FY 97
Revenue Source and Annual Receipts: Underground Storage Tank Tax		\$ 30,348	\$ 59,901
Expenditure: Airport Exemption¹⁶			
Fund Name and Code:			
Underground Storage Tank Fund	0072	\$ <u>2,367</u>	\$ <u>9,062</u>
Total		\$ 2,367	\$ 9,062

¹⁵ Includes other deductions, such as alcoholic liquor dumped for the purpose of destroying the alcoholic liquor.

¹⁶ Calculated from calendar 1995 data.

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

Revenue (Continued)

Expenditure: Liquefied Propane Gas Exemption			
Fund Name and Code:		FY 96	FY 97
Underground Storage Tank Fund	0072	\$ 18	\$ 70
Total		\$ 18	\$ 70
Expenditure: Rail Carrier Exemption			
Fund Name and Code:		FY 96	FY 97
Underground Storage Tank Fund	0072	\$ 444	\$ 2,280
Total		\$ 444	\$ 2,280
Expenditure: Timely Filing and Full Payment Discount			
Fund Name and Code:		FY 96	FY 97
Underground Storage Tank Fund	0072	\$ 363	\$ 1,328
Total		\$ 363	\$ 1,328
Expenditure: Exemption for Ships, Barges, and Vessels Conducting Interstate Commerce on Border Rivers ¹⁷			
Fund Name and Code:		FY 96	FY 97
Underground Storage Tank Fund	0072		\$ 219
Total			\$ 219
Total Tax Impact per Revenue Source		\$ 3,192	\$ 12,959
		FY 96	FY 97
Revenue Source and Annual Receipts: Motor Fuel Taxes		\$ 1,171,509	\$ 1,172,368
Expenditure: Aviation Purposes Exemption			
Fund Name and Code:		FY 96	FY 97
Motor Fuel Tax - State Fund	0012	\$ 74	\$ 77
Total		\$ 74	\$ 77
Expenditure: Municipal Corporation or Private Utility Local Transportation System Exemption			
Fund Name and Code:		FY 96	FY 97
Motor Fuel Tax - State Fund	0012	\$ 11,584	\$ 12,120
Total		\$ 11,584	\$ 12,120
Expenditure: Sales for Use Other Than in Motor Vehicles Exemption			
Fund Name and Code:		FY 96	FY 97
Motor Fuel Tax - State Fund	0012	\$ 65,187	\$ 58,607
Total		\$ 65,187	\$ 58,607
Expenditure: Timely Filing and Full Payment Discount			
Fund Name and Code:		FY 96	FY 97
Motor Fuel Tax - State Fund	0012	\$ 20,967	\$ 21,481
Total		\$ 20,967	\$ 21,481
Total Tax Impact per Revenue Source		\$ 97,812	\$ 92,285

¹⁷ Tax expenditure effective for fiscal year 1997.

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

Revenue (Continued)

	FY 96	FY 97
Revenue Source and Annual Receipts: Public Utilities Revenue Tax (Electricity)	\$ 320,461	\$ 312,093
Expenditure: Enterprise Zone and Foreign Trade Zone High Economic Impact Business Exemption		
Fund Name and Code:	FY 96	FY 97
General Revenue Fund	0001 \$ 19,840	\$ 19,049
Total	\$ 19,840	\$ 19,049
Expenditure: Purchase of Electricity Generated by Solid Waste Energy Facility Credit		
Fund Name and Code:	FY 96	FY 97
General Revenue Fund	0001 \$ 10,082	\$ 12,171
Total	\$ 10,082	\$ 12,171
Total Tax Impact per Revenue Source	\$ 29,922	\$ 31,220
	FY 96	FY 97
Revenue Source and Annual Receipts: Gas Revenue Tax	\$ 130,633	\$ 153,082
Expenditure: Enterprise Zone and Foreign Trade Zone High Economic Impact Business Exemption		
Fund Name and Code:	FY 96	FY 97
General Revenue Fund	0001 \$ 2,435	\$ 1,562
Total	\$ 2,435	\$ 1,562
Expenditure: Purchase From Out-of-State Supplier Exemption		
Fund Name and Code:	FY 96	FY 97
General Revenue Fund	0001 \$ 2,764	\$ 5,199
Total	\$ 2,764	\$ 5,199
Total Tax Impact per Revenue Source	\$ 5,199	\$ 6,761
	FY 96	FY 97
Revenue Source and Annual Receipts: Telecommunications Excise Tax	\$ 381,986	\$ 407,264
Expenditure: Coin-Operated Telecommunications Devices Exemption		
Fund Name and Code:	FY 96	FY 97
General Revenue Fund	0001 \$ 0	\$ 6
Total	\$ 0	\$ 6
Expenditure: Enterprise Zone and Foreign Trade Zone High Economic Impact Business Exemption		
Fund Name and Code:	FY 96	FY 97
General Revenue Fund	0001 \$ 9	\$ 104
Total	\$ 9	\$ 104
Total Tax Impact per Revenue Source	\$ 9	\$ 110
	FY 96	FY 97
Revenue Source and Annual Receipts: Vehicle Use Tax	\$ 41,678	\$ 42,087
Expenditure: Business Reorganization Preferential Tax Rate		
Fund Name and Code:	FY 96	FY 97
General Revenue Fund	0001 \$ 84	\$ 116
Total	\$ 84	\$ 116

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

Revenue (Concluded)

Expenditure: Estate Gift to Beneficiary Preferential Tax Rate			
Fund Name and Code:		FY 96	FY 97
General Revenue Fund	0001	\$ 163	\$ 169
Total		\$ 163	\$ 169
Expenditure: Family Member Preferential Tax Rate			
Fund Name and Code:		FY 96	FY 97
General Revenue Fund	0001	\$ 4,500	\$ 4,800
Total		\$ 4,500	\$ 4,800
Expenditure: Government, Charitable, Educational, Religious Entities Exemption			
Fund Name and Code:		FY 96	FY 97
General Revenue Fund	0001	\$ 129	\$ 159
Total		\$ 129	\$ 159
Expenditure: Out-of-State Resident Exemption			
Fund Name and Code:		FY 96	FY 97
General Revenue Fund	0001	\$ 1,400	\$ 1,500
Total		\$ 1,400	\$ 1,500
Expenditure: Rolling Stock Exemption			
Fund Name and Code:		FY 96	FY 97
General Revenue Fund	0001	\$ 1,500	\$ 6,300
Total		\$ 1,500	\$ 6,300
Expenditure: Surviving Spouse Exemption			
Fund Name and Code:		FY 96	FY 97
General Revenue Fund	0001	\$ 218	\$ 245
Total		\$ 218	\$ 245
Total Tax Impact per Revenue Source		\$ 7,994	\$ 13,289
Total Tax Impact, Revenue		\$ 3,562,547	\$ 3,826,380

Commerce Commission

		FY 96	FY 97
Revenue Source and Annual Receipts: Gross Receipts Tax (Public Utility Fund)		\$ 15,566	\$ 16,061
Expenditure: Enterprise Zone Revenue Exemption			
Fund Name and Code:		FY 96	FY 97
Public Utility Fund	0059	\$ 433	\$ 437
Total		\$ 433	\$ 437
Total Tax Impact per Revenue Source		\$ 433	\$ 437
Total Tax Impact, Commerce Commission		\$ 433	\$ 437

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

Environmental Protection Agency

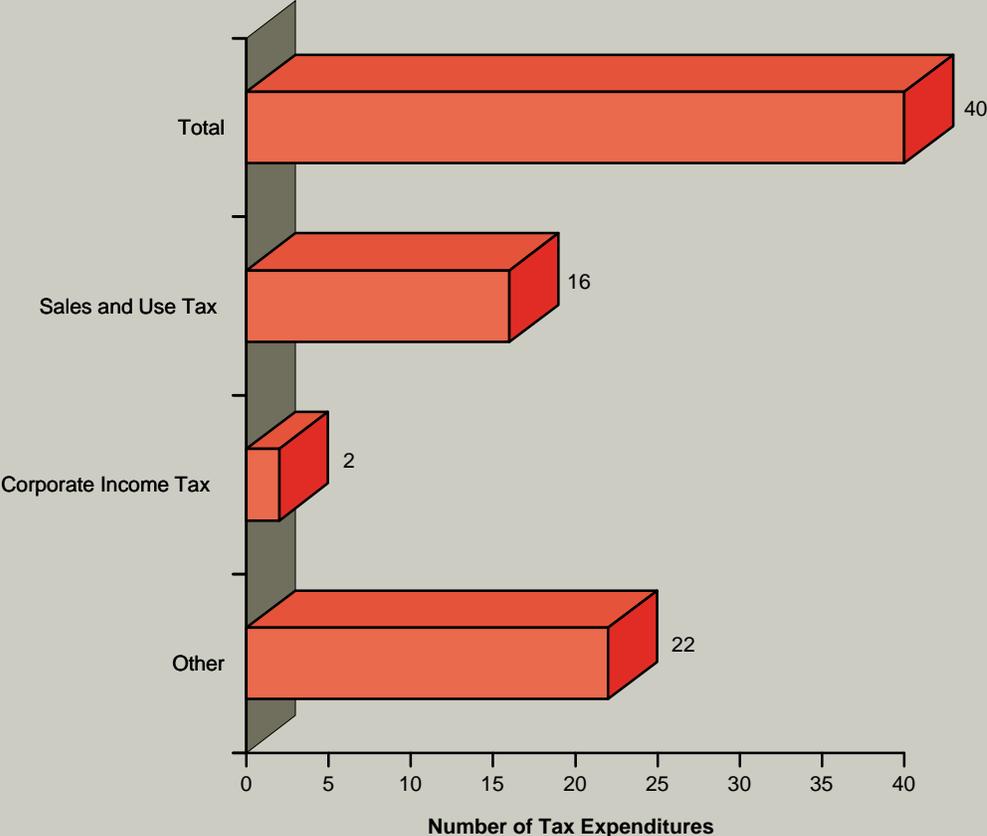
	FY 96	FY 97
Revenue Source and Annual Receipts: Title V Permit Fee	\$ 11,600	\$ 10,418
Expenditure: Phase I Acid Rain Sources Exemption		
Fund Name and Code:	FY 96	FY 97
Clean Air Act (CAA) Permit Fund 0091	\$ 2,000	\$ 1,000
Total	\$ 2,000	\$ 1,000
Total Tax Impact per Revenue Source	\$ 2,000	\$ 1,000
Total Tax Impact, Environmental Protection Agency	\$ 2,000	\$ 1,000

Racing Board

	FY 96	FY 97
Revenue Source and Annual Receipts: Admission Tax	\$ 210	\$ 190
Expenditure: Free General Admission		
Fund Name and Code:	FY 96	FY 97
General Revenue Fund 0001	\$ 690	\$ 660
Total	\$ 690	\$ 660
Total Tax Impact per Revenue Source	\$ 690	\$ 660
Total Tax Impact, Racing Board	\$ 690	\$ 660
GRAND TOTAL, IMPACT	\$ 3,663,628	\$ 3,923,229

APPENDIX E

Number of Expenditures with No Reported Impact or an Impact of Less Than One Million Dollars



TAX EXPENDITURES WHERE IMPACT WAS NOT REPORTED

Secretary of State

Revenue Source: Motor Vehicle Registration (1st Division)

Expenditure:
Congressional Medal of Honor Recipients Vehicles

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: One Day Fishing Lake Michigan License

Expenditure:
Disabled, Under 16

Revenue Source: Habitat Stamps

Expenditure:
Under 16

TAX EXPENDITURES WHERE IMPACT WAS NOT REPORTED

Natural Resources (Concluded)

Revenue Source and Annual Receipts: Waterfowl Stamps

Expenditure:

Disabled, Landowners/Tenants

Public Aid

Revenue Source: Long Term Care Provider Assessment

Expenditure:

100% Contribution Homes Exemption

Revenue

Revenue Source: Sales and Use Tax

Expenditure:

Occasional Sales
Demonstration Use Prior to Resale
Disaster Relief Donation and Infrastructure Repair Exemption
Fuel and Petroleum Products for International Flight Exemption
Leased Property to Hospitals or Government Bodies
Low Sulfur Dioxide Emission Coal Fueled Device Exemption
Photo Processing Machinery and Equipment Exemption
Machinery/Equipment for Operation of High Economic Impact Service Facility
Sales by Exempt Organizations *
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
Property Used in the Operation of Pollution Control Facilities

Revenue Source: Corporate Income Tax

Expenditure:

Interest Expense Subtraction
Federal Net Operating Loss Addition Modification

Revenue Source: Cigarette and Cigarette Use Taxes

Expenditure:

Prison and Mental Health Facility Exemption

TAX EXPENDITURES WHERE IMPACT WAS NOT REPORTED

Revenue (Concluded)

Revenue Source: Public Utilities Revenue Tax (Electricity)

Expenditure:
Sales to Municipal Transit Systems

Revenue Source: Telecommunications Excise Tax

Expenditure:
State Universities Exemption

Revenue Source: Vehicle Use Tax

Expenditure:
Farm Implement Exemption

Revenue Source: Real Estate Transfer Tax

Expenditure:
Exempted Deeds or Trust Documents

Revenue Source: Riverboat Gambling Admission Tax

Expenditure:
Tax Free Admission Passes

Environmental Protection Agency

Revenue Source: Sewer Construction Permit Application Fee

Expenditure:
State and Local Government Exemption

Revenue Source: Water Main Construction Permit Application Fee

Expenditure:
State and Local Government Exemption

Revenue Source: Air Pollution Site Fee

Expenditure:
Retail Liquid Dispensing Facility Exemption

Racing Board

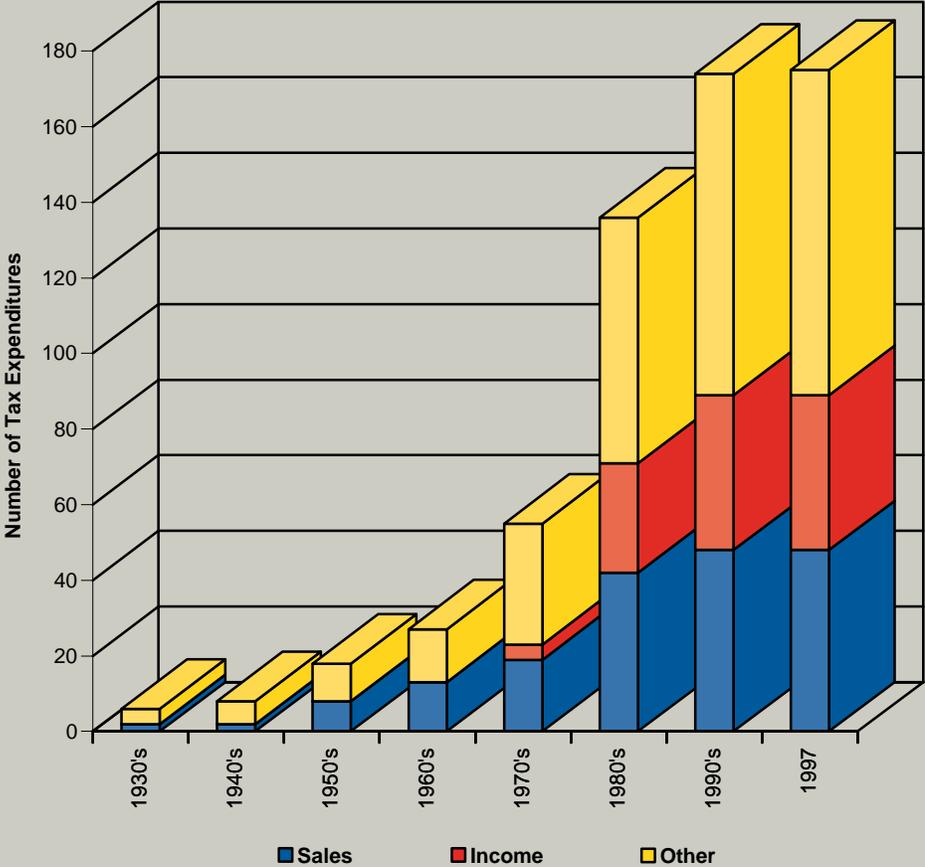
Revenue Source: Racing Privilege Tax

Expenditure:
Variable Rates for Tracks and Off Track Betting Parlors

* 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.

APPENDIX F

Number of Tax Expenditures in Effect 1930 - 1997



TAX EXPENDITURES BY AGENCY, REVENUE SOURCE AND EFFECTIVE DATE

Secretary of State

Revenue Source: Motor Vehicle Registration (1st Division)

Expenditure:	<u>Year Effective</u>
Drivers Education Vehicles	1957
Disabled Veteran Vehicle Registration Exemption	1970
Municipality Owned Passenger Vehicle Exemption	1970
Charitable Organization Vehicle Exemption	1976
Congressional Medal of Honor Winners Vehicles	1982
X-POW Vehicle Registration Exemption	1983
Senior Citizen Plate Renewal Reduction	1985
Sheriff Plates	1991

Revenue Source: Standard Identification Card Fee

Expenditure:	<u>Year Effective</u>
Duplicated/Corrected ID Senior Citizen/Handicapped	1978

Revenue Source: Duplicated/Corrected Driver's License

Expenditure:	<u>Year Effective</u>
Duplication of Stolen Licenses for Senior Citizens	1990

Revenue Source: Driver's License Four Year Renewal Fee

Expenditure:	<u>Year Effective</u>
Reduced Renewal Fee for Senior Citizens	1974

Revenue Source: Annual Reports of Corporations

Expenditure:	<u>Year Effective</u>
One Million Dollar Cap on Franchise Tax for Corporations	1967

Natural Resources

Revenue Source: Watercraft Registration Fee

Expenditure:	<u>Year Effective</u>
Canoe or Kayak Owned by Non-Profit Organization	1989

Revenue Source: Camping and Beach Fees

Expenditure:	<u>Year Effective</u>
Disabled Persons, Former POWs, and Illinois Residents Over 62	1975

Revenue Source: Inland Trout Stamp

Expenditure:	<u>Year Effective</u>
Disabled, Under 16	1994

Revenue Source: Hunting Licenses and Permits *

Expenditure:	<u>Year Effective</u>
Disabled, 65 or Over, Landowners/Tenants	1975

TAX EXPENDITURES BY AGENCY, REVENUE SOURCE AND EFFECTIVE DATE

Natural Resources (Concluded)

Revenue Source: Fishing Licenses

Expenditure:	<u>Year Effective</u>
Disabled, Under 16, 65 or Over, Fee Fishing Areas, Owners/Tenants Discount	1975

Revenue Source: Sportsman License

Expenditure:	<u>Year Effective</u>
Disabled, 65 or Over, Landowners/Tenants	1979

Revenue Source: Trapping License *

Expenditure:	<u>Year Effective</u>
Owners, Bona Fide Tenants and Their Children	Unknown

Revenue Source: Salmon Stamp

Expenditure:	<u>Year Effective</u>
Disabled, Under 16	1976

Revenue Source: One Day Fishing Lake Michigan License

Expenditure:	<u>Year Effective</u>
Disabled, Under 16	1978

Revenue Source: Habitat Stamps

Expenditure:	<u>Year Effective</u>
Under 16	1993

Revenue Source: Waterfowl Stamps

Expenditure:	<u>Year Effective</u>
Disabled, Landowners/Tenants	1975

Insurance

Revenue Source: Insurance Privilege Tax

Expenditure:	<u>Year Effective</u>
Fire Department Tax Credit	1937
Replacement Tax Credit	1980
Life and Health Guaranty Assessments Credit	1980

Revenue Source: Valuation of Reserve Fee

Expenditure:	<u>Year Effective</u>
Life and Health Guaranty Assessments Credit	1980

TAX EXPENDITURES BY AGENCY, REVENUE SOURCE AND EFFECTIVE DATE

Professional Regulation

Revenue Source: Boxing/Wrestling Athletic Events Tax

Expenditure:	<u>Year Effective</u>
Premises with Indoor Capacity of More Than 17,000 Exemption	1995

Public Aid

Revenue Source: Long Term Care Provider Assessment

Expenditure:	<u>Year Effective</u>
100% Contribution Homes Exemption	1994

Revenue Source: Hospital Provider Assessment

Expenditure:	<u>Year Effective</u>
Rural Hospital Exemption	1994

Public Health

Revenue Source: Health Care Facility Permit Application Fee

Expenditure:	<u>Year Effective</u>
Natural Disaster and Other Emergency Waiver	1975

Revenue Source: Vital Records Fees

Expenditure:	<u>Year Effective</u>
State Agency and Veterans Administration Exemption	1989

Revenue Source: Metabolic Screening and Treatment Fee

Expenditure:	<u>Year Effective</u>
Public Aid Client and Other Agency Lab Exemption	1990

Revenue Source: Private Sewage Fee

Expenditure:	<u>Year Effective</u>
Plumbing License Exemption	1973

Revenue Source: Pesticide Control Fee

Expenditure:	<u>Year Effective</u>
State Agency Employee Exemption	1975

Revenue Source: Recreational Area Fee

Expenditure:	<u>Year Effective</u>
Not-for-Profit Organization Waiver	1972

TAX EXPENDITURES BY AGENCY, REVENUE SOURCE AND EFFECTIVE DATE

Public Health (Concluded)

Revenue Source: Swimming Pool and Bathing Beach Fee

Expenditure:	<u>Year Effective</u>
Not-for-Profit Organization and Municipal or Governmental Facility Waiver	1974

Revenue Source: Long Term Care Facility Fee

Expenditure:	<u>Year Effective</u>
Homes Serving a Specified Percentage of Medicaid Patient Exemption	1986

Revenue Source: Childhood Lead Screening Fee

Expenditure:	<u>Year Effective</u>
Low Income Family Waiver	1993

Revenue

Revenue Source: Sales and Use Tax

Expenditure:	<u>Year Effective</u>
Feed and Seed Exemption	1933
Occasional Sales	1933
Charitable, Religious, Governmental, and Educational Exemption	1953
Traded-In Property Exemption	1955
Demonstration Use Prior to Resale	1955
Interim Use Prior to Sale Exemption	1955
Property Acquired by Non-Resident before Relocating in Illinois Exemption	1955
Use by Nonresidents While Temporarily Passing Through Illinois Exemption	1955
Retailer's Discount	1960
Sales by Exempt Organizations	1961
Newsprint and Ink to Newspapers and Magazines Exemption	1965
Sales of Fuel to Vessels on Bordering Rivers	1968
Rolling Stock Exemption	1968
Pollution Control Facilities Exemption	1970
Sales Through Penny Bulk Vending Machines	1972
Sales of Motor Vehicles to Non-Residents Exemption	1974
Nutrition Program for the Elderly Exemption	1975
Farm Chemicals Exemption	1975
Manufacturing and Assembling Machinery and Equipment Exemption	1979
Low Sulfur Dioxide Emission Coal Fueled Device Exemption	1980
Gasohol Discount	1980
Food, Drugs, and Medical Appliances Rate Reduction	1980
Farm Machinery and Equipment Exemption	1980
Graphic Arts Machinery and Equipment Exemption	1981
Distillation Machinery and Equipment Exemption	1981
Building Materials within Enterprise Zone Exemption	1982
Sales to County Fair Association Exemption	1983
Teacher Sponsored Student Organization Exemption	1983

TAX EXPENDITURES BY AGENCY, REVENUE SOURCE AND EFFECTIVE DATE

Revenue (Continued)

Revenue Source: Sales and Use Tax (Concluded)

Expenditure:	<u>Year Effective</u>
Replacement Vehicles Exemption	1984
Designated Personal Property within Enterprise Zone Exemption	1985
Property Used in the Operation of Pollution Control Facilities	1985
Legal Tender, Medallions, and Bullion Exemption	1985
Oil Machinery and Equipment Exemption	1986
Coal Machinery and Equipment Exemption	1986
Building Materials to High Economic Impact Business Exemption	1986
Sales of Vehicles to Automobile Rentors Exemption	1988
Sales to Not for Profit Music and Dramatic Arts Organization Exemption	1988
Senior Citizens Service Enterprises Exemption	1988
Specified Photoprocessing Charges Exemption	1988
Photo Processing Machinery and Equipment Exemption	1988
Machinery/Equipment for Operation of High Economic Impact Service Facility	1989
Fuel and Petroleum Products for International Flight Exemption	1989
Nursing Homes Food Drugs and Medical Appliances Exemption	1991
Sales of Machinery and Equipment in Operation of Aircraft Maintenance Facilities	1991
Sales of Tangible Personal Property Used by Aircraft Maintenance Facilities	1991
Manufacturer's Purchase Credit	1995
Leased Property to Hospitals or Government Bodies	1996
Disaster Relief Donation and Infrastructure Repair Exemption	1996

Revenue Source: Individual Income Tax

Expenditure:	<u>Year Effective</u>
Standard Exemption: Taxpayers and Dependents	1970
Military Pay Subtraction	1971
Federally Taxed Retirement Subtraction	1972
Enterprise Zone Investment Credit	1983
Enterprise Zone Dividends Subtraction	1983
Interest Expense Subtraction	1984
Federally Taxed Social Security Subtraction	1985
Foreign Trade Zone Dividends Subtraction	1986
High Impact Business Investment Credit	1986
Job Training Contribution Subtraction	1986
Jobs Tax Credit	1986
Training Expense Credit	1987
Additional Exemptions: Blind and Elderly	1990
Research and Development Credit	1991
Acceleration of Life Insurance Benefits Subtraction	1992
Persian Gulf War Bonus Subtraction	1992
Tax Credit for Residential Real Property Taxes	1992
Dependent Care Assistance Credit	1995
TECH-PREP Youth Vocational Program Credit	1995
Medical Care Savings Account Subtraction	1995
Self-Employed Health Insurance Subtraction	1996

TAX EXPENDITURES BY AGENCY, REVENUE SOURCE AND EFFECTIVE DATE

Revenue (Continued)

Revenue Source: Corporate Income Tax

Expenditure:	<u>Year Effective</u>
Standard Exemption	1970
Life and Health Insurance Guarantee Association Tax Offset	1980
Enterprise Zone Investment Credit	1983
Enterprise Zone Dividends Subtraction	1983
Enterprise Zone Charitable Contribution Subtraction	1983
Enterprise Zone Interest Subtraction	1983
Interest Expense Subtraction	1984
Coal Research and Coal Utilization Investment Credits	1985
Replacement Taxes Paid Credit	1986
Job Training Contribution Subtraction	1986
Federal Net Operating Loss Addition Modification	1986
Foreign Trade Zone Dividends Subtraction	1986
High Impact Business Interest Subtraction	1986
Jobs Tax Credit	1986
High Impact Business Investment Credit	1986
Illinois Net Operating Loss Deduction	1986
Training Expense Credit	1987
Research and Development Credit	1991
TECH-PREP Youth Vocational Program Credit	1995
Dependent Care Assistance Credit	1995

Revenue Source: Automobile Renting Occupation and Use Tax

Expenditure:	<u>Year Effective</u>
Timely Filing and Full Payment Discount	1982
Claims for Loss or Damage Deduction	1982
Other/Miscellaneous Deduction	1982
Insurance Coverage Deduction	1982
Refueling Deduction	1982
Exempt Organization Rentals	1982

Revenue Source: Cigarette and Cigarette Use Taxes

Expenditure:	<u>Year Effective</u>
Cost of Collection Discount	1942
Prison and Mental Health Facility Exemption	1982

Revenue Source: Hotel Operators' Occupation and Use Tax

Expenditure:	<u>Year Effective</u>
Permanent Residents Exemption	1962
Cost of Collection Discount	1988

Revenue Source: Liquor Gallonage Tax

Expenditure:	<u>Year Effective</u>
Sacramental Wine Exemption	1935
Non-Beverage User Exemption	1935

TAX EXPENDITURES BY AGENCY, REVENUE SOURCE AND EFFECTIVE DATE

Revenue (Continued)

Revenue Source: Underground Storage Tank Tax

Expenditure:	<u>Year Effective</u>
Timely Filing and Full Payment Discount	1990
Rail Carrier Exemption	1990
Liquefied Propane Gas Exemption	1990
Airport Exemption	1990
Border River UST & EIS Exemption	1997

Revenue Source: Motor Fuel Taxes

Expenditure:	<u>Year Effective</u>
Timely Filing and Full Payment Discount	1930
Sales for Use Other Than in Motor Vehicles Exemption	1940
Aviation Purposes Exemption	1956
Municipal Corporation Owning Transportation System Exemption	1956
Privately Owned Transportation Utility Exemption	1962

Revenue Source: Public Utilities Revenue Tax (Electricity)

Expenditure:	<u>Year Effective</u>
Sales to Municipal Transit Systems	1958
Enterprise Zone and Foreign Trade Zone High Economic Impact Business Exemption	1986
Purchase of Electricity Generated by Solid Waste Energy Facility Credit	1987

Revenue Source: Gas Revenue Tax

Expenditure:	<u>Year Effective</u>
Enterprise Zone and Foreign Trade Zone High Economic Impact Business Exemption	1986
Purchase From Out-of-State Supplier Exemption	1996

Revenue Source: Telecommunications Excise Tax

Expenditure:	<u>Year Effective</u>
Enterprise Zone and Foreign Trade Zone High Economic Impact Business Exemption	1986
State Universities Exemption	1986
Coin-Operated Telecommunications Devices Exemption	1990

Revenue Source: Vehicle Use Tax

Expenditure:	<u>Year Effective</u>
Rolling Stock Exemption	1980
Farm Implement Exemption	1980
Government, Charitable, Educational, Religious Entities Exemption	1980
Out-of-State Resident Exemption	1980
Business Reorganization Preferential Tax Rate	1988
Estate Gift to Beneficiary Preferential Tax Rate	1988
Family Member Preferential Tax Rate	1988
Surviving Spouse Exemption	1990

TAX EXPENDITURES BY AGENCY, REVENUE SOURCE AND EFFECTIVE DATE

Revenue (Concluded)

Revenue Source: Real Estate Transfer Tax

Expenditure:	<u>Year Effective</u>
Other Exempted Deeds or Trust Documents	1968
Mortgage Foreclosure Exemption	1986

Revenue Source: Riverboat Gambling Admission Tax

Expenditure:	<u>Year Effective</u>
Tax Free Admission Passes	1991

Commerce Commission

Revenue Source: Gross Receipts Tax (Public Utility Fund)

Expenditure:	<u>Year Effective</u>
Enterprise Zone Revenue Exemption	1988

Environmental Protection Agency

Revenue Source: Sewer Construction Permit Application Fee

Expenditure:	<u>Year Effective</u>
State and Local Government Exemption	1991

Revenue Source: Water Main Construction Permit Application Fee

Expenditure:	<u>Year Effective</u>
State and Local Government Exemption	1990

Revenue Source: Air Pollution Site Fee

Expenditure:	<u>Year Effective</u>
Retail Liquid Dispensing Facility Exemption	1989

Revenue Source: Title V Permit Fee

Expenditure:	<u>Year Effective</u>
Phase I Acid Rain Sources Exemption	1995

Racing Board

Revenue Source: Admission Tax

Expenditure:	<u>Year Effective</u>
Free General Admission	1975

TAX EXPENDITURES BY AGENCY, REVENUE SOURCE AND EFFECTIVE DATE

Racing Board (Concluded)

Revenue Source: Racing Privilege Tax

Expenditure:

Variable Rates for Tracks and Off Track Betting Parlors

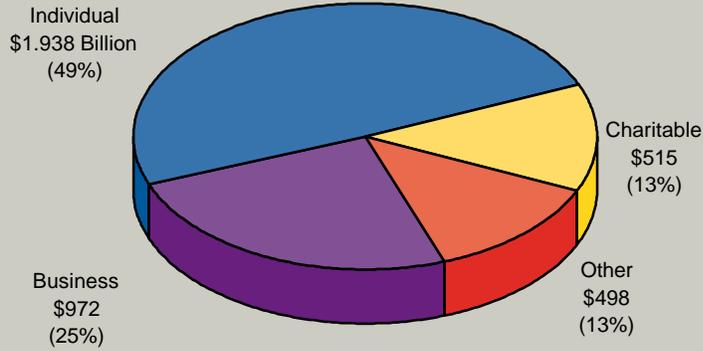
Year Effective

1985

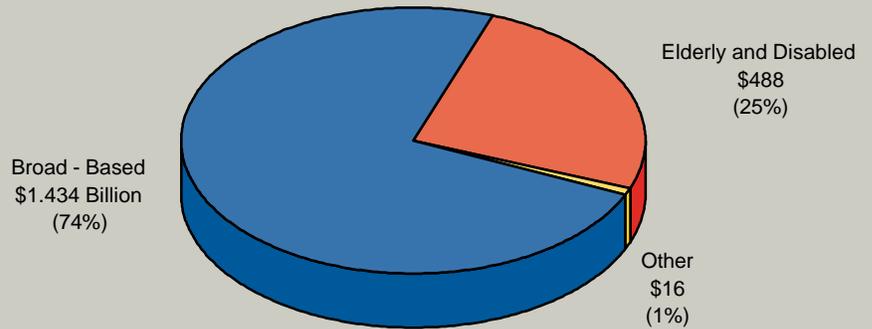
* A statutory search found the first reference to a hunting license exemption for land owners in 1913 and the first reference to a trapping license exemption for owners and tenants in 1919.

APPENDIX G

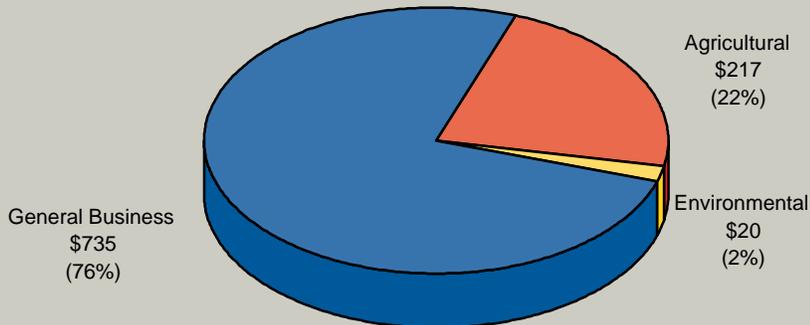
Tax Expenditures by Purpose (Dollars in Millions)



Individual Expenditures (Dollars in Millions)



Business Expenditures (Dollars in Millions)



TAX EXPENDITURES BY PURPOSE

(IN THOUSANDS)

<u>Agricultural Expenditures</u>		
	<u>Fiscal Year 1996</u> <u>Annual Impact</u>	<u>Fiscal Year 1997</u> <u>Annual Impact</u>
Tax: Sales Tax		
Farm Chemicals (Includes Feed and Seed) Exemption	\$ 144,000	\$ 151,000
Farm Machinery and Equipment Exemption	34,300	35,982
Gasohol Discount	22,800	30,495
Total	\$ 201,100	\$ 217,477
Total, Agricultural Expenditures	\$ 201,100	\$ 217,477

<u>Environmental Expenditures</u>		
	<u>Fiscal Year 1996</u> <u>Annual Impact</u>	<u>Fiscal Year 1997</u> <u>Annual Impact</u>
Tax: Sales Tax		
Pollution Control Facilities Exemption	\$ 2,490	\$ 2,615
Total	\$ 2,490	\$ 2,615
Tax: Corporate Income Tax		
Coal Research and Coal Utilization Investment Credits	\$ 3,100	\$ 3,900
Total	\$ 3,100	\$ 3,900
Tax: Other		
Purchase of Electricity Generated by Solid Waste Energy Facility Credit	\$ 10,082	\$ 12,171
Phase I Acid Rain Sources Exemption	2,000	1,000
Total	\$ 12,082	\$ 13,171
Total, Environmental Expenditures	\$ 17,672	\$ 19,686

<u>Business Expenditures</u>		
	<u>Fiscal Year 1996</u> <u>Annual Impact</u>	<u>Fiscal Year 1997</u> <u>Annual Impact</u>
Tax: Sales Tax		
Manufacturing and Assembling Machinery and Equipment Exemption	\$ 111,500	\$ 117,000
Retailer's Discount	82,100	85,600
Rolling Stock Exemption	55,800	50,000
Newsprint and Ink to Newspapers and Magazines Exemption	33,300	40,000
Designated Tangible Personal Property within Enterprise Zone Exemption	29,000	26,900
Building Materials within Enterprise Zone Exemption	9,950	10,450
Interim Use Prior to Sale Exemption	9,700	8,200
Manufacturer's Purchase Credit	1,760	8,000
Graphic Arts Machinery and Equipment Exemption	5,550	5,850
Sales of Vehicles to Automobile Rentors Exemption	6,700	5,000
Coal, Oil, and Distillation Machinery and Equipment Exemption	3,315	3,645
Total	\$ 348,675	\$ 360,645
Tax: Individual Income Tax		
Income Tax Credits	\$ 2,000	\$ 2,600
Total	\$ 2,000	\$ 2,600

TAX EXPENDITURES BY PURPOSE

(IN THOUSANDS)

Business Expenditures (Concluded)

	Fiscal Year 1996 <u>Annual Impact</u>	Fiscal Year 1997 <u>Annual Impact</u>
Tax: Corporate Income Tax		
Illinois Net Operating Loss Deduction	\$ 142,100	\$ 152,500
Research and Development Credit	24,000	27,800
Training Expense Credit	9,700	17,400
Enterprise Zone Investment Credit	7,000	10,000
Standard Exemption	5,500	5,500
Life and Health Insurance Guarantee Association Tax Offset	0	2,700
Enterprise Zone and High Economic Impact Interest Subtractions	1,100	1,600
High Economic Impact Business Investment Credit	200	400
Enterprise and Foreign Trade Zone Dividend Subtractions	0	120
Job Training Contribution Subtraction	0	120
Jobs Tax Credit	300	14
TECH-PREP Youth Vocational Program Credit	0	1
Total	\$ 189,900	\$ 218,155
Tax: Other		
Sales for Use Other Than in Motor Vehicles Exemption	\$ 65,187	\$ 58,607
Life and Health Guaranty Assessments Credit	19,434	21,937
Timely Filing and Full Payment Discount	20,967	21,481
Enterprise Zone and Foreign Trade Zone High Economic Impact Business Exemption	19,840	19,049
Airport Exemption	2,367	9,062
Cost of Collection Discount	6,600	6,487
Life and Health Guaranty Assessments Credit	3,675	3,951
Cost of Collection Discount	3,210	3,748
One Million Dollar Cap on Franchise Tax for Corporations	7,250	3,000
Rail Carrier Exemption	444	2,280
Enterprise Zone and Foreign Trade Zone High Economic Impact Business Exemption	2,435	1,562
Timely Filing and Full Payment Discount	363	1,328
Timely Filing and Full Payment Discount	429	455
Enterprise Zone Revenue Exemption	433	437
Ships, Barges, and Vessels Conducting Interstate Commerce on Border Rivers	0	219
Business Reorganization Preferential Tax Rate	84	116
Enterprise Zone and Foreign Trade Zone High Economic Impact Business Exemption	9	104
Aviation Purposes Exemption	74	77
Total	\$ 152,801	\$ 153,900
Total, Business Expenditures	\$ 693,376	\$ 735,300

Individual Expenditures - Broad Based

	Fiscal Year 1996 <u>Annual Impact</u>	Fiscal Year 1997 <u>Annual Impact</u>
Tax: Sales Tax		
Food, Drugs, and Medical Appliances Rate Reduction	\$ 808,000	\$ 864,000
Total	\$ 808,000	\$ 864,000

TAX EXPENDITURES BY PURPOSE

(IN THOUSANDS)

Individual Expenditures - Broad Based (Concluded)

	Fiscal Year 1996 <u>Annual Impact</u>	Fiscal Year 1997 <u>Annual Impact</u>
Tax: Individual Income Tax		
Standard Exemption: Taxpayers and Dependents	\$ 311,500	\$ 317,000
Tax Credit for Residential Real Property Taxes	235,000	253,000
Total	<u>\$ 546,500</u>	<u>\$ 570,000</u>
Total, Individual Expenditures - Broad Based	<u>\$ 1,354,500</u>	<u>\$ 1,434,000</u>

Individual Expenditures - Elderly and Disabled

	Fiscal Year 1996 <u>Annual Impact</u>	Fiscal Year 1997 <u>Annual Impact</u>
Tax: Individual Income Tax		
Federally Taxed Retirement and Social Security Subtractions	\$ 370,000	\$ 450,000
Additional Exemptions: Blind and Elderly	29,800	30,000
Total	<u>\$ 399,800</u>	<u>\$ 480,000</u>
Tax: Other		
Disabled, Under 16, 65 or Over, Fee Fishing Areas, Owners/Tenants Discount	\$ 6,020	\$ 5,025
Senior Citizen Plate Renewal Reduction	2,133	1,833
Reduced Renewal Fee for Senior Citizens	980	870
Duplicated/Corrected ID Senior Citizen/Handicapped	285	351
Disabled Veteran Vehicle Registration Exemption	94	96
Duplication of Stolen Licenses for Senior Citizens	4	4
Total	<u>\$ 9,516</u>	<u>\$ 8,179</u>
Total, Individual Expenditures - Elderly and Disabled	<u>\$ 409,316</u>	<u>\$ 488,179</u>

Individual Expenditures - Other

	Fiscal Year 1996 <u>Annual Impact</u>	Fiscal Year 1997 <u>Annual Impact</u>
Tax: Individual Income Tax		
Military Pay Subtraction	\$ 17,000	\$ 16,000
Total	<u>\$ 17,000</u>	<u>\$ 16,000</u>
Tax: Other		
X-POW Vehicle Registration Exemption	\$ 94	\$ 106
Total	<u>\$ 94</u>	<u>\$ 106</u>
Total, Individual Expenditures - Other	<u>\$ 17,094</u>	<u>\$ 16,106</u>

Charitable Expenditures

	Fiscal Year 1996 <u>Annual Impact</u>	Fiscal Year 1997 <u>Annual Impact</u>
Tax: Sales Tax		
Sales to Exempt Organizations *	\$ 488,000	\$ 512,000
Total	<u>\$ 488,000</u>	<u>\$ 512,000</u>

TAX EXPENDITURES BY PURPOSE

(IN THOUSANDS)

Charitable Expenditures (Concluded)

	Fiscal Year 1996 <u>Annual Impact</u>	Fiscal Year 1997 <u>Annual Impact</u>
Tax: Corporate Income Tax		
Enterprise Zone Charitable Contribution Subtraction	\$ 700	\$ 800
Dependent Care Assistance Credit	0	32
Total	<u>\$ 700</u>	<u>\$ 832</u>
Tax: Other		
Low Income Family Waiver	\$ 1,464	\$ 1,464
Exempt Organization Rentals	186	200
Government, Charitable, Educational, Religious Entities Exemption	129	159
Not-for-Profit Organization and Municipal or Governmental Facility Waiver	91	91
Charitable Organization Vehicle Exemption	490	68
Not-for-Profit Organization Waiver	35	35
Total	<u>\$ 2,395</u>	<u>\$ 2,017</u>
Total, Charitable Expenditures	<u>\$ 491,095</u>	<u>\$ 514,849</u>

Other Expenditures

	Fiscal Year 1996 <u>Annual Impact</u>	Fiscal Year 1997 <u>Annual Impact</u>
Tax: Sales Tax		
Traded-In Property Exemption	\$ 300,000	\$ 300,000
Sales of Motor Vehicles to Non-Residents Exemption	59,500	62,100
Property Acquired by Non-Resident before Relocating in Illinois Exemption	10,800	10,500
Replacement Vehicles Exemption	888	1,618
Legal Tender, Medallions, and Bullion Exemption	1,250	1,300
Total	<u>\$ 372,438</u>	<u>\$ 375,518</u>
Tax: Individual Income Tax		
Other Subtractions	\$ 13,000	\$ 18,000
Total	<u>\$ 13,000</u>	<u>\$ 18,000</u>
Tax: Corporate Income Tax		
Replacement Taxes Paid Credit	\$ 8,200	\$ 9,300
Total	<u>\$ 8,200</u>	<u>\$ 9,300</u>
Tax: Other		
Other	\$ 85,837	\$ 94,814
Total	<u>\$ 85,837</u>	<u>\$ 94,814</u>
Total, Other Expenditures	<u>\$ 479,475</u>	<u>\$ 497,632</u>

* The Department of Revenue estimates that government purchases, including public schools, account for \$331 million in fiscal 1997 and charity, religious, private school, and foreign consulate purchases account for the remaining \$181 million.

► *Tax Expenditures Included in This Report*

The Comptroller's Office decided to limit required agency reporting to those tax expenditures which 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 1997 or Fiscal 1998 (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 the 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. 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.

Items that 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.

TECHNICAL APPENDIX

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 arising for federal constitutional reasons are also excluded from this report. An example would be items exempt from state taxation due to the Commerce Clause of the federal Constitution.

► *Alternative 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 Further Information*

Agency tax expenditure submissions are provided to the Comptroller using the Comptroller's Automated Tax Expenditure Reporting System. If you would like a copy of these detailed agency responses, please contact Loren Iglarsh (217) 782-7921 for further information.